NHS
Lancashire Care
NHS Foundation Trust

Annual Report and Accounts 2016/17







Supporting Health and Wellbeing

LANCASHIRE CARE NHS FOUNDATION TRUST

ANNUAL REPORT AND ACCOUNTS 2016/17

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

Contents

Chair and Chief Executive's Foreword

Welcome to the Annual Report & Accounts for Lancashire Care NHS Foundation Trust which shares many highlights and exciting developments from 2016/17. It has been a busy year for us delivering against our strategic priorities as we continue to make a conscious decision that quality is paramount. Our entire strategy is led by quality and our fundamental focus as a Board continues to be the delivery of high quality care and services to the people of Lancashire and surrounding areas. Read about the achievements we've made against our strategic priorities on page 15.

Our vision to provide **'high quality care, in the right place, at the right time, every time'**, our Quality Plan and quality outcomes are clear. Committed and caring staff strive to give the people using our services the best possible experience and we are very proud of our frontline teams for their dedication to keep on improving services for patients in line with our quality vision. We're delighted that this continued focus on quality saw Lancashire Care rated as **good** by the Care Quality Commission (CQC) in January 2017. To read more about the details of the CQC inspection turn to page 41.

With a 6,500 strong workforce, our employees are the organisation's biggest asset and essential to achieving our strategic priorities. We really value the feedback and ideas of staff that help make Lancashire Care a great place to work and a lot has happened in a year. Partnering with the Kings Fund and Professor Michael West has supported big conversations with staff about collective leadership and as a result the Board approved our new People Plan in July 2016. Co-produced with staff, the plan sets out how we're building leadership capability in our people, setting the right culture within the organisation and providing good quality development opportunities for staff. We've also established values-based recruitment, delivered a reduction in agency usage and made great progress with staff health and wellbeing which now has over 180 staff champions volunteering to support their colleagues to be healthy and well at work. Much more information on the People Plan and staff health and wellbeing can be found on page 62.

The NHS continues to face difficult financial challenges and Lancashire Care is no exception. We have worked hard to make significant savings of £12.3m in this financial year whilst still maintaining high quality care and services. It's been a challenge to transform the way we deliver some services in order to make savings but we're encouraged by fantastic examples of services working differently to deliver quality. Further details can be found about our financial position on page 21.

As well as all of the great achievements in year, the Trust is also looking forward to future opportunities for our Trust to work together with other health and social care

providers to provide health care that can meet the changing needs of the population. The Trust is part of the Healthier Lancashire and South Cumbria Sustainability & Transformation Partnership (STP) which has committed to invest in mental health and community services. We're excited by the possibilities this new way of working will bring and will be working hard to ensure that our own contribution continues to be driven by our quality priorities for the people we serve. More information about how the STP will link in with our own strategy can be found throughout the report.

With best wishes

Mr David Eva
Chair

Professor Heather Tierney-Moore OBE
Chief Executive

1. Performance Report

The Performance Report has been prepared under direction issued by NHS Improvement, as required by Schedule 7 paragraph 26 of the NHS Act 2006 and in accordance with:

- 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 2016/17 (FT ARM).

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

Professor Heather Tierney-Moore OBE
Chief Executive
30 May 2017

1.1 Overview of Performance

This section provides information about the Trust's 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 2016/17

Lancashire Care has continued to demonstrate its ability to perform well despite the many challenges facing the health service both nationally and at a local level. The Trust is committed to its quality led strategy to deliver high quality care and has in addition to the good CQC rating, consistently achieved all NHS Improvement targets for 2016/17. This included successfully stabilising the number of out of area treatments and significantly reducing delayed transfers of care. In the reporting period NHS Improvement introduced three new indicators and similarly Trust performance has been well above the required target for each. Full details of performance against these and other key targets can be found on page 24.

Financially the Trust met its control total; a financial target set by the regulators NHS Improvement, and ended the year £158k surplus over the control total. This was a significant achievement and down to the hard work of staff continuing to provide the best care possible whilst constantly assessing and reducing spending. It's important to report that for a few months in-year substantial pressures saw Trust spending exceed the acceptable financial limit but continuous Board scrutiny of financial recovery measures led to the achievement of the Trust's financial plan and savings of £12.3m.

The Trust has faced challenges too from the continued demand for mental health services creating pressure on the Trust's inpatient beds meaning that sometimes patients had to be placed in out of area beds to ensure they received the care that they needed. Quality of care is our utmost priority in these circumstances and the decision to place patients out of area is always a last resort. Despite the difficulties balancing capacity and demand the Trust worked hard with commissioners to reduce the number of patients being placed out of area and to find appropriate alternatives. Much tighter controls have been in place for out of area placements as a result of learning taken from managing high levels of demand and different services are available such as assessment wards and the acute therapy service. The Trust has successfully sustained a lower level of out of area placements for over 12 months.

A clear trend in year was the growth in demand for community services coupled with an increase in the complexity of patient care needs. To meet this rising demand, the Trust has partnered with key stakeholders to design health care offers which are delivered differently. Some great examples of service innovation and partnership work can be seen on page 39.

Improvements in quality have been measured through a wide range of key indicators, one of which is another year on year reduction of serious incidents in line with the Trust quality priorities. Improved investigation processes and steady focus on embedding the learning into everyday clinical practice has contributed to this achievement. The dedicated investigation team established during the year has

already shown clear benefits of having clinical professionals trained to lead improvements in practice.

The Trust continued to embed the use of real time patient feedback including the Friends and Family Test. The Quality Account describes how patient feedback is acted on in a “you said, we did” approach to improving patients experience of care and putting people at the heart of everything we do.

The Trust is very proud to have a talented and dedicated workforce and I am pleased to mention a snapshot of the awards and national recognition of our teams and individuals during the year. More detail about all of these achievements can be found in the Quality Account;

- The Always Event® learning disability initiative was recognised by the Academy of Fabulous Stuff, won a Penguin Teamwork Award and was Highly Commended by the Positive Practice Experience Awards
- Soapy Suds car wash and valeting business led by people living at Guild Lodge won a National Service User Award in April 2016
- Blackburn with Darwen Health Visiting Service received a UNICEF Baby Friendly accreditation award
- The Contraception and Sexual Health Service achieved the Lancashire Lesbian, Gay, Bisexual and Transgender (LGBT) Quality Mark
- The Royal College of Psychiatrists awarded Researcher of the Year to a Trust Professor at the Royal College of Psychiatrists Awards
- The Diabetes Education and Self-Management for Ongoing and Newly Diagnosed (DESMOND) team won in the Innovation Award and Educator Award categories of the Celebrating DESMOND Annual Awards Programme, on World Diabetes Day
- Lancashire Care was highly commended by the Faculty of Public Health for its Smokefree work
- The Innovation Programme Manager received the Silver Innovation Scout Award
- The Clinical Systems IT Training Team won Informatics Skills Development Network (ISDN) North West Team of the Year at the North West Connect Conference

Trust History & Statutory Background

Lancashire Care NHS Foundation Trust was first established in 2002 as a specialist mental health trust for the county, providing community, inpatient and forensic services. The Trust achieved foundation trust status in 2007 and became the major provider of mental health, community and wellbeing services for Lancashire in 2012 when services from neighbouring Trusts transferred into the organisation. This provided the opportunity to extend the provision of care outside of Lancashire and offer increasingly integrated services to local people.

The Trust provides the majority of its health and wellbeing services within the county of Lancashire to a population of around 1.5 million people which equates to approximately 3 million patient contacts every year. Outside of Lancashire, the Trust

provides talking therapies in St Helens and a specialist service to military veterans in Greater Manchester in partnership with Pennine Care. The Trust started to provide community services in Southport and Formby from May 2017 and also provides healthcare within Liverpool prisons; the Trust's provision of healthcare within the Lancashire prisons ceased in April 2017.

In 2016/17 the Trust delivered its extensive range of clinical services through four clinical networks (see below). In April 2017, clinical services were reorganised from four networks into three in order for the Trust to continue providing consistently high quality services whilst meeting the changing demands on the whole health system in Lancashire. The changes allow increased focus on local, place based care and responds to the Carter recommendations to reduce management costs. Additional information on the organisational reset can be found within the Annual Governance Statement.

The three networks now delivering joined up and sustainable care are:

2016/17 Network Structure	2017/18 Network Structure
• Adult Community • Specialist Services • Adult Mental Health • Children and Families	• Mental Health • Community and Wellbeing • Children and Families Wellbeing

The Mental Health network provides services for adults aged 25 and over, including provision of specialist secure services.

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 up to the age of 25.

A full directory of clinical services provided by Lancashire Care can be found on the Trust's website. The three clinical networks and day to day operations of the Trust are supported by a number of corporate services which include: finance, human resources, governance, business planning, property services, business development, risk management, communications and engagement, and clinical audit.

Involvement in the Carter Review

In 2015 Lord Carter presented his review of Operational Productivity and Performance in Acute Hospitals where he identified that reducing unwarranted variation could contribute £5bn of efficiencies per year by 2021. In July 2016, Lord Carter extended this review to mental health and community trusts. In early 2017, Lancashire Care and 22 other similar trusts were chosen to form the Mental Health and Community Cohort for the review of Operational Productivity and Performance of

Community and Mental Health Services. The Trust has taken part in events organised by the Carter review team and contributed comprehensive data sets for analysis. The Trust will remain in the cohort during 2017/18 as the complex layers of data are shaped into a work plan to promote efficiency across community and mental health providers.

Purpose and Activities of the Trust

The primary purpose of the Trust is to provide health and wellbeing services, offering care and treatment to people when they are unwell, including the management of long term physical and mental health conditions and the delivery of services in the community to support people to live a healthy lifestyle and improve their overall wellbeing. The Trust also provides community services and out of hospital care that reduce demand for acute hospital beds.

The Trust works in partnership with other organisations to promote the importance of staying well and preventing ill health to the population of Lancashire. The Healthier Lancashire and South Cumbria Sustainability and Transformation Partnership (STP) and its emphasis on collaborative services has further underlined the importance of working with other health and social care providers and offers the Trust the opportunity to explore the contribution of commercial and third sector partners in the delivery of integrated care.

See page 14 for more information on the Trust strategy and page 39 for examples of partnership working and collaboration.

The Trust has an annual turnover of £344 million. Income is split across the provision of community health and wellbeing services including mental health services. These services are commissioned by local clinical commissioning groups (CCGs). Chorley and South Ribble CCG is the lead commissioner for community services and Blackburn with Darwen CCG is the lead commission for mental health. In addition, the Trust receives income from NHS England to fund specialist mental health services such as forensic care and mental health services for children and young people and local authorities for public health services.

Within Lancashire there are eight clinical commissioning groups and three local authorities. The majority of the CCGs share boundaries with Lancashire County Council, apart from Blackpool and Blackburn with Darwen who align to their respective unitary authorities. Outside of Lancashire, the Trust is commissioned to provide services by two other CCGs; St Helens and Southport and Formby. Across the county and beyond, the Trust has an extensive range of stakeholders, who it works with to deliver services with 245 GP practices able to refer people into the Trust's services.

Healthier Lancashire and South Cumbria Sustainability & Transformation Partnership

The Trust is a key player in the Healthier Lancashire and South Cumbria Sustainability and Transformation Partnership (STP) and is part of the five local delivery plans at sub-STP level. The Trust's Chief Executive, Heather Tierney-Moore is the STP senior responsible officer for leadership and organisational development

and also chairs the Local Workforce Action Board jointly with Health Education England. The Director of HR, Damian Gallagher is the senior responsible officer for workforce within the STP. Professor Max Marshall is Chair of the STP workstream for mental health and a member of the STP Care Professionals Committee.

Innovation and Hosted Organisations

The Trust is host to the North West Coast Innovation Agency, the Lancashire and Cumbria Innovation Alliance (LCIA) Test Bed and, from 1 April 2017, the North West Learning Disability and Autism Operational Delivery Network.

The Innovation Agency was set up as part of the Government's Innovation, Health & Wealth strategy and its remit is to spread innovation at 'scale and pace' to achieve health and wealth benefits for individuals and communities. The Innovation Agency supported the successful bid by the Trust and key partners that make up the Lancashire & Cumbria Innovation Alliance to become an NHS test bed site.

The Lancashire and Cumbria Innovation Alliance (LCIA) Test Bed is one of seven test bed sites funded by NHS England and delivered through two neighbouring vanguard sites (Fylde Coast Vanguard and Better Care Together vanguard). It is supported by Lancaster Health Hub, an established NHS-University partnership comprising 10 local organisations.

The aim of the test bed is to test out new ways to help people with a long term condition, such as COPD (Chronic Obstructive Pulmonary Disease), heart failure, diabetes and mild to moderate dementia, to self-manage their conditions whilst remaining in the community and avoiding unnecessary hospital admissions. Over a two year period (ending March 2018) LCIA will implement and evaluate a combination of innovative technologies and practices.

Working with industry partners who provide the technology to enable people to receive care and treatment at home, the test bed promotes the use of wearable technology, sensors in the home and apps to support people to manage their health. Each innovator partner offers specific technology platforms to help meet the programme objectives. Industry partners include: Philips Healthcare, uMotif, Simple Telehealth, Intelesant, Speakset, Cambridge Cognitive and The Good Things Foundation.

The Trust is embracing digital solutions and innovative approaches to care and has supported Dr Amanda Thornton (previously Clinical Director for Adult Community Services) in taking up a secondment as the Digital Health and Activation Clinical Lead in the Healthier Lancashire & South Cumbria STP. The role supports regional and local exploitation of digital opportunities that can connect and transform health and social care services for local communities.

This collaboration is aiming to improve clinical systems for example by increasing access to online records for patients and using technology to improve access to services such as using Skype and mobile apps. The Five Year Forward View and other key policy documentation emphasises the untapped potential of digital solutions as a tool for patients to self-care to promote their own wellbeing or recovery, preserve their independence and prevent ill-health. The Healthier

Lancashire and South Cumbria STP is leading the way in this area with clinical involvement at the forefront of this transformation.

Trust Vision, Strategy & Priorities

The Trust has a clear quality led strategy to provide high quality services. Delivery of the strategy takes place through a well-established business planning framework. Strategy development is a dynamic process and during the year the Board of Directors refreshed the 2014-2019 strategic plan to ensure the Trust remains flexible and emergent in response to national policy changes affecting health and social care and the requirement to develop system-wide Sustainability and Transformation Partnerships. The Trust's strategy comprises six strategic priorities (shown below) with quality the overarching priority.

The key achievements made against each strategic priority during 2016/17 can be seen overleaf. The Trust's vision is key to delivering on the priorities and acts as an organisational compass directing the strategic plan.

High quality care, in the right place, at the right time, every time

The Board is committed to quality. The Trust's entire strategy is led by quality and it is the number one priority of our six strategic priorities, acting as the guiding principle. The 2017-22 strategy is no different and the Board remains clear on its commitment to expanding collaboration with partners to deliver system wide transformation and remaining an active partner in delivering sustainable services to the communities we serve. A snapshot of the Trust's key achievements against its strategic priorities can be found on page 15.

Key Issues and Risks to Delivery of Objectives

Lancashire Care has adopted an integrated approach to governance and assurance. This has further embedded risk management within systems and processes across the organisation in 2016/17. The dynamic environment within which Lancashire Care operates means that the governance and assurance arrangements have needed to flex and grow in response to the changing environment to ensure that effectiveness and efficiency is maintained and that there is confidence in how risks are escalated, reported and managed. The foundation to this approach was the implementation of the refreshed governance structure in 2015 as well as the implementation of the quality led strategy, which has placed a heightened awareness on balancing ambitions for improvements in risk management with the approach to quality and putting people at the heart of everything we do.

Key Achievements Against Strategic Priorities

To provide high quality services	To provide accessible services delivering commissioned outputs and outcomes	To become recognised for excellence
• We have achieved a CQC rating of 'Good' • We have rearticulated our vision: *High quality care, in the right place, at the right time, every time* • Our vision is underpinned by our Quality Plan • We have refreshed our strategy and aligned to the STP and LDP clinical transformation programmes • We have completed our organisational reset, moving to three new clinical networks, with Support Service alignment • We have strengthened our governance and risk management processes	• Through our strategy refresh we have redefined our strategic intent to collaborate with partners in order to deliver new models of care • We continue to work with partners to deliver innovative services that meet the needs of our population, e.g. Chorley Wellbeing Service • We have been successful in acquiring some significant contracts, e.g. Southport and Formby Community Services	• We have strengthened our senior leadership in relation to strategic partnerships and engagement • Our Stakeholder Engagement Plan defines how we identify key partners and work with them effectively • Our Relationship Managers act as a single point of contact with the Trust for GPs
To employ the best people	**To provide excellent value for money in a financially sustainable way**	**To innovate and exploit technology to transform care**
• We have completed our work with the King's Fund that has led to the development of our People Plan, which describes how we develop and support our staff to deliver high quality care • We have streamlined our recruitment processes and adopted a values based recruitment approach, ensuring that prospective employee's personal values are aligned to those of the Trust • We have reduced our reliance on agency staff • We have established links with universities to support transformation of our services	• We have achieved a planned operating turnover of at least £320m • We continue to explore integrated models of care in order to deliver sustainable services to our population • We have invested further in our procurement processes to create, enhance and embed efficiencies • We have strengthened our contracting team to enhance our negotiation, delivery and performance management of contract relationships	• We have approved the business case for a new Electronic Patient Record, and will commence deployment to our clinical services • We were successful in our bid to host the Health and Care Test Bed, which is trialling the use of technology to support frail elderly and people with long-term conditions • We have rolled out a new Electronic Prescribing and Medicines Administration system across our in-patient areas • We are partnering with Lancashire Teaching Hospitals to host a dedicated Clinical Research Facility

The flow of assurance through the organisation continued to improve through 2016/17. The alignment of assurance with risk at all levels in the organisation further enhanced the risk management process and the confidence that can be placed on assurance flowing through the organisation's governance framework. This has resulted in the continuation of a whole system approach to governance, compliance and assurance. The Trust continues to adopt an integrated approach to risk management and assurance and a number of activities supported this:

- Integrated risk reporting framework established (strategic and enduring risks supported by dynamic operational risk profiles with each strategic risk aligned with a strategic priority and owned by an Executive Director)
- Datix enhanced to enable operational risk to be linked to the Board Assurance Framework risks, providing risk line of sight from 'Team to Board'
- Clinical and internal audit programmes developed from a risk based perspective and aligned with each other
- Risk appetite statement aligned with the Trust's refreshed strategy
- Alignment of network and support service objectives to governance sub-committees to support assurance against outcome measures
- Enhanced assurance reporting through the refreshed governance framework supporting delivery of an evidence based Annual Governance Statement
- Developing and testing of a quality assurance matrix to allocate a rating level to assurance evidence within the corporate governance meetings.

Principal Strategic Risks

During 2016/17 the following principal strategic risks formed the Board Assurance Framework (BAF) risk register and were identified as the key challenges that face Lancashire Care in achieving its strategic objectives.

Strategic Objective	Board Assurance Framework Risk
O2 Outcomes	2.1 The Trust is unable to reposition in the marketplace to become established as the provider of choice achieving excellence.
O3 Excellence	3.1 The Trust fails to deliver holistic whole person care (physical and mental health)
O4 People	4.1 The Trust is unable to attract, recruit and retain high quality staff impacting on a continued dependency on temporary staffing levels, affecting quality of care and financial costs.
O5 Money	5.1 The Trust does not achieve financial performance sufficient to maintain resilience and sustainability
O6 Innovation	6.1 The Trust fails to plan, develop and maintain infrastructure to support the ability to deliver safe, responsive and efficient patient care
O7 Compliance	7.1 The Trust does not comply with Monitor Licence and other regulatory requirements under NHS Improvement
	7.2 The Trust does not comply with statutory legislative requirements

In particular, these risks remained significant during the year mainly due to the impact of the external environment. The refresh of the Trust's strategy has provided an opportunity to evaluate the true extent of risk exposure that the organisation faces in 2017/18. Some risks will be subject to a refocus to take account of the changing strategic environment within 2017/18.

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

There are no material events after the reporting period. The Annual Report contains information about other important events since the end of the financial year.

Details of any Overseas Operations

The Trust does not undertake any overseas operations.

Going Concern Disclosure

After making enquiries, the Directors have a reasonable expectation that the NHS Foundation 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.

Professor Heather Tierney-Moore OBE
Chief Executive
30 May 2017

1.2 Performance Analysis

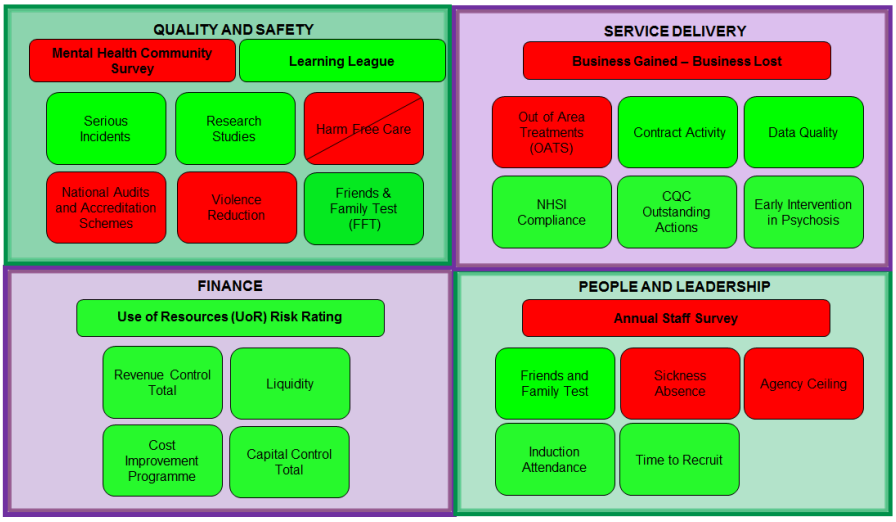
This section outlines how the Trust measures performance, detailed integrated performance analysis and long term trend analysis.

How the Trust Monitors and Measures Performance

The Board measures performance against a number of key indicators through a comprehensive reporting framework and in April 2016 the Trust launched a new Quality and Performance Report (QPR). The QPR displays performance covering a wide range of indicators such as: NHS Improvement targets, Board Balanced Scorecard, CQUIN targets, quality tile dashboards, commissioner contract targets, workforce indicators, financial indicators and wide range of internal clinical and corporate KPI's. The QPR is a monthly report which provides a 'picture' of Trust performance and is scrutinised at network, executive and Board level as well as being shared with the Trust's commissioners.

The QPR has evolved to meet the requirements of the Trust. Data is cut at many levels such as network, service line, and CCG creating multiple views of performance which is scrutinised through the Trust's management and governance structures. The combination of multiple views and integration of different data sources such as finance, risk, clinical and workforce allows for triangulation and cross verification of performance. Should instances arise when performance reporting falls outside of tolerance or targets are not achieved then exception reports are produced which contain narrative to explain the causes, corrective action plans and set out relevant recovery trajectories.

The Board Balanced Scorecard is a dashboard within the QPR of key performance measures to provide assurance in the delivery of the Trust's strategic priorities. An example of the scorecard can be seen below. More information about each of the tiles within the scorecard is provided throughout the Annual Report, Accounts and Quality Account.



Developments in Data & Forecasting

The Trust collects and stores thousands of lines of data every day. In 2016/17 the focus has been to use key pieces of this data to triangulate information and provide better insight for services. Community services now have dashboards which allow for

activity to be forecast throughout the year and seasonal variances applied to forecast the pattern of activity using prior year data. This forward view of service activity can identify periods of higher demand and inform staffing and capacity plans.

Modelling Data

Within the inpatient environment the Trust has embarked on modelling data to better understand its bed capacity. Using experts within the field the Trust is in the latter stages of producing a bed model which can be used to forecast demand and capacity. Further information on the progress and application of this modelling tool will be reported within 2017/18.

For clinical performance monitoring, the Trust also continued the development of the quality and safety surveillance reporting framework which provides data against key performance indicators within the Quality Plan. The reports provide a clear means of assurance to senior managers and directors on quality performance including highlighting any emerging risks or early warnings of where quality performance is below expectations. The reports are reviewed by network groups, the Trust's governance committees and the Board. Supporting these quality and safety surveillance reports are team-level quality and safety dashboards which highlight key quality, safety and risk information for teams to review and act upon locally. More information about data quality can be found within the Quality Account.

Performance During 2016/17

NHS Improvement Indicators

The Trust has performed consistently well throughout the year and achieved full compliance against all NHS Improvement indicators. Delayed Transfers of Care (DTOC) has seen significant improvement within 2016/17 from 7% in 2015/16 to 3% in 2016/17. The Trust has also demonstrated strong performance against the new Early Intervention in Psychosis 2 Week Wait target and the IAPT Referral to Treatment targets of 6 and 18 weeks. The Trust's full performance against the NHS Improvement indicators can be seen on page 24.

Contract Activity Baseline Monitoring

The Trust's 2016/17 performance against contracted activity baselines for physical health community activity was +6.85% against its commissioned baseline. This equates to approximately 71,000 additional patient contacts over and above plan. The district nursing service has seen one of the biggest increases with over 50,000 additional contacts compared with 2015/16. Increasing acuity of patients being treated by community services has contributed to this over-performance with more acute based treatments and care being carried out by community teams. Overall in 2016/17 the Trusts community services performed over 1.1 million patient contacts.

For mental health, demand on services is ever increasing and activity was +6.67% against the commissioned baseline. Crisis Teams have seen a 39% increase in face to face contacts in 2016/17 against planned activity, with referrals also increasing by 13% against plan. Re-admission rates which are a good indicator of quality of care have improved: 30 day re-admissions reduced from 13.59% in April 2016 to 5.53% in March 2017 and 90 day readmissions reduced from 13% in April 2016 to 9.55% in March 2017.

Core Skills Training

The Trust has worked hard during the year to increase the levels of compliance with staff core skills training. This was one of the areas of improvement noted by the CQC during the re-inspection. The compliance target was met during the year and was at 90.68% at the end of March 2017. Despite this progress there remain some hot spot areas which are being closely managed. More information about core skills can be found in the Quality Account.

Out of Area Treatment

Continued demand for mental health services creates pressures on the Trust's inpatient beds which results in patients being placed in privately provided, out of area beds. The Trust has had much tighter controls in place for out of area treatment and these have been maturing throughout 2016/17 following the internal major incident in January 2016 where the number of patients in privately provided out of area beds reached a peak of 94. This has involved working closely with commissioners to reduce the numbers of patients out of area and finding alternative care packages.

The continuation of this positive work and sustained improvements has seen the number of patients who received out of area treatment during 2016/17 stabilise. The average number of patients placed out of area in March 2017 was 20. The learning from the major incident was taken forward positively into winter planning for 2016 and proactive 'gold command' arrangements were put in place to successfully manage capacity and demand during winter.

Patient experience and quality of care is the priority concern of the Trust and as such, decisions to place people in out of area beds are always made on the basis of clinical need and quality of care. Nonetheless, privately provided out of area beds are expensive and so the reduction in out of area treatment has benefitted patient experience as well as allowed the Trust to manage the financial costs of funding the placements.

Staffing

Improvements in the availability of real-time data have been an important development for the Trust in 2016/17 and have informed robust staffing plans for services. The roll out of e-rostering into community services began in November 2016 and has allowed a greater level of scrutiny for staffing through detailed dashboards and daily shift by shift data. The use of e-rostering dashboards has increased at every level of the Trust. Ward managers and Matrons are able to triangulate local ward data and understand the impact of staffing on safety and quality.

Although challenges with staffing remain, the availability of the data means the Trust has a clear understanding of the areas for further improvement. In particular, wards are able to triangulate staffing data to better understand the impact of sickness absence and missed breaks on staff health and wellbeing. This is a key focus for the Trust and more information about the importance of staff health and wellbeing can be seen on page 62. Details of how the staffing data has informed improvements to the use of temporary staff within the Trust can be found on page 64.

Quality & Safety

The Trust was rated good by the Care Quality Commission (CQC) in January 2017 following a comprehensive re-inspection which was a positive demonstration of the impact of quality improvement activity on patient experience and quality of care. The Trust is committed to continuously improving services for patients in line with the quality vision and there were areas requiring further improvement highlighted by the CQC as well. More details about the CQC inspection and the findings can be seen on page 41.

The CQC also undertook inspections of the healthcare services provided by the Trust at HMP Liverpool, HMP Wymott and HMP Garth during the year. There were a number of improvement areas identified and Requirement Notices were issued to the Trust. For each report, quality improvement plans were developed and implemented for the areas identified. The Quality Account has more detailed information about the Requirement Notices and the work underway to address issues within the challenging operating environment of healthcare provision within prisons.

CQUIN

CQUINs are quality improvement and innovation goals agreed with CCG and NHS England commissioners through the Commissioning for Quality and Innovation payment framework. At the time of reporting the Trust was on track to achieve all of its local CQUIN targets from 2016/17. These were developed in partnership with lead commissioners for community and mental health services and have supported key quality improvement initiatives across the Trust including:

- Closing the Learning Loop
- Frailty in Mental Health
- Frailty in Physical Health

Financial Performance

2016/17 sees a year end surplus of £0.3m (£1.0m deficit after including the impairments of £1.3m), which after allowing for bonus sustainability and transformation funding (STF) monies and other adjustments achieves a surplus over the control total of £158k and the Trust achieving its financial plans and targets for the year. The deficit for 2015/16 was £3.0m (£3.7m deficit after impairments).

Throughout the year staffing and out of area treatment expenditure were the main financial pressures for the Trust which exceeded plan. However appropriate recovery action was sufficient to both limit exposure and manage the overall position. Meeting the control total allowed the Trust access to sustainability and transformation funding to enable it to meet its financial plan, and also triggered further bonuses to improve the final year end position.

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 £14.4m (2015/16 £10.6m) against a plan of £13.3m (2015/16 £11.6m), this is £1.1m ahead of plan and an improvement of £3.8m on 2015/16.

Income and Expenditure

Operating income totalled £343.9m against a comparative of £344.0m for 2015/16. Excluding STF monies received of £3.4m shows a year on year decrease of circa 1%.

Patient care remains the Trust's main activity, generating over 92% of the Trust's income (2015/16 92%). The remainder is classed as other operating income, split between income received for the purposes of education, training, research and development 3% (2015/16 3%), and income received for non-patient care services. This other operating income compliments the Trusts overarching objective to provide goods and services for the purposes of the health service in England.

Operating expenditure totalled £339.0m (£337.7m before impairments), compared with £341.7m (£341.0m before impairments) last year. Year on year, after adjusting for impairments, this represents an overall decrease of circa 1%. Given the staffing and out of area treatment pressures contained within the respective positions this would indicate that otherwise the Trust has managed to improve its position within both the NHS tariff efficiency targets and its inflationary pressures.

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 2016/17 the Trust achieved productivity and efficiency savings through its cost improvement programmes (CIPs) of £12.3m achieving the plan of £12.3m despite significant in year pressures (2015/16 £12.3m against a plan of £11.8m).

Capital Expenditure

Capital spend in 2016/17 was £7.3m broadly split £2m on IT and £5.3m on Estates and Infrastructure. Though circa £2.7m below plan, pressures on the Trusts operating performance early in the year led to a review of the Trusts Capital Expenditure resulting in a planned reduction of circa £2m. Despite this all priority capital schemes took place as planned. Furthermore disposals were also less than planned and some minor slippage was flagged for carry over with NHS Improvement. As a result net capital expenditure was within tolerance and in line with the position expected by NHS Improvement.

Asset Valuation Process

The Trust undertook a full revaluation of its estate resulting in a net increase in asset value of circa £18m (circa 9%), which when combined with impairments as a result of the Trust's own internal reviews resulted in a net increase in the carrying value of its estate of £17.5m, a net increase in revaluation reserve of £18.8m and an impairment charge of circa £1.3m to Income and Expenditure.

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 started 2016/17 with a strong cash and liquidity position. A planned deficit and significant planned capital and financing costs were expected to reduce cash by circa £5m and reduce Financial Sustainability Risk Rating liquidity from a rating of 4 to 3. In light of this, pressures on the Trusts operating performance in early 2016/17 led to a review of the Trusts capital expenditure and a plan to reduce it by circa £2m was established. As a result of this and improvements in performance, even with STF monies outstanding, the cash and liquidity position was ahead of plan by circa £1.5m and at £13.1m with a Use of Resources liquidity rating of 1 (against a plan of 2) can still be considered strong.

Whilst the opening cash position for 2017/18 remains strong, the Trust must address its operational performance 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.

Sustainability

The Trust has achieved its planned out-turn for 2016/17 and has a credible plan to achieve its control total in 2017/18. Sustainability will be managed through the Sustainability and Transformation Plans in line with overall 5 year forward view for the NHS. Therefore the Directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

NHS Improvement Performance Indicators 2016/17

Indicator	Target	Q1	Q2	Q3	Q4
MR01 - 7 Day Follow ups	95.0%	95.82%	97.24%	97.13%	97.55%
MR02 – Care Programme Approach Review within 12 Months	95.0%	97.14%	96.86%	97.63%	97.18%
MR03 - Mental Health Delayed Transfers of Care	≤ 7.5%	3.72%	3.12%	3.99%	3.08%
MR04 – Early Intervention Service in place for New Psychosis Cases	95.0%	112.3%	Indicator Discontinued		
MR05 – Referral To Treatment - Consultant Led (Completed Pathway)	95.0%	97.76%	95.64%	95.06%	97.94%
MR06 – Referral To Treatment - Consultant Led (Incomplete Pathway)	95.0%	99.18%	95.69%	95.66%	98.77%
MR07 – Inpatient Access to Crisis Resolution Home Treatment	95.0%	96.05%	99.24%	99.50%	98.53%
MR08 – Mental Health Data Completeness - Identifiers	97.0%	99.65%	99.63%	99.59%	99.57%
MR09 – Mental Health Data Completeness – Outcomes	50.0%	77.58%	81.98%	83.72%	83.37%
MR10 – Community Information Dataset Completeness - Referral Information	50.0%	100%	100%	100%	100%
MR11 – Community Information Dataset Completeness – Referral To Treatment Information	50.0%	99.56%	99.46%	99.64%	99.14%
MR12 – Community Information Dataset Completeness - Activity Information	50.0%	91.60%	92.66%	93.82%	93.29%
MR13 – 2 week wait for treatment for Early Intervention Programme	50.0%	79.52%	73.53%	73.33%	79.55%
MR14 – Referral to Treatment – Improving Access to Psychological Therapies 6 weeks	75.0%	85.42%	91.02%	94.76%	94.73%
MR15 - Referral to Treatment – Improving Access to Psychological Therapies 18 weeks	95.0%	98.69%	99.28%	99.35%	99.31%

1.3 Environmental Impact and Sustainability

The Trust sees environmental sustainability as a fundamental element of corporate social responsibility and seeks to go above and beyond legislative requirements. A Sustainable Development Management Plan (SDMP) has been implemented in line with the NHS Carbon Reduction Strategy and a dedicated Environmental Manager ensures that sustainability remains at the core of Trust activity. In addition, increased oversight and reporting of compliance takes place at Infrastructure Sub-Committee.

The SDMP sets out the performance, targets and actions required to improve sustainability across the Trust as well as carbon reduction targets. The Trust has to achieve a 28% carbon reduction target by 2020 and calculates the overall carbon footprint by utilising the NHS SDU carbon footprint calculator which utilises data from a wide range of sources. In 2016/17 the Trust evidenced a 13% carbon reduction.

	2013/2014 (baseline)	2015/2016	2016/2017
tCO_2e	68,384	60,873	59,608
% change from baseline	n/a	11% reduction	13% reduction

Carbon and Energy Management

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.

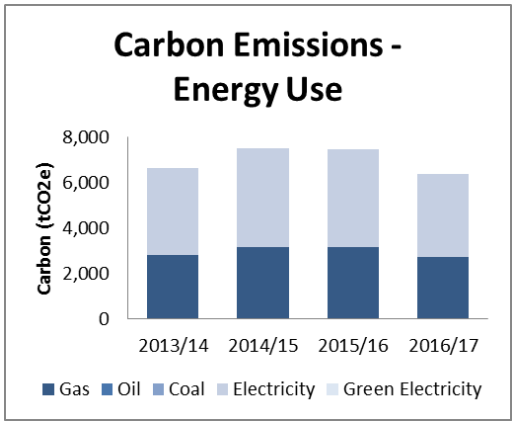
Critical to the Trust's carbon and energy management is the monitoring, targeting and analysis of energy usage across the estate. Where possible, automated meter reading (AMR) are installed in buildings which has facilitated the in-depth analysis of electricity and gas usage. The installation of AMR has enabled the Trust to identify patterns of usage within buildings and identify inefficiencies. As a result, energy efficiency improvements have been targeted and enable greater financial control of utility costs.

The Trust also has access to an energy monitoring and targeting software package which allows comparison of energy consumption information against national benchmarks. This has supported the successful development of energy performance league tables meaning the Trust is able to prioritise making improvements to less energy efficient buildings.

Energy Efficiency Improvements

The Trust has continued to invest in financially and environmentally viable energy efficiency improvements. Projects have included boiler and domestic hot water replacements, upgrades to lighting and the upgrade of controls and Building Management Systems (BMS) across the estate. As well as providing energy efficiency improvements, the projects have also delivered benefits including improved occupier comfort levels and an increase in the potential lifespan on equipment such as lighting and heating plant.

Renewable Energy & Sustainability



The Trust aims to supply as much energy as possible from low carbon and renewable sources and has a number of systems installed across the Trust estate including solar photovoltaic systems at Guild Park and Sceptre Point sites to provide renewable electricity. Solar thermal and ground source heat pumps are installed at Guild Park and a The Harbour has a biomass boiler. In 2016/17, the biomass system at The Harbour produced 728,886kWth of heat, provided 26% of heating demand and reduced carbon emissions by 134tCO_2e. These systems also provide a viable income stream for the Trust through feed-in tariff and renewable heat incentives.

Utility Consumption and Carbon Footprint

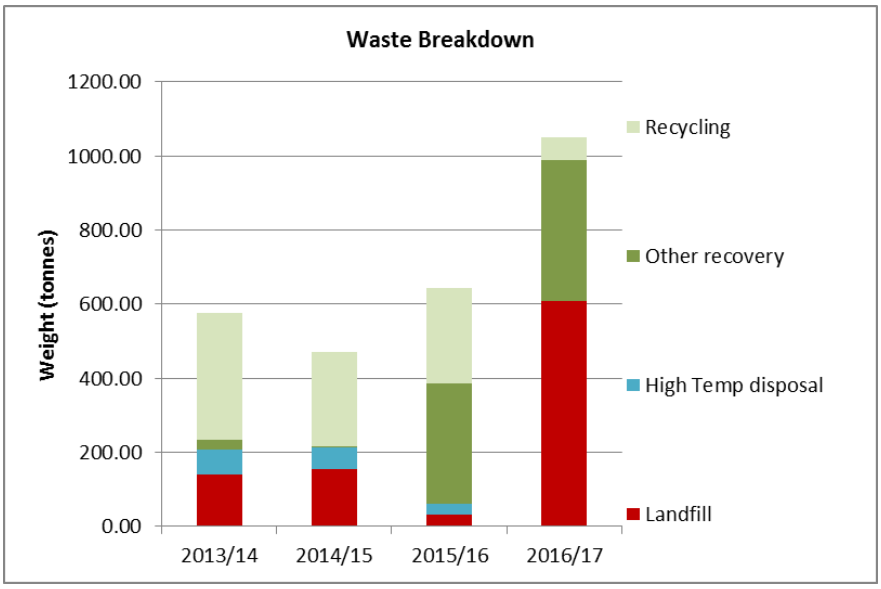
Summary of Performance		
Energy	**2015/16**	**2016/17**
Electricity Consumption	7,467,274 kWh	7,041,434 kWh
Electricity Consumption Carbon Footprint	4,293 tCO_2e	3,639 tCO_2e
Gas Consumption	15,132,069 kWh	13,140,127 kWh
Gas Consumption Carbon Footprint	3,175 tCO_2e	2,746 tCO_2e
Water		
Water consumption	114753 m³	108,569 m³
Water Consumption Carbon Footprint	105 tCO_2e	99 tCO_2e
Renewable		
Renewable Electricity Generated	3,563 kWh	3,469 kWh
Renewable Electricity Carbon Footprint	-2 tCO_2e	-2 tCO_2e

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. Rainwater harvesting also provides greywater for flushing sanitary equipment rather than utilising potable water.

Waste

The Trust takes a pro-active approach to maximising resource efficiency. The Waste Management Policy ensures compliance with waste legislation and sets out the Trust's aim to prioritise recovery, reuse and recycling in order to reduce reliance on landfill. Following on from 2015/16 where the Trust reduced carbon emissions by 54% from the 2013/14 baseline, the Trust continued to reduce the environmental impact from waste contractors to identify further waste which could be diverted from landfill. However, a significant amount of Japanese Knotweed removed from Ribbleton Hospital was disposed of via deep landfill during the year. Consequently, emissions from waste disposal amounted to 198tCO_2e during the year, a significant increase from the 2013/14 baseline of 56 tCO_2e. Had this Japanese Knotweed removal not taken place the Trust would have been able to evidence a decrease in emissions from waste disposal from the 2013/14 baseline as well as 2015/16 figure.



Travel

Business travel and staff mileage are significant sources of carbon emissions due to the geographical spread of Trust services and sites but significant reductions have been achieved. There are now seven electric vehicle charging points installed across key sites which are very well utilised and the lease car scheme incentivises staff to opt for lower and ultra-low emission vehicles. The roll out of Skype software across the organisation means many more virtual meetings are taking place and has reduced the reliance on business travel. Cycle storage facilities and the 'cycle to work' scheme are also in place.

Environmental Engagement

The Trust introduced sustainability champions in 2016 called 'Green Smiles' who work closely with the Grow Your Own project to engage staff across the organisation in thinking more about environmental impact and getting greener. A key role of the sustainability champions has been to identify and implement local level improvements in service delivery that directly support more sustainable practice. At the centre of this is the involvement of service users in activities which offer therapeutic benefits to health and wellbeing as well as the environment.

1.4 Social, Community and Human Rights

Equality, Diversity & Inclusion

The Trust is passionate about providing health care and employment that meets the needs of individuals and is accessible for all. It recognises that this sometimes means doing things differently for different people and is committed to making supportive adjustments and challenging assumptions that are based on stereotypes.

The Trust's Equality and Diversity Statement of Intent 2015-2020 has been in place for two years and makes clear the Trust's commitment to diversity and inclusion. Regularly updated and fully aligned to the Trust's quality led strategy, the full statement is available on the Trust website. The Statement of Intent takes account of the Human Rights Act (1998) and the FREDA principles (fairness, respect, equality, dignity and autonomy). Specific equality and diversity training has been provided to over 97% of employees and encourages employees to relate the key principles of the Equality Act (2010) to their own roles. Throughout 2016/17, particular attention has been devoted to encouraging teams to strengthen diversity and inclusion as part of everyday service delivery.

In order to improve access to services, reduce health inequalities and reap the benefits of a diverse and inclusive workforce, the Trust uses its 100 equality and diversity champions from across the networks to engage with service users, carers, staff and members of the public. Internally, the appointment of social value, diversity and inclusion leads has facilitated an even wider range of activities to take place across the Trust and have included;

- events showcasing best practice
- providing expert representation and constructive challenge at steering groups
- sitting on recruitment panels for roles including a Non-Executive Director and Associate Hospital Managers
- working with the Hurstwood ward redesign team to create an accessible environment

External engagement is also important and the Trust is represented at many events organised by local stakeholders. Highlights included speaking at Preston City Council's 'Be Part of Something Bigger' evening aimed at encouraging more black and minority ethnic people to get involved in public life; attending Blackpool Sixth Form College's 'Tuesdays at Tesco' theatre production about a trans woman and her relationship with her father; and presenting on the Trust's approach to equality and diversity at Chorley Borough Council's 'Better Together' event. Networking at events like these has enabled the Trust to build up strong relationships within local communities and has given the Trust an invaluable insight into ways that services can be adapted to meet the needs of people with personal characteristics protected by the Equality Act 2010.

Recruitment

The Trust is extremely proud to have been named on the Excellence in Diversity's *Inclusive Top 50 UK Employers* list in 2016 and is looking forward to sharing best practice and continuously improving workforce diversity in the coming year. This achievement has evidenced the positive impact of changes such as the values based recruitment toolkit and staff being trained to encourage applicants from a wider pool of backgrounds and experiences to attract the best possible talent. As a result the Human Resources department has been awarded a Lancashire LGBT Quality Mark and successfully achieved the Disability Confident Employer accreditation which replaces the Two Ticks and Positive about Disability status.

The positive achievements continued with Lancashire Care being chosen by NHS Employers as one of only 20 other NHS trusts to be part of the 2016/17 Diversity and Inclusion Partnership Programme. This has provided the Trust with access to resources, networking opportunities and allows the organisation to make a contribution to the development of the national NHS diversity and inclusion agenda.

Recognising Success

The Trust uses a number of methods to monitor success against the aims outlined in the Equality and Diversity Statement of Intent, one of which 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 4, Inclusive Leadership at all levels. The outcomes associated with this goal are:

- Boards and senior leaders routinely demonstrate their commitment to promoting equality within and beyond their organisations
- Reports considered at governance committees which identify equality-related impacts including risks and say how these risks are to be managed
- Middle managers and other line managers support their staff to work in culturally competent ways within a work environment free from discrimination

Progress against this goal is measured through regular involvement of key stakeholders in internal and external scrutiny events. Key to this is the Trust's annual equality and diversity conference which brings together service users, staff, community members and partner agencies to learn from one another and review Lancashire Care's performance in relation to diversity and inclusion.

The 2016 conference had a theme of inclusive leadership and was led by members of the Board with external speakers sharing their personal experiences across a range of areas relevant to diversity. The event was a success with delegates describing the day as inspiring, thought-provoking and engaging.

Overall the Trust received a rating of 'excelling' for NHS England's Equality Delivery System, with over 84% of ratings considering the Trust is 'achieving' or 'excelling' in relation to Inclusive Leadership at All Levels. There were no ratings of 'undeveloped' for Goal 4 which demonstrates that people feel assured of the Trust's commitment to diversity and inclusion at all levels of the organisation.

Workforce Race Equality Standards (WRES)

Progress against the WRES is another way in which the Trust monitors its diversity and inclusion work because race equality improvements are likely to be replicated for other protected characteristics as inclusion becomes a cultural norm for the organisation. Overall, in 2016 the Trust was well represented with 7.5% of black and minority ethnic (BME) staff. In comparison, the most recent Lancashire census information suggests that just 5.3% of the working age population is made up of BME people. Despite this positive position, the Trust is taking further steps in 2017 to undertake a deeper analysis of the WRES to inform areas for potential improvement.

The nine indicators which make up the Workforce Race Equality Standards are designed to improve the representation and experience of black and minority ethnic staff at all levels of the organisation. The full WRES report, and more detailed analysis of data and action plans are available on the Trust website.

A snapshot of activity undertaken in this reporting year has included:

- Review of Recruitment and Selection and Equality in Employment policies
- BME targeted leadership development and other training advertised to all staff
- Design and facilitation of culture change programme including national and local health and wellbeing activity
- Diversity and inclusion embedded within the People Plan
- Provision of post incident support
- Benchmarking of BME workforce representation undertaken other NHS Trusts
- Adding equality monitoring questions to staff Friends and Family survey

Accessible Information Standards (AIS)

In August 2016 the Accessible Information Standards came into force. The standards aim to ensure that those with specific communication needs have access to information in a format they can understand and that they are provided with any communication support they need. The Trust has undertaken a significant amount of work to ensure compliance with the standards including;

- New Accessible Communication Policy
- Raising staff awareness of AIS across the Trust
- Creation of an accessible communication toolkit with guidance and information for staff
- New webpage and posters created to inform patients
- Secured photo symbol licenses for easy read imagery
- Ensured the Trust website is accessible
- Promoted the Action for Hearing Loss toolkit for healthcare professionals
- Engaged with commissioners NHS Chorley and South Ribble CCG / NHS Greater Preston CCG to discuss an approach to AIS
- Ensured communication tools are available through Clinical Procurement

The CQC and Diversity and Inclusion

Following the re-inspection in September 2016, the CQC were complimentary about the Trust in relation to diversity and inclusion. The report found that staff respected the diversity, human rights and individual needs of patients, involved them in service development and communicated appropriately with respect, care and compassion.

They found that patients were easily able to practise their faith on wards, that arrangements for children and young people transitioning to adult mental health services had improved and that in community mental health services, restart teams met patients' holistic needs, promoted social inclusion and promoted the mental wellbeing of hard to reach groups in innovative ways. They also praised the facilities available both for patients with disabilities and in particular at The Harbour.

2. 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
- Modern Slavery Act 2015
- Statement of Accounting Officers Responsibilities
- Annual Governance Statement

Professor Heather Tierney-Moore OBE
Chief Executive (Accountable Officer)
30 May 2017

3. 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 2016/17 (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

Foundation Trust Directors

The names of individuals who were Directors of the Trust during the financial year can be found on page 88 alongside the names of the Trust Chair, Deputy Chair and the Chief Executive. Further detailed information about the Board of Directors can be found on page 84.

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

The Trust has a Standards of Business Conduct Procedure in place which requires all staff including Directors and Governors to declare details of any company directorships or any other significant interests. Interests held by Directors or Governors which may conflict with their role responsibilities are detailed in a Register of Interests maintained by the Trust which is reviewed annually by the Corporate Governance & Compliance Sub-Committee. Specific details of Director and Governor interests can be found on the Trust's website.

The Trust has a well embedded meeting procedure requiring all attendees to declare any conflict of interest at each and every meeting. Any interests which are raised are recorded within the meeting minutes. Depending on the nature of the interest, meeting attendees may be asked to leave the meeting for relevant agenda items.

The Trust has reviewed its procedure for declarations of interest to incorporate the new guidance on conflicts of interest introduced by NHS Improvement.

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 2016/17 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 (BBPC) requires the Trust to pay all valid non-NHS invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later, unless other payment terms have been agreed with a supplier. The Trust endeavours to pay all smaller non-public sector suppliers within 10 days in order to ease their cash flows.

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). Details of compliance with the above are described in note 7 to the accounts.

3.1 Quality Governance

The Trust has well established quality governance arrangements and these are regularly strengthened as part of the continuous approach to quality improvement. The Trust's governance arrangements were examined by an external well led review and CQC inspection during the year which provided excellent independent assurance of the effectiveness of the governance and control systems. The Trust's approach to quality governance is to create an open culture of continuous quality improvement. The continued aspiration is for the Trust culture to be shaped by the collective actions of everyone acting together for success, delivering the Trust vision and, in doing so, providing a world class health service to the people of Lancashire.

Overview of Arrangements in Place to Govern Service Quality

The Trust continued to embed its vision for high quality care, in the right place, at the right time, every time. To support this, the Quality Plan was developed which sets out the three quality outcomes that will ensure the delivery of the vision:

People who use our services are at the heart of everything we do
People who deliver and support the delivery of services are motivated, engaged and proud of the service they provide
A quality focused culture is embedded across the organisation (working together to always be the best we can be)

The Quality Plan is owned by the whole organisation and includes a range of quality improvements developed by clinical services and support services. The Health Foundation published 'Shaping the Future' in 2015 which describes the need for a strategy in which quality is the primary consideration for change, recognising that improving the quality of care is what unites all staff working in the NHS frontline and support services. The Trust's Vision and Quality Plan is the mechanism through which this is delivered and the positive findings by the CQC demonstrated how well the vision has been embedded across the Trust to date.

The development of quality assurance processes continued throughout the year with the introduction of network-level quality and safety surveillance reports and team-level quality and safety dashboards within the Datix quality governance system. This type of scrutiny and reporting turns data into a meaningful insight into quality performance that in turn allows targeted quality improvements.

The well-established programme of quality assurance visits during the year focused specifically on ensuring improvement work following the first CQC inspection in April 2015 had been embedded. This quality assurance activity was undertaken as part of the Quality SEEL (Safe, Effective, Experience, Leadership) system which unifies the approach to quality assurance. Work continues to also develop a single team-to-Board reporting framework as part of the Quality SEEL.

The flow of quality assurance is complemented by a drive for quality improvement and embraces the Health Foundation and the Institute for Healthcare Improvement

model for improvement by using systematic techniques to improve quality. The quality improvement programme is led by the Quality Improvement and Experience Team and involves building improvement capability in partnership with Advancing Quality Alliance (AQuA). The focus of the quality improvement agenda ensures that it is driven by feedback from people who use services and through the Trusts quality assurance process including complaints and serious incident investigation findings.

The Trust has continued its commitment to the national Sign up to Safety campaign through the delivery of safety improvement activities detailed in the Quality Plan. These safety improvements were identified through existing quality governance systems and included work on staffing for quality and safety, self-harm, pressure ulcers, violence and aggression and restrictive practices. More detail on the outcome of this work can be found in the Quality Account.

The Trust is steadfast in striving to achieve a culture of openness and transparency and has a constant desire to learn from mistakes. A rating of good awarded to the Trust in the 'Learning from Mistakes' league table published by NHS Improvement was positive recognition and work has continued to build on this success.

In particular, the creation of the Investigations and Learning team goes beyond the requirements for duty of candour by actively engaging patients and families in the investigation process and sharing completed investigation reports. Clinical teams are actively involved and supported in the investigation process to retain the focus on learning lessons. The Trust has published a charter that describes the approach to serious incident investigations and sets out clear principles which govern the way the team operates;

Principle 1	We are all human and we all make mistakes.
Principle 2	All members of staff have the right not to be unfairly penalised for making an honest mistake.
Principle 3	All members of staff have a responsibility to learn from the mistakes they make.
Principle 4	An investigation should identify the factors that created the circumstances in which an incident occurred, or a member of staff made a mistake they would not normally make, and support them to learn from it.
Principle 5	Staff who report concerns or self-report errors are essential to preventing harm and improving patient safety and must be supported, encouraged and protected.
Principle 6	Serious incident investigations are separate from any disciplinary processes and confidential information provided to Serious Incident investigations will not be used for other purposes.
Principle 7	Team members will operate with openness, transparency, honesty and integrity at all times.

The Trust has worked hard at creating an open culture where staff feel safe and supported to raise concerns. Staff can raise concerns through a range of methods

including the Speak Up Guardian and “Dear David” through which staff can share concerns directly with the Trust Chair. The outcomes from all concerns are shared across the Trust through the monthly Quality Matters newsletter. The Board level Quality Committee also receives detailed reporting on the themes of concerns and action taken to address them. In support of the ‘Speak out Safely’ campaign the Trust promotes the importance of ‘see something, say something’ and incorporates raising concerns into the Trust induction and core skills training programme.

The Trust continually monitors national reports and guidelines to inform changes in quality governance arrangements and actively participates in national consultations to help shape changes in standards.

Evaluation of the Organisations Performance against NHS Improvement Quality Governance Framework

The Trust is continually mindful of the NHS Improvement Quality Governance Framework (QGAF) and in 2015 undertook an assessment against the QGAF to inform the commissioning of the Trust’s Well Led review undertaken by Deloitte in 2016. The Well Led report itself was very positive and the Trust took the opportunity to strengthen its approach based on some key recommendations from Deloitte. The comprehensive tracking of improvement actions from the CQC and Well Led review monitored the range of activity undertaken to strengthen quality governance. Progress of the improvement and strengthening work was regularly reported to the Board and the Trust maintains an ongoing index of evidence to demonstrate compliance against the quality governance framework. The CQC acknowledged the improvements in quality governance, including those related to the well led domain was given a rating of good by the CQC following the 2016 inspection.

The Quality Account and Annual Governance Statement provide additional information about quality governance. Further information regarding the Board Assurance Framework can be found on page 119.

Statement of Material Inconsistencies

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.

3.2 Patient Care

This section highlights key information related to patient care activity. More detailed information can be found within the Quality Account.

Developing Services and Improving Patient Care

Quality is the Trust's number one priority with the vision and quality outcomes articulating how the vision will be achieved by 2019. Underpinning this is the Quality Plan which has been co-produced with all support services teams with the aim of each team articulating the way in which they support the clinical services to achieve the three quality outcomes and deliver the vision: 'high quality care, in the right place at the right time, every time' for people who use our services.

Fundamental to the success of the Quality Plan is the ongoing work to ensure a culture of continuous improvement using the Quality Improvement Framework methodology and quality improvement tools. Learning from the organisations that have already developed a national reputation for being the best, the Trust is driving its own commitment to quality improvement with the aspiration of being recognised as a future national leader alongside its peers.

Foundation trust status provides local accountability to the people of Lancashire for the activity and performance of the Trust, through a 7000 strong public membership base and an elected Council of Governors. More information on how engagement with members and governors helps shape the Trust's strategic plans and improve service can be found on page 101.

Contracting for Patient Services

The Trust has actively sought opportunities for expanding its service provision and has bid for several new contract options during 2016/17. The table on page 39 provides information about contract activity during the year including business which was won and lost.

A significant contract won by the Trust was the provision of Southport and Formby Community Services from May 2017. The contract to provide 0-19 Universal Children's Services in Blackburn with Darwen was also retained. During the year, the Board chose to divest its offender healthcare provision in Lancashire and did not re-tender for the contract. The responsibility to safeguard public funds is taken seriously by the Board and a realistic decision was made about the Trust's ability to offer a safe and secure level of compassionate clinical care within the proposed financial constraints. The Board committed to working closely with the new provider, and other partners, to ensure a safe, efficient and effective transfer of the service. Similarly, the Trust also chose to move away from the dental helpline contract so that a new model for service provision could be developed.

Contracts Awarded during 2016/17	
Southport & Formby Community Services	New
Universal Children's Service Blackburn with Darwen	Retained
North West Learning Disability and Autism Operational Delivery Network (ODN) Host	New
St Helens Improving Access to Psychological Therapies (IAPT)	New
Smoking Cessation	Retained
Liverpool Prisons	New
Sexual Health Pan Lancashire (young people)	New
Sexual Health Blackburn with Darwen (all ages)	Retained
Contracts Divested or Lost during 2016/17	
Offender Health Lancashire (HMP Garth, HMP Wymott, HMP Kirkham, HMP Lancaster Farm, HMP Preston)	Divested
Dental Helpline	Divested
HIV	Business Lost
Community Equipment Resource Service (CERS)	Business Lost
Healthy Lifestyles	Business Lost
Sexual Health Lancashire (all age)	Business Lost

Decisions about whether to bid for new contracts or re-tender for existing services are made by the Trust; however decision making about the decommissioning of services is the responsibility of commissioners. The following services provided by the Trust were decommissioned during the year:

- CARE Hotel
- Health Improvement Service
- Lancashire County Council Child Centres and Health Improvement
- HMP Kennet
- Emotional Health Team
- Blackburn with Darwen Family Nurse Partnership

Business Development and Collaboration

In the context of the Sustainability and Transformation Partnership the Trust has been increasingly focussed on business developments which provide care within the community and provide opportunity for collaboration with other healthcare providers. An overview of the different service partnerships established during 2016/17 includes;

Chorley Wellbeing

During the year Lancashire Care and Chorley Council have worked together to promote health and wellbeing and improve outcomes for individuals and communities by establishing an integrated community wellbeing service. This partnership is

focussed on preventing ill health through early intervention and wrapping services around individuals and communities instead of being constrained by organisational boundaries. Pooling resources also means reducing spending on public services in the longer term which can be shared and spent in other areas. It is hoped that working together to improve community wellbeing and resilience will over time reduce the demand for other services and support them to become more sustainable.

Crisis House

An exciting development which marks an evolution in how care is delivered within the community is an accommodation-based crisis service for Lancashire which will be delivered by Richmond Fellowship, working closely alongside the Trust. The crisis house will provide specialist, therapeutic support to people who are in crisis with 24/7 referral access via the Crisis Resolution & Home Treatment teams. It will be available for people to stay for up to seven nights with support available to people 24 hours per day, every day of the year, using a co-produced, person-centred recovery approach, working closely with clinical teams. The crisis house contributes to the Mental Health Crisis Care Concordat and offers individuals using the service a personalised programme of support that is safe and recovery-focussed.

Myplace

Another innovative example of joint working established in 2016 is MyPlace, a five year project with Lancashire Wildlife Trust funded by the Big Lottery Fund. MyPlace aims to empower young people aged between 13 and 25 and encourage them to get involved in their local greenspaces.

Ecotherapy is the name given to a wide range of outdoor activities which can improve a person's mental and physical wellbeing and the intention of the partnership is to develop ecotherapy as a cost effective alternative to therapeutic treatment, thereby improving access to a wider range of preventative and early intervention mental health services. The Trust has set up a web-based referral pathway to enable clinicians to make direct referrals to MyPlace and provide opportunities for young people to participate in; conservation work, wildlife walks, mindful environments and growing.

Multispecialty Community Provider

Lancashire Care has also worked with a number of Central Lancashire GP practices to support the development of a multispecialty community provider model for Greater Preston in line with the NHS Five Year Forward View. There is significant strain on general practice services within Central Lancashire and the community provider model will improve inter-working between practices with wraparound community services that meet local need and demand. Benefits of a larger community based team include working towards shared care outcomes, sharing information and resources, improving demand management, reducing duplication, addressing inequalities and developing more efficient pathways to meet local need.

Performance against Key Health Care Targets

The quality and safety surveillance reporting framework provides regular assurance data against quality and safety indicators. The Trust achieved its quality priorities during 2016/17 across the domains of safety, effectiveness, experience and well led. Much more detail on this can be found in part 3 of the Quality Account.

Care Quality Commission Inspection & Monitoring Improvements in Quality of Care

The Trust is registered with and regulated by the Care Quality Commission (CQC) for the provision of a range of health and care services. The Trust was rated good by the CQC following the re-inspection during September 2016. This followed the first comprehensive inspection of the Trust in April 2015. The re-inspection process included a significant level of data collection and analysis by the CQC, interviews with senior managers and clinicians, focus groups with a range of front line staff and stakeholders, and on-site inspection visits across the Trust.

The CQC commented on a number of key areas of good practice and a snapshot of some key highlights is provided below. The full CQC reports containing the detail of further good practice as well as the details of areas which the Trust can further improve can be found on the CQC website.

- Good evidence of ward-to-board connection
- Good embedding of the Vision and Values
- Effective use of quality information to drive improvement
- Good systems for learning lessons and the duty of candour
- Compliance with same sex accommodation standards
- Clinical areas are clean and well maintained, with staff following good infection control practice
- Care plans and risk assessments were of good quality
- Improvements in training as a result of the Quality Academy
- Established systems to support administration and governance of mental health law
- Improved systems for responding to maintenance issues
- Clear process for escalating risks with good understanding of key risks
- The majority of staff reported that they felt valued.

Areas for improvement identified by the CQC included:

- Community mental health service for adults – lack of ongoing capacity assessments for those under Community Treatment Orders and high demand for services
- Community health services for adults – a lack of end of life care plans
- Community health in-patient at Longridge hospital – staff did not always measure patient outcomes, there were patients whose treatment was not following current evidence based guidance and standards

- Community mental health service for children and young people – lack of completed clinical risk assessments for patients prior to a new tool being implemented
- Community health services for children and young people – lack of robust safeguarding supervision arrangements
- Acute mental health wards and PICUs – staffing challenges and demand for services
- Community health services for learning disability and autism – lack of compliance with core skills and gaps in provision of commissioned psychiatry cover

Following publication of the reports the CQC presented their findings at a Quality Summit in February 2017 to commissioners, regulators and stakeholders. The Trust presented its improvement plan in response to the areas identified for further improvement. The inspection provided a good opportunity for the Trust to learn, reflect and continue to look for ways to improve quality of care.

A robust mechanism for monitoring progress with improvements is in place with evidence based assurance of quality improvements reported through the governance structure. Specific scrutiny is applied through the Safety and Quality Governance Group and in turn, assurance reports up to the Board through the Quality Committee.

The Joint Quality and Performance Committee of the two lead commissioners also receive assurance on behalf of regulators, commissioners and stakeholders in respect of Trust progress against the improvement plan.

More detailed information on the Trust's CQC inspection and reports can be found within the Quality Account and on the Trust website.

Local Commissioners Targets & Quality Improvements

Key priorities reflected in the local CQUIN indicators for 2016/17 for the community and mental health contracts included:

- the development and implementation of innovative models of unscheduled care provision for mental health patients across the Lancashire health economy
- Closing the Learning Loop using feedback to deliver sustainable quality improvement and sustained learning involving staff and people who use services in creating and introducing improvements to be tested and progressed
- a focus on Frailty in Mental Health through a quality improvement project for older adult mental health inpatient services initially working to recognize and target the known predictors of frailty in mental health encompassing the enhanced use of available technology with the aim of increasing and sustaining social inclusion, communication, independence and support
- Children's Integrated Therapy and Nursing Services (CITNS) have reviewed care pathways focusing on implementing the outcomes

framework and the associated data collection sharing short case studies to illustrate the difference the new pathways are making for children and their families

- a focus on frailty in physical health and wellbeing targeting those who are at risk of or identified as frail. The programme involves the implementation of an assessment and intervention programme to support the maintenance of mobility and wellbeing measuring clinical outcomes and outcomes reported by people who use the service

The 2017/18 CQUIN indicators have all been nationally defined with the aim of driving further improvements in quality and outcomes for patients including reducing health inequalities, encourage collaboration across different providers and improve the working lives of NHS staff.

Delivering the Strategy: new or significantly revised services

The Trust's Delivering the Strategy (DTS) programme contributes to service developments which support quality improvements. The DTS scheme also aims to reduce the financial gap between the cost of services and funding provision but cost is always considered secondary to quality of care.

During year two, DTS focussed on four programmes (a consolidation of the 16 programmes in 2015/16). Each programme was established with a clear vision and each retained the focus on quality as the driver for achieving efficiency and the best use of resources across Trust services;

- Prevention and Community Wellbeing: deliver integrated physical and mental health care to patients, closer to home, to prevent hospital admissions.

- Excellence in Patient Flow: provide acute mental health services in the most appropriate setting through transforming models of care that deliver effective treatment and flow.

- Specialist Services: work with partners in developing the range and geographical spread of sustainable models of specialist services.

- Corporate Services: develop the most effective and efficient corporate service models

The Prevention and Community Wellbeing programme delivered the majority of savings in year, with a number of schemes continuing into 2017/18 including the Chorley Public Service Reform scheme. The scheme has set out plans to bring Lancashire Care teams and Chorley Council teams together during 2017/18 aiming to work collaboratively to deliver integrated care and develop new models of care which are all aimed at improving wellbeing for the community of Chorley.

The Excellence in Patient Flow programme incorporated a number of schemes supporting the delivery of care in the most appropriate setting, effective treatment and flow within acute mental health services and linked to the Mental Health Sustainability and Transformation Plan. The work undertaken by this group has

allowed access to additional funding to support mental health liaison services meet the requirements of the NHS 5 Year Forward View and has underpinned service developments which will be delivered in early 2017/18 for example, the Crisis House. The Excellence in Patient Flow programme took the lead on monitoring and co-ordinating plans across networks to reduce bank and agency staff usage and support a more cost effective, sustainable workforce across the Trust.

The Corporate Services programme exceeded expected financial savings in 2016/17 with significant savings from the reduction in costs associated with the use of agency staff as well as a procurement programme which rationalised the purchase of consumables.

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. Feedback is welcomed and there are a number of ways in which feedback is collected. The Friends & Family Test is key to understanding how patients rate Trust services. The Trust has been collecting Friends and Family Test feedback in line with the national guidelines since January 2015. People can also provide feedback at any time through the Trust website.

The opportunity to feedback is offered to everyone 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. Further information about how the Trust has used feedback to drive improvements can be found in the 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 Quality Visits from commissioners and Enter and View Visits from Healthwatch.

Innovation & Research for Best Practice Patient Care

Evidence demonstrates that research-active trusts appear to do better in overall performance measures. Lancashire Care has a growing research culture with an increasing number of clinical services becoming research active in 2016/17. Participation in clinical research demonstrates the Trust's commitment to improving the quality of care offered to patients and making a contribution to wider quality improvement. The Trust is committed to research that improves patients health outcomes and their experience of services.

The Trust continues to grow and diversify its research activity wherever possible in order to maximise the benefits from participation. As well as offering patients novel treatments it means Trust clinicians stay abreast of the latest interventions and techniques and healthcare services are delivered via new, efficient models.

The National Institute for Health Research (NIHR) aims to provide a health research system in which the NHS supports outstanding individuals working in world-class facilities, conducting leading-edge research focused on the needs of patients and the public. Lancashire Care is part of the North West Coast region, which incorporates Lancashire, South Cumbria, Cheshire & Merseyside. It is a partner organisation of NIHR Clinical Research Network: North West Coast (CRN:NWC), the NIHR Collaboration for Leadership in Applied Health Research and Care: North West Coast (CLAHRC: NWC) as well as host to the North West Coast innovation Agency (Academic Health Science Network).

The Trust had 76 active NIHR research studies this year, an increase on the 60 active in 2015/16, with 1247 patients newly recruited in year. There were 20 individual clinical services involved in recruitment for studies compared to 15 last year. Overall, the Trust has recruited more than 10,500 participants in the last six years which demonstrates a clear focus on research and the strong commitment to continuous improvement in service delivery.

2016/17 has also been a particularly good year for research partnerships. As well as continuing to work closely on research grant applications with Higher Education Institutions such as Lancaster University, the University of Central Lancashire (UCLan) and the University of Manchester, the Trust partnered with Lancashire Teaching Hospitals for NIHR grant bid for the new joint Lancashire Clinical Research Facility (CRF) on the Royal Preston hospital site. This bid was successful, ensuring that the CRF will receive £750,000 over the next five years to enhance both NHS partners capacity to conduct high quality, complex clinical trials.

The Trust's Research & Development (R&D) Department, consisting of management and support staff along with research delivery personnel, such as Research Nurses and Clinical Studies Officers, have supported the range of high quality research studies available at Lancashire Care. The R&D Department ensure recruitments targets are met, that grant applications and collaborations are supported and that studies are set-up in a timely and efficient manner. The Department was nominated for Research Site of the Year in the 2017 NWC Research & innovation Awards.

The local developed randomised controlled trial of a group psychological intervention for postnatal depression in mothers of a south Asian origin (ROSHNI-2), funded by the NIHR, has opened locally and begun to set-up across the country. The study is led by Professor Nusrat Husain, Honorary Consultant Psychiatrist at Lancashire Care, who was awarded the Royal College of Psychiatry's Psychiatric Academic Researcher of the Year Award in 2016 and the North West Coast Research Role Model of The Year Award in 2017.

Improvements in Patient/Carer Information

The Trust continues to work closely with people who use services, families and carers to improve experiences and to ensure that feedback is heard, people are involved in their care and are well informed. This also includes working with partner organisations to support carers.

The Trust website includes a range of information about services complemented by a range of advice and information leaflets. A newsletter co-designed with people who use services, families and carers called 'Voice News' is produced on a quarterly basis in a web based format.

An easy read summary of the Quality Account is published in each summer edition of Voice News having been informed by and developed with people who use Trust services. New for summer 2017 is the organisation's Quality Story which complements the Quality Account. The full version of the Quality Account is made available on the Trust internet site as part of the Annual Report and Accounts and is also presented to the Council of Governors and Trust members at the Annual Members' Meeting.

Information on Complaints Handling

The Trust continually strives to ensure that the voices of people who use services and those close to them are heard. Over the past twelve months the Trust has redeveloped its information leaflet to ensure that the feedback system is as accessible as possible. Based on feedback from people who use the services, the Hearing Feedback Team have developed a range of quality improvements with the most notable outcomes being a reduction in the time taken to respond to straightforward complaints and a reduction in the number of people returning to the Trust dissatisfied with the outcome of their complaint.

The quality improvements undertaken to date are now the focus of a quality improvement test to provide a person centred, timely and supportive process for people who wish to feed back about services. This quality improvement also seeks to support staff investigating and responding to complaints. Early evidence suggests that this approach is effective and well received. Further information on this development and other quality improvements related to feedback can be found in the Quality Account.

A comprehensive 'Hearing Feedback for Quality Improvement' report is developed on a quarterly basis providing a wide range of information on people's views about the Trust. This allows better informed decisions to be made based on a wider range of data. The report is shared with the Quality & Safety Sub-Committee and with lead commissioners as part of contract performance discussions.

	2016/17	2015/16
Number of Compliments	8698	6584
Number of Complaints	1388	1101
Number of Comments	25	43
Enquiries from General Practitioners	10	14
Enquiries from Members of Parliament	119	95

Top themes arising from complaints were:

- Communications (241)
- Access to treatment and drugs (168)
- Clinical Treatment (158)
- Appointments including delays and cancelations (111)

Overall the Trust achieved 99.5% compliance with the regulatory requirement to acknowledge complaints within three working days. The Trust achieved 72% compliance of responding within the agreed timescales.

Regular assurance is provided to the Quality & Safety Sub-Committee on the achievement of targets, main themes from complaints, lessons learned and improvements as a result of complaints.

3.3 Stakeholder Relations

Relationship Management

Maintaining effective relationships with commissioners, stakeholders and partners is essential to drive forward the collaboration and joint working needed to improve patient care and achieve the Trust's strategic priorities. These relationships allow the Trust to establish professional alliances with like-minded organisations and health care providers which in turn supports innovative and diverse models of care to be developed for the benefit of patients. Maintaining these relationships will be important to allow the Trust to fully contribute to the Healthier Lancashire and South Cumbria Sustainability and Transformation Partnership (STP).

The Trust has a strategic approach to relationship management led by the Trust's Communications and Engagement service which ensures that the engagement activity undertaken by executives, senior managers and clinicians is aligned and co-ordinated with specific geographical localities and stakeholders.

Relationship managers focused on geographical areas support appropriate engagement with internal and external stakeholders including GPs and other commissioners. Key relationships have been established with groups and individuals in Lancashire including:

- Leaders of Lancashire and South Cumbria's Sustainability and Transformation Partnership (STP) and Local Delivery Plan (LDP) areas
- Clinical Commissioning Groups (CCGs)
- Other commissioners
- Other NHS providers (including GP providers)
- Local authorities
- Healthwatch organisations
- Health Education England
- Lancashire and South Cumbria MPs
- The third sector and other emerging providers
- Other local agencies including police and higher education institutions

By working closely with these groups and individuals the Trust is well placed to enhance services for patients, deliver efficiencies and shape the health and social care landscape through which future improvements to patient care will be delivered.

Trust Partnerships to Facilitate Delivery of Improved Healthcare & Development of Services

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 local stakeholders at a locality level and has been part of a number of initiatives focussing on delivering high quality care to patients.

The Trust is an active partner in all five local delivery plans (LDPs) that make up the STP and continues to work with partners to shape the future delivery of health and

wellbeing services, tailored to the needs of each geographical area. The local delivery plan programmes the Trust is supporting are:

- Fylde Coast: 'Your Care Our Priority'
- Morecambe Bay: 'Better Care Together'
- Pennine Lancashire: 'Together a Heathier Future'
- West Lancashire: 'Building for the Future'
- Central Lancashire: 'Our Health Our Care'

The development of 'Our Health, Our Care' provides the context for the Trust's partnership with Chorley Borough Council and the integrated community wellbeing service. The integrated service draws its intended outcomes of prevention, early intervention and the promotion of positive health and wellbeing from the NHS Five Year Forward View and the recently concluded 'Commission on the Future of Public Services in Chorley'. The proposals are built on evidence which shows that individuals and communities experience better outcomes by receiving appropriate early support and that services tend to be less expensive if delivered in this way than if provided in crisis situations or over a long period of time.

Consultation with Local Groups and Organisations, including the Overview and Scrutiny Committees of Local Authorities Covering the Membership Areas

The Trust maintains good relationships with the local Healthwatch and Overview and Scrutiny Committees, attending meetings on invitation and keeping local organisations informed of developments via regular stakeholders bulletins and other communication.

Strong relationships exist with local CCGs and opportunities to engage jointly are taken wherever possible. Relationships with local authorities are maintained by executive representation on health and wellbeing boards and collaborative work on key health and social care initiatives.

The Trust's involvement in the Lancashire and South Cumbria STP and local delivery plans means that it is well placed to inform, and be informed, about the potential move towards a combined authority, a single health and wellbeing board and closer working between Lancashire and South Cumbria's Health Overview and Scrutiny Committees.

Any Other Public and Patient Involvement Activities

Grow Your Own

Guild Lodge is a medium secure mental health hospital for men and women located in the grounds of Guild Park, Preston. Guild Park has open green spaces which service users can enjoy, as well as being accessible to the local community and schoolchildren on a rota basis.

Guild Park is the home of the Trust's 'Grow Your Own' project, a horticultural project where patients at Guild Lodge grow and harvest plants and vegetables. The project is much wider than providing a simple gardening facility because Grow Your Own

enables people recovering from mental health issues to work together, or to work independently, at their own pace. The gardening area is peaceful and secluded, which means that people who are living at Guild Lodge can access a space that feels more like an allotment garden, rather than a secure health unit, which is beneficial for patients who are at a stage in their recovery where they are about to move back into living independently in the community.

On a practical level, there are poly tunnels at the site and the project also features 'sculptures' built from plant pots, a herb 'fountain' of raised beds built from bricks and a wishing tree which is frequently covered with paper carrying the hopes of the project participants. People involved in the scheme have grown hundreds of plants with many of the vegetables and herbs being provided to the Guild Lodge kitchen at a price 20% below the normal wholesale cost of organic produce. Some produce is also sold to local community members or is donated to a local foodbank.

The Grow Your Own project has recently played a leading role in a Trust-wide sustainability initiative aimed at encouraging staff, service users and members of local communities to reduce their carbon footprint by using sustainable methods of energy to support the environment and reduce waste.

Myplace

Myplace is an acronym standing for Motivated Younger People Looking after Community Environments. The Myplace project aims to empower young people by encouraging them to participate in environmental activities that bring positive benefits to their own health and mental wellbeing, as well as their own community. The project engages with around 15 young people each week at hubs in Blackburn with Darwen and Chorley.

Donations to 'Dogs for Good'

In the last year, colleagues from the Trust's Adult Community Services Network made the last of four financial donations to Dogs for Good, a charitable organisation which trains assistance dogs to support adults and children with a range of disabilities and children with autism. The charity also trains activity and therapy dogs to work with specialist handlers in communities and schools.

The funds were generated as part of an innovative use of old equipment that the Community Equipment Resource Service (CERS) would recycle from equipment loaned to patients. Specifically, scrap metal was harvested from disused equipment such as beds, walking frames, hoists and nebulisers.

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 at 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.

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:

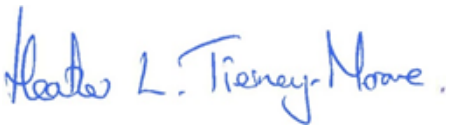
- They consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for stakeholders to assess the NHS Foundation Trust's performance, business model and strategy;
- So far as the Director is aware, there is no relevant audit information 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:

Mr David Eva
Chair
30 May 2017



Professor Heather Tierney-Moore OBE
Chief Executive
30 May 2017

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 over 92% 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 Trusts 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 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.

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:

Mr David Eva
Chair
30 May 2017

Professor Heather Tierney-Moore OBE
Chief Executive
30 May 2017

4. 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[1] of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) ("the Regulations") and;
- 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.

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

Professor Heather Tierney-Moore OBE
Chief Executive
30 May 2017

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 2016/17 the Nomination Remuneration Committee considered the outcome of the Executive Director appraisal process and agreed changes to the structure of the Executive Management Team. The Committee did not award any pay increases to Executive Directors during 2016/17. In line with this, Non-Executive Directors also requested their own remuneration remain static and this decision was supported by the Council of Governors.

Further activity involving the Nomination Remuneration Committee members outside of the formal meetings was undertaken in relation to responding to enquiries regarding Executive Directors paid more than the Prime Minister's current salary which equates to £142,500. For 2016/17, the Nomination Remuneration Committee confirms it is satisfied with steps taken to test that remuneration above £142,500 is reasonable. These steps are set out in the Trust's Senior Manager Remuneration Policy and include the annual individual salary and performance reviews for senior managers and external benchmarking.

The Nomination Remuneration Committee also approved amendments to the Trust's Senior Manager Remuneration policy. Changes included a new procedure for the appointment of an acting chief executive, Board appraisal process and non-executive director expense claims. There were no Executive appointments during the reporting period that required oversight of the Nomination Remuneration Committee.

4.2 Senior Managers Remuneration

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.

Component of senior manager remuneration packages	Description of each component
Salary & Fees	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. Monthly performance reviews are held between the Chief Executive and senior managers to formally review progress and delivery of objectives. 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.
Taxable Benefits	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.
Annual Performance Related Bonuses	The Trust does not provide Annual Performance Related Bonuses.
Long Term Performance Related Bonuses	The Trust does not provide Long Term Performance Related Bonuses.
All pension related benefits	Pensions related benefits are reported in detail on page 60. Appointments are superannuable under the terms of the NHS Pension Scheme as contained in the 'NHS National Handbook of Terms and Conditions'. Senior managers are entitled to join or continue as a member of the NHS Pension Scheme subject to its terms and rules, which may be amended from time to time.
Salary Threshold 'Reasonableness' Check	Executive Director salary is weighted against achievement of objectives and the individual director's portfolio. The policy requires external salary benchmarking reviews to take place every 5 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.

Non-Executive Directors

Remuneration for Non-Executive Directors is set by the Council of Governors via their Nomination Remuneration Committee and is informed by external benchmarking data and thorough 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 optional travel expenses. The higher allowance paid to Trust Chair and Chair of Audit Committee recognises the additional responsibilities of these roles. 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 59. 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.

The Trust can confirm 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 and medical staff; terms and conditions for medical staff are set nationally and the Nomination 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 Remuneration Committee to be an appropriate approach.

4.3 Annual Report on Remuneration

Remuneration Committee

The Trust has a joint Nomination Remuneration Committee which also covers recruitment and appointment of Board members. 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)	3/3
Peter Ballard	4/4
Gwynne Furlong	4/4
Louise Dickinson	4/4
David Curtis	4/4
Isla Wilson	3/4
Julia Possener	1/1

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 page 88. The notice period for Executive Directors is six months.

4.4 Expenses & 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 2016/17.

Reporting Group	2016/17			2015/16		
	Total Number in group	Number in receipt of expenses	Travel expenses £'00	Total Number in group	Number in receipt of expenses	Travel expenses £'00
Executive Directors	5	5	34	6	6	61
Chair & Non-Executive Directors	9	7	74	7	5	39
Council of Governors	27	9	27	30	10	24

Salary Entitlements: Executive Directors

(The tables below have been subject to audit review)

Employee Name and Title	Period 1 April 2016 - 31 March 2017						Period 1 April 2015 - 31 March 2016					
	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)	Pension Related Benefits Increase (bands of £2,500)	Total (bands £5,000)
Professor Heather Tierney-Moore Chief Executive (01/04/2016 - 31/03/2017	205 - 210	0	0	0	0	205 - 210	205 - 210	300	0	0	0	205 - 210
Professor Max Marshall* Medical Director (01/04/2016 - 31/03/2017)	190 - 195	6200	0	0	0	195 - 200	190 - 195	4600	0	0	90 - 92.5	285 - 290
Mrs Denise Roach Director of Nursing & Quality (01/04/2016 – 31/03/2017)	140 - 145	200	0	0	122.5 - 125	260 - 265	130 - 135	300	0	0	107.5 - 110	240 - 245
Mrs Sue Moore Chief Operating Officer (01/04/2016 – 31/03/2017)	120 - 125	5100	0	0	5 - 7.5	130 - 135	125 - 130	6300	0	0	0	130 - 135
Mr William Gregory Chief Finance Officer (01/04/2016 – 31/03/2017)	145 - 150	3100	0	0	35 - 37.5	185 - 190	150 - 155	2200	0	0	40 - 42.5	195 - 200

*The element of the Medical Director's remuneration which relates to their clinical role is £135k - £140k.

^ 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.

Salary Entitlements: Non-Executive Directors

(The tables below have been subject to audit review)

Appointees Name and Title	Period 1 April 2016 - 31 March 2017						Period 1 April 2015 - 31 March 2016					
	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 (01/06/2016 – 31/03/2017)	35 - 40	0	0	0	0	35 - 40	0	0	0	0	0	0
Mr Peter Ballard Non-Executive Director (01/04/2016 - 31/03/2017)	15 - 20	0	0	0	0	15 - 20	15 - 20	2000	0	0	0	15 - 20
Mr Gwynne Furlong Non-Executive Director (01/04/2016 - 31/03/2017)	15 - 20	1100	0	0	0	15 - 20	15 - 20	1000	0	0	0	15 - 20
Mr David Curtis MBE Non-Executive Director (01/04/2016 – 31/03/2017)	15 - 20	0	0	0	0	15 - 20	15 - 20	400	0	0	0	15 - 20
Ms Louise Dickinson Non-Executive Director (01/04/2016 – 31/03/2017)	15 - 20	1500	0	0	0	20 - 25	15 - 20	1600	0	0	0	15 - 20
Ms Isla Wilson Non-Executive Director (01/04/2016 – 31/03/2017)	15 - 20	1700	0	0	0	15 - 20	5 - 10	700	0	0	0	5 - 10
Ms Julia Possener Non-Executive Director (01/02/2017 – 31/03/2017)	0 - 5	100	0	0	0	0 - 5	0	0	0	0	0	0
Mr Derek Brown Chair (01/04/2016 – 31/05/2016)	5 - 10	0	0	0	0	5 - 10	45 - 50	0	0	0	0	45 - 50
Ms Naseem Malik Non-Executive Director (01/04/2016 – 31/07/2016)	5 - 10	0	0	0	0	5 - 10	15 - 20	0	0	0	0	15 - 20

Pension Entitlements: Executive Directors

As required under the Companies Act Regulations the details of pension entitlements for Executive Directors are provided below. Non-Executive Directors do not receive pensionable remuneration therefore there are no entries in respect of pensions for Non-Executive Directors.

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 2017 (Bands of £5,000)	Lump Sum at pension age related to accrued pension at 31 March 2017 (Bands of £5,000)	CETV at 31 March 2017 (Rounded to nearest £1,000)	Real Increase in CETV as funded by employer (Rounded to nearest £1,000)	CETV at 01 April 2016 (Rounded to nearest £1,000)	Employers contribution to stakeholder pension
Mrs Denise Roach Director of Nursing & Quality (01/04/2016 – 31/03/2017)	5 - 7.5	15 - 17.5	70 - 75	210 - 215	1,200	123	1,076	0
Mrs Sue Moore Chief Operating Officer (01/04/2016 – 31/03/2017)	0 - 2.5	0	40 - 45	110 - 115	747	14	733	0
Mr William Gregory Chief Finance Officer (01/04/2016 – 31/03/2017)	0 - 2.5	2.5 - 5	50 - 55	150 - 155	965	56	910	0

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’ 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 2017 on an annualised basis.

Other Remuneration Disclosure	2016/17 £'000	2015/16 £'000
The highest paid senior manager in the organisation is the Chief Executive, being:	206	209
The median salary of full time Trust staff is:	27	26
The ratio therefore of the highest and the median salary is:	7.6	8.0

During 2016/17 no employees received remuneration in excess of the highest paid Director (2015/16 zero individuals). Remuneration ranged from £6k to £206k (2015/16 £6k to £209k). The ratio between the highest and the median salary has decreased compared with 2015/16.

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. Staff Report

Staff Health & Wellbeing "Always About You"

Workplace health and wellbeing is a key area of focus in improving the health and wellbeing of adults. Lancashire Care is committed to improving the health and wellbeing of its staff because it recognises that to deliver high quality care the NHS needs people who are healthy, well and at work. The Workplace Wellbeing Charter, and over 180 staff health and wellbeing champions, is one of the ways more emphasis has been placed on offering wide ranging opportunities for staff that help to improve physical health, psychological wellbeing and development opportunities so staff feel valued at work. Staff champions have helped to promote the dedicated health and wellbeing newsletter for staff which contains lots of information about staying well, awareness of health issues and opportunities to get more active through initiatives such as workspace walks, netball and table tennis taster sessions and the 'Sit Less Stand More' campaign. Much more information on staff health and wellbeing is provided within the Quality Account.

Our People Plan

"Nurturing and developing a culture of high quality, continually improving, compassionate care"

The Trust started working with The King's Fund in 2015 exploring organisational culture and leadership capability. The work was predicated on an evidence base generated by Professor Michael West (*Wests' domains of organisational culture in health care, 2013*) about the optimal organisational culture for delivering high quality, continuously improving and compassionate health care.

This work continued into 2016/17 based on the areas of focus suggested by Professor West and The Kings Fund to build a framework for what would become the People Plan. The emerging narrative was shared widely with staff and service users via a series of 'Big Engage' sessions and in addition to noting what was working well, a comprehensive exercise was undertaken to develop an action plan of development opportunities for the organisation.

The resultant People Plan is for everyone at Lancashire Care and is designed to support an optimum organisational culture and develop a leadership team worthy of

the task at hand; supporting the health and wellbeing needs of Trust staff and the population they serve. The People Plan was approved by the Board in July 2016 and the foundation work to prepare for delivery of the plan concluded towards the end of 2016/17 in readiness to roll out the plan in earnest in 2017/18. More information on the People Plan can also be found within the Quality Account.

Analysis of Average Staff Numbers 2016/17

Breakdown of Average Staff Numbers		
Staff Group	**2016/17**	**2015/16**
Medical & dental	278	318
Ambulance staff	0	0
Administration & estates	1254	1276
Healthcare assistants and other support staff	978	946
Nursing, midwifery and health visiting staff	2284	2264
Nursing, midwifery and health visiting learners	17	15
Scientific , therapeutic and technical staff	0	0
Healthcare Science Staff	985	996
Social Care	43	51
Agency and contract staff	473	415
Bank staff	191	231
Other	136	136
Total Average Number	**6638**	**6648**

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)	4	3
Other Senior Managers	29	67
Employees	1268	5269

Staff Costs

Staff Costs	2016/17			2015/16
	Permanent	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	199,829	3,175	203,004	202,287
Social security costs	18,653	-	18,653	13,375
Employer's contributions to NHS pensions	24,868	-	24,868	24,753
Pension cost - other	-	-	-	-
Other post-employment benefits	-	-	-	-
Other employment benefits	-	-	-	-
Termination benefits	-	-	-	-
Temporary staff	-	11,352	11,352	10,751
Total gross staff costs	**243,350**	**14,527**	**257,877**	**251,166**

Temporary Staffing

The Trust has responded proactively to the current NHS workforce challenges such as difficulties in recruiting clinical posts and use of temporary staff. An active values based recruitment programme embedded over the last 12 months has resulted in 344 new clinical recruitments and 107 new clerical recruitments. The clinical posts include 88 qualified nurses, 3 consultants and 253 health care assistants.

An ongoing recruitment campaign has allowed the Trust to increase the bank fill rate from 73% to 80% despite an increase in requests for shifts of 13% during the year. Good progress was also made to reduce the percentage of agency staff being used to fill shifts from 13% to 6%. Controls and reporting around temporary staffing are in place which allow scrutiny of staffing 'hot spots' and support informed decision making.

The Trust has taken considerable steps to comply with the strengthened NHS Improvement regulations around agency staff usage and minimise breaches of the agency cap. Substantial financial savings have been made by reducing agency usage however the Trust did exceed its agency target of £7.7m by 48%. One of the ways in which the Trust has been engaging with managers about staffing is through temporary staffing workshops developed to provide support and advice to both managers and bank workers. There are plans to roll out this initiative more widely following positive feedback from staff in order to sustain the improvements made to date.

Employment Services

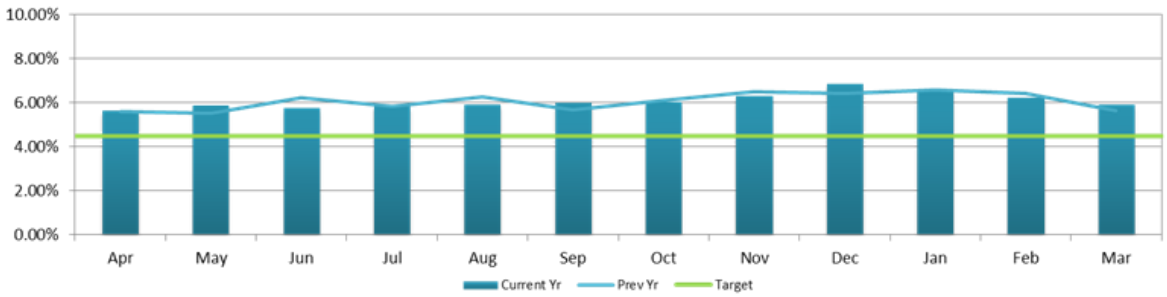
The Employment Services Team has continued to improve and enhance the recruitment process to reduce the time to hire and ensure compliance with NHS standards. In addition to a more general review of how effective internal recruitment processes were, there have been specific programmes of work to establish improvements and efficiencies. The values based recruitment processes includes offering training to support recruiting managers, regular review of recruitment process to ensure they are streamlined and effective, and active social media campaigns to attract staff and fill vacancies.

The average time to recruit has improved from 11.69 weeks in 2015/16 to 10.15 weeks for all networks in 2016/17. Targeted improvement work has taken place during the last 12 months in partnership with networks and temporary staffing team to focus on recruiting to vacancies for health care assistants which had previously relied heavily upon bank staff to cover.

Specific work with networks has also focussed on converting long term bank members of staff into permanent employees of the Trust to provide individuals with substantive roles and stability as well as reducing bank and agency costs. Over 50 vacancies were filled by transferring bank staff to substantive roles.

Sickness Absence Data

The sickness rate was 5.93% at the end of the 2016/17 operating year. The graph below presents the monthly sickness absence rates throughout the year shown against the target rate of 4.5%. The 2015/16 sickness absence trend is provided to support comparison of performance. The Trust has an active programme in place for reducing sickness absence levels. Progress against this programme and performance is monitored through the governance structure at People Sub-Committee, 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.



Staff Policies & Actions Applied During the Year

Over the last 12 months work to streamline HR policies and support staff to better understand their roles and responsibilities was completed. The number and complexity of HR policies was reduced and they are now accompanied by robust guidance to support and guide managers to implement policies within their teams. Simple factsheets were also made available to managers on a range of employee

relations topics to provide managers with even more information and knowledge. Development of a range of podcasts also commenced with the first podcast focusing on the management of sickness absence going online in March 2017.

Supporting & Communicating with Staff

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 which is relevant to them in their role. All staff have access to the Trust's internal intranet site which provides an ever-expanding bank of information in a user friendly way. Trustnet 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) are easily accessible to staff at any time via Trustnet and contain helpful information about the organisation as well as offering specific HR advice and information to support staff.

A range of internal communication channels are in place to provide staff with information and the opportunity to provide feedback too. These include the quarterly staff newsletter Insight, live streamed Team Talk briefings by a different Board member each month, the Pulse weekly e-bulletin, and the Quality Matters newsletter. In addition, each clinical network has a network newsletter which communicates messages specific to those services and also highlights achievements and performance.

The Chief Executive also hosts 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.

Recruiting and Supporting Disabled People in Work

The Trust seeks to actively support people with disabilities who apply for job roles. Requests for reasonable adjustments are invited from all applicants as part of the job vacancy assessment processes and people are encouraged to be open about their needs to help the Trust provide an inclusive experience.

Adjustments are made throughout the recruitment pathway, such as providing green coloured paper for an applicant 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 to adjustments to support the successful applicant take up a post. Specialist software and equipment is made available for people with sight impairments and hearing difficulties.

Misconceptions can sometimes be held about employing people with disabilities. The Trust has taken steps to reduce this by actively promoting the benefits of employing people with disabilities at its annual Opportunity Knocks diversity and inclusion conference. Positive messages about disability are shared on social media and the Trust is signed up to NHS England's Employing People with Learning Disabilities pledge.

The Trust is proud to have been awarded Disability Confident Employer status for another year. The scheme has replaced the Two Ticks – Positive About Disability accreditation and ensures that inclusive recruitment and workplace practices are in place, including a commitment that all disabled applicants who meet the minimum criteria for a role and who wish to be considered under the scheme are interviewed.

Trust policies and processes mandate the use of 'reasonable adjustments' and expect Equality Impact Assessments (EIAs) to be completed for policies, service changes and other activities so that relevant action plans are put in place when a requirement for adjustment is identified. Access audits are carried out on all new buildings and for any refurbishments to ensure suitable access and usability for service users, carers, other visitors and staff.

The Trust is an active member of the North West Dyslexia Network and this year introduced new guidance for staff in relation to dyslexia, dyspraxia and other similar learning difficulties.

Career Development and Promotion of Disabled Employees

The Trust has limited data in relation to the progression and career development of disabled employees although preparatory work for the introduction of the Workforce Disability Equality Standards which will be mandated by NHS England in 2018 will help to change this.

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.

The Quality Academy role models good practice, ensuring that disabled delegates on training courses are included appropriately and that their needs are met. They use Equality Impact Assessments to understand how best to achieve this and the outcome of these has included:

- Varying teaching resources and formats
- Selecting venues which are accessible
- Providing 1 to 1 assistance where needed
- Being flexible about delivery methods and locations

Consulting with Staff on Trust Decisions Affecting Employee Interests

The Trust has a strong, well established and positive relationship with staff side colleagues and continued to work in partnership across a wide range of employment matters including employee relations activity, policy development and organisational change. The Trust's Partnership Forum met on a bi-monthly basis to discuss important matters affecting Trust employees at an operational and strategic level. 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) met fortnightly enabling Trust management to consult with recognised Trade Unions on proposed organisational changes where the collective consultation requirement has been triggered.

A monthly Policy Development Group provided a forum to review and negotiate changes or amendments to workforce policies affecting employees. This year, a virtual management group was developed to allow nominated managers from across the Trust's geographical footprint to have the opportunity to comment on policy developments.

Formal and informal meetings also took place between HR and staff side to strengthen relationships and discuss matters of concern regarding employees such as employee relations cases and new ways of working.

Information on Health & Safety Performance and Occupational Health

The Trust provides occupational health services to staff through Well Being Partners, a joint venture involving foundation trusts in Wigan, Bolton and Preston. The occupational health service includes physiotherapy and counselling for staff. Physiotherapy services are provided by PhysioMed who operate a triage service along with face to face physiotherapy supported by online access to videos, infographics and articles in relation to physiotherapy techniques, exercises plus general advice on how to improve wellbeing. In-house counselling services are also provided by Well Being Partners and also via an outsourced provider in cases where more specialised support is required. During the year Well Being Partners received positive feedback from employees who had accessed the occupational health service on the quality of service they received.

As a provider of mental health services, the Trust is committed to supporting staff experiencing mental health issues including stress and anxiety and offers employees access to a full range of support services through the Employee Assistance Programme. This service is a free, confidential helpline service for staff offering them support with life management and personal issues. This service is available 24/7, 365 days a year. Health Assured provide monthly newsletters to the Trust which are shared via Trust communications.

The health and safety of patients, staff and the public is a key priority for the Trust. The health and safety team undertook a full ligature audit of all mental health inpatient units across the Trust and worked with clinical staff to ensure the safety of patients is maintained. Compliance audits have been completed for several areas including all new developments, to review standards and assist managers to carry out risk assessments and develop action plans to address concerns raised. Incidents relating to health and safety are reported on Datix and have been investigated with any lessons learned used to improve safety in those areas for patients and staff. Incident information is available for teams to explore and discuss through live dashboards in the Datix system. Security incidents have also been reviewed by the security management specialist and Violence Reduction Team to ensure staff have been supported.

Collaborative working with staff side trade union officials has been strengthened and during the year a joint Health and Safety Partnership forum was formed which is jointly chaired by the Director of Safety and Quality Governance and staff side. The Trust continues to deliver 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. The course delivery was inspected as part of IOSH quality assurance process and awarded an overall grade of Outstanding. Electronic display screen assessment and environmental audit tools have also been developed during 2016/17.

Addressing and reducing physical violence towards staff continues to be a key priority. The Trust employs a number of violence reduction nurse specialists who along with the health and safety and security teams have worked with clinical staff to prevent, and manage, violence and aggression.

During the year there were no inspections or enforcement action by the Health and Safety Executive (HSE). The Trust reported 45 incidents to the HSE under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) 2013.

Information on Policies and Procedures on Countering Fraud and Corruption

The Trust has an Anti-Fraud, Bribery and Corruption Policy in place and undertakes work throughout the year to promote this across the organisation as part of an annual work plan. The Trust engages the services of an Anti-Fraud Specialist who supports the Trust in raising awareness of the key messages related to creating an anti-fraud culture, deterring and preventing fraud and helping staff to recognise and report fraud appropriately. Activity during the year included;

- A crime awareness event held at the Annual Members Meeting
- Anti-fraud content introduced into Trust induction programme
- Development of an e-learning package for all staff
- Newsletters, anti-fraud articles and briefings covering fraud and bribery related topics such as publication of successful prosecutions locally and nationally
- Completion of proactive exercises in relation to bank staffing and dental contractor payments
- Completion of an anti-fraud staff survey
- Regular updates to the intranet fraud site for staff

Expenditure on Consultancy

A variety of management consultancy services were engaged during 2016/17 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. To try and ensure that the Trust achieve value for money when engaging consultants, officers must comply with the Trust's policy on the recruitment of interim or ad hoc support and procurement guidelines. Additionally the Trust also complies with NHS Improvement spending controls for management consultancy projects which exceed £50k.

5.1 Staff Survey

Approach to Staff Engagement & Learning from Staff Feedback

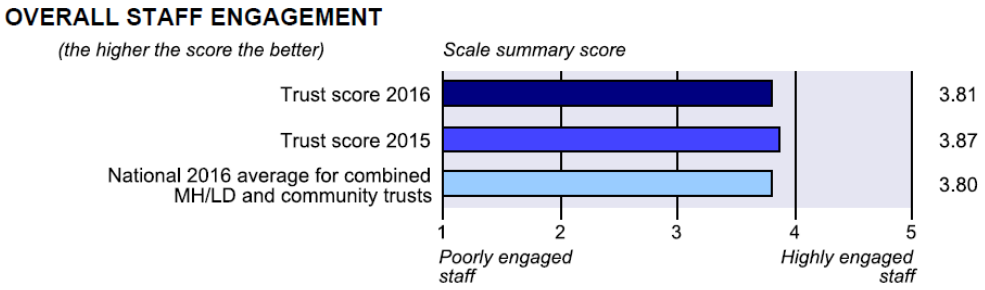
The annual staff survey was conducted between October and November 2016 and collected views from staff about their workplace. The survey was distributed to 1250 staff by the Picker Institute on behalf of the Trust and was completed by 442 members of staff giving the Trust an overall response rate of 35.9%.

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
- To support the Department of Health assessment of the organisations' 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.

Summary of Performance

The table below shows how the Trust compares with other combined mental health, learning disability and community trusts against the staff engagement indicator.



The staff engagement score is considered to be the key indicator in the NHS Annual Staff Survey. Research by Aston University shows a correlation between high performing acute trusts (in terms of patient outcomes) and higher staff engagement scores, as measured in the annual staff opinion survey. Lancashire Care's 2014 staff engagement score was 3.62 and increased to 3.87 in 2015 which was one of the highest among all NHS organisations who participated. For 2016 the staff engagement score has reduced slightly to 3.81.

The 2015 staff opinion survey showed a significant improvement on the prior year with a total of 22 comparable questions improving significantly, 1 deteriorating significantly and 37 remaining broadly the same. This year's results (2016) should be taken in the context of last year's significant improvements. In comparison to last year there are 88 comparable questions and the Trust has improved significantly on one (appraisal), deteriorated significantly on three (communication between senior management and staff; not having adequate equipment to do job; physical violence from managers) and remained broadly the same on the remainder. While this can be still be viewed as significant improvement over two years, overall the improvement when compared to the prior year has been minimal.

The most significant improvement has been the increase in appraisal rate from 71% last year to 86% this year. This is consistent with internal reporting within the Trust. However, only 24% of staff who had an appraisal were left feeling that their work was valued, and only 19% felt that it helped them to do their job. The Trust's internal auditors are scheduled to conduct an audit of appraisals and will focus on the quality of the appraisal process in order to identify any areas for improvement to ensure staff have a positive experience of appraisal. In preparation for this audit, the 6 month induction programme planned for newly appointed managers will include a learning component on how to deliver an effective and meaningful appraisal.

Response Rate

2015/16	2016/17		Trust Improvement/ Deterioration
Trust	Trust	Benchmarking group (trust type) average	Increase of 6.9 percentage points from the Trust's response rate in 2015/16. 9.1 percentage points lower than the average for mental health & community trusts
29%	35.9%	45%	

Top 5 Ranking Scores

	2015/16	2016/17		Trust Improvement/ Deterioration
	Trust	Trust	Benchmarking group average	
KF9. Effective team working *(The higher the score, the better)*	3.94	4.00	3.87	0.13% points better than the benchmarking group average. 0.06 points better than our performance last year.
KF24. Percentage of staff / colleagues reporting most recent experience of violence *(The higher the score, the better)*	75%	95%	88%	7% points better than the benchmarking group average. 20% points better than our performance last year.
KF25. Percentage of staff experiencing harassment, bullying or abuse from patients, relatives or the public in last 12 months *(The lower the score the better)*	28%	23%	28%	5% points better than the benchmarking group average. 5% points better than our performance last year
KF26. Percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months *(The lower the score the better)*	20%	17%	21%	4% points better than the benchmarking group average. 3% points better than our performance last year
KF16. Percentage of staff working extra hours *(The lower the score the better)*	64%	68%	71%	3% points better than the benchmarking group average. 4% points worse than our performance last year

Bottom 5 Ranking Scores

	2015/16	2016/17		Trust Improvement/ Deterioration
	Trust	Trust	Benchmarking group average	
KF6. Percentage of staff reporting good communication between senior management and staff *(The higher the score, the better)*	31%	28%	35%	7% points worse than the benchmarking group average. 3% points worse that our performance last year.
KF17. Percentage of staff feeling unwell due to work related stress in the last 12 months *(The lower the score the better)*	41%	44%	39%	5% points worse than the benchmarking group average. 3% points worse than our performance last year.
KF11. Percentage of staff appraised in last 12 months *(The higher the score, the better)*	72%	87%	92%	5% points worse than the benchmarking group average. 15% points better than our performance last year.
KF23. Percentage of staff experiencing physical violence from staff in last 12 months *(The lower the score the better)*	3%	3%	2%	1% worse than the benchmarking group average. No change in our performance from last year.
KF29. Percentage of staff reporting errors, near misses or incidents witnessed in the last month *(The higher the score, the better)*	97%	91%	93%	2% points worse than the benchmarking group average. 6% points worse than our performance last year.

Future Priorities and Targets

Staff satisfaction and engagement is inextricably linked to the desired outcomes from the Trust's People Plan. All the areas requiring improvement, as indicated in the staff survey results, have been mapped to the action plan for the People Plan. The delivery of the People Plan is the main vehicle for improving staff satisfaction and improving outcomes for patients and service users in line with our desired quality outcomes. This will be managed by the People Plan delivery group and monitored through the People Sub-committee with progress reported to the Board via Quality Committee. To address the deterioration in score for 'effective communication between senior managers and staff' the Trust has committed to proactively communicating the survey results to staff and being clear about how the Trust aims to improve the outcomes in collaboration with staff.

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 2017, for more than £220 per day and that last for longer than six months:

Number of existing engagements as of 31 March 2017	**28**
Of which:	
Number that have existed for less than one year at the time of reporting	3
Number that have existed for between one and two years at the time of reporting	19
Number that have existed for between two and three years at the time of reporting	6
Number that have existed for between three and four years at the time of reporting	0
Number that have existed for four or more years at the time of reporting	0

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 2016 and 31 March 2017, for more than £220 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 2016 and 31 March 2017	**3**
Number of the above which include contractual clauses giving the Trust the right to request assurance in relation to income tax and National Insurance obligations	3
Number for whom assurance has been requested	3
Of which:	
Number for whom assurance has been received	1
Number for whom assurance has not been received	2
Number that have been terminated as a result of assurance not being received	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 2016 and 31 March 2017

Number of off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, during the financial year	**0**
Total number of individuals 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)	**5**

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 reorganisation or clinical service transformation.

2016/17			
Exit Package Cost Band	**Number of Compulsory Redundancies**	**Number of Other Departures Agreed**	**Total Number of Exit Packages by Cost Band**
<£10,000	0	0	0
£10,000 - £25,000	6	0	6
£25,001 - £50,000	2	0	2
£50,001 - £100,000	1	0	1
£100,001 - £150,000	1	0	1
£150,001 - £200,000	1	0	1
Total Number of Exit Packages by Type	11	0	11
Total Resource Cost (£000)	563	0	563

2015/16			
Exit Package Cost Band	**Number of Compulsory Redundancies**	**Number of Other Departures Agreed**	**Total Number of Exit Packages by Cost Band**
<£10,000	12	9	21
£10,000 - £25,000	11	14	25
£25,001 - £50,000	11	11	22
£50,001 - £100,000	0	1	1
£100,001 - £150,000	0	0	0
£150,001 - £200,000	0	0	0
Total Number of Exit Packages by Type	34	35	69
Total Resource Cost (£000)	626	795	1421

Departure Payments	**£000**
Highest Value Departure Payment	153
Lowest Value Departure Payment	15
Median Value Departure Payment	25

Other Exit Packages: non-compulsory departure payments

Year to 31 March 2017	Agreements Number	Total Value of Agreements (£000)
Voluntary redundancies including early retirement contractual costs	0	0
Mutually agreed resignations (MARS) contractual costs	0	0
Early retirements in the efficiency of the service contractual costs	0	0
Contractual payments in lieu of notice	0	0
Exit payments following Employment Tribunals or court orders	0	0
Non-contractual payments requiring HMT approval*	0	0
Total	0	0

*made to individuals where the payments value was more than 12 months of their annual salary

Year to 31 March 2016	Agreements Number	Total Value of Agreements (£000)
Voluntary redundancies including early retirement contractual costs	0	0
Mutually agreed resignations (MARS) contractual costs	35	795
Early retirements in the efficiency of the service contractual costs	0	0
Contractual payments in lieu of notice	0	0
Exit payments following Employment Tribunals or court orders	0	0
Non-contractual payments requiring HMT approval*	0	0
Total	35	795

*made to individuals where the payments value was more than 12 months of their annual salary

6. 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 NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

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 2016/17 the Trust can declare compliance with all provisions of the Code of Governance, including the statutory provisions, with the exception of B.1.1; continued independence of each Non-Executive Director who has served on the Board for more than six years.

The Trust considers each of its Non-Executive Directors to be independent due to the robust governor-led appraisal, recruitment and selection processes in place for ensuring appropriate Non-Executive Director succession planning. The Board takes a rigorous approach to the review of the Board skill mix and the Council of Governors complete an annual re-appointment process for Non-Executive Directors serving an extended term. During 2016/17, the Trust departed from provision B.1.1 for two Non-Executive Directors serving extended terms of office (over 6 years). This was approved by the Council of Governors specifically for the purpose of ensuring a comprehensive induction and transitional support process for the new Trust Chair.

The first extended term of office related to Non-Executive Director and outgoing Trust Chair, Derek Brown. His term ended in May 2016 when new trust Chair David Eva came into post.

The second extended term of office was that of the Deputy Trust Chair, Peter Ballard whose term of office had been extended until November 2016 to facilitate the transition between the outgoing and the incumbent Trust Chair. The Council of Governors approved this particular extension to allow both the Council and the new Trust Chair to benefit from Peter Ballard's experience, local and organisational knowledge and contribution to the organisation's strategic vision during the transition period.

A further extension to Peter Ballard's term was then approved by the Council of Governors during the year when Non-Executive Director Naseem Malik resigned in July 2016. The Council of Governors again considered the independence criteria set out within the Code of Governance as part of the re-appointment process and were satisfied that a further, and final, extension would support the continuity of the Board whilst the recruitment of a new Non-Executive Director was completed. Julia Possener joined the Board as a new Non-Executive Director in February 2017 (more information about Julia's appointment can be found on page 100) meaning Peter

Ballard's final term will cease in November 2017 and the Trust will return to a compliant position for provision B.1.1.

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

- Review the effectiveness of the corporate governance structure and use the best practice principles to inform network governance arrangements
- Redesign the information flows to the Council of Governors and promoting the valuable role of staff governors
- Support a thorough induction for the new Trust Chair in joining the organisation
- Ensuring sufficient governance around the monitoring of recommendations and areas for improvements which arise from the Well Led report, including identification of appropriate actions to address the recommendations and strengthening areas for improvements.

Particularly positive feedback was provided by the CQC on the Trust's governance arrangements within the well-led domain confirming that the Trust Board and Council of Governors understood their responsibilities; there was a clear framework by which the Trust is held accountable for its actions; each clinical network has a clear, effective governance structure 'from board to ward'; and the Board has strategic oversight of potential risks which could impact on the Trust's ability to deliver services and had actions in place to mitigate the risks.

In the spirit of continuous improvements three further areas of development will be addressed during 2017/18:

- Continuing to embed the new network governance arrangements and strengthen the flow of assurance

- Embedding the streamlined governance arrangements and supporting processes introduced for the Council of Governors
- Strengthen both the system and the end to end procedure for managing declarations of interest, gifts and hospitality in the organisation

Board of Director Governance Arrangements

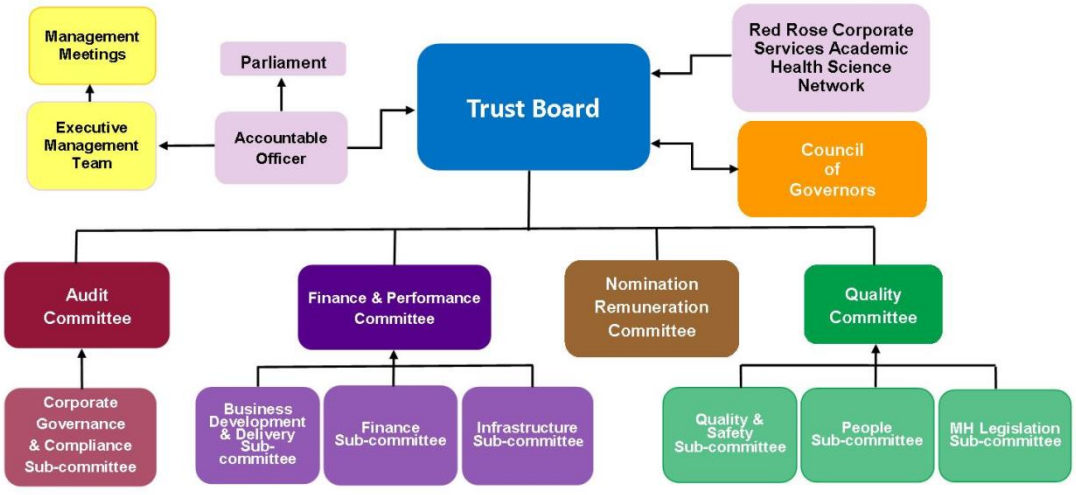
The Trust is led by a unitary Board of Directors comprising of five Executive Directors, two non-voting Directors, six independent Non-Executive Directors plus a Non-Executive Chair. Board members each contribute to the collective skill set and wide ranging experience of the Board, gained in a variety of professions and industry. More detailed information on the individuals who make up the Board of Directors can be found from page 84.

The Board of Directors is responsible for a range of matters including the operational performance of the Trust, the 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 new and integrated governance structure in April 2015 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 (shown below) 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 an interactive 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 sits alongside both handbooks as part on an ongoing package of support to staff which ensures consistent standards and ways of working are embedded.

Board Roles & 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 to provide clarity of role and purpose. 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 Interests 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.

Two of the Trust's Directors are appointed Directors on the Board of Red Rose Corporate Services LLP, a joint venture with Ryhurst. 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. More information about the Innovation Agency can be found on page 13.

In 2016/17 the Board of Directors met quarterly 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 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 remains a clear focus of Board reporting with the regular Quality Committee Chair Report and 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. Unconfirmed minutes of the Board meetings are circulated to the Council of Governors 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 to observe the work of the Board of Directors in both the public and private sessions. Plans are in place to widen opportunities for Governors to observe Non-Executives in Board-level committees from April 2017. Similarly Non-Executive Directors will also attend Governor sub-committees to further support a transparent culture and the Governor duty to hold Non-Executive Directors to account.

Regular informal briefings and presentations on specific topics or services are provided outside of the formal Board meeting structure to explore complex issues in more depth in preparation for discussion at future Board meetings. As described earlier, the Board of Directors ensure that quality remains a focus of each Board agenda and undertake quality visits to services regularly. 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.

In terms of performance management, the Board of Directors collectively agrees and set 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. Full details of how the Board monitors Trust performance can be found on page 18.

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. Decisions made by the Board of Directors are tracked and the execution of those decisions monitored at each meeting. The Board of Directors agrees and tracks actions to ensure completion and record an appropriate audit trail.

The Board of Directors reports to a range of regulatory bodies as required on relevant performance and compliance matters and in the prescribed form including the NHS Improvement Single Oversight Framework. More information on this can be found on page 108.

The Board of Directors is responsible for ensuring compliance with the Trust provider licence, constitution, mandatory guidance issued by NHS Improvement and other relevant statutory requirements. There is a robust horizon scanning process in place which tracks legislative changes and changes in sector guidance as needed and reports this within the monthly Compliance Digest alongside an assessment of the potential impact on the Trust.

Key to robust evidence based assurance reporting is the well-established Board Assurance Framework (BAF) risk register which helps identify potential risks to compliance. The BAF risk register provides the Board with a systematic assurance tool to support the mitigation of risks. The Board reviews evidence of assurance received against the BAF risk register and operational risks from the Executive Risk Register on a quarterly basis.

To support the Board's declaration of compliance with its provider licence and offer assurance against the specific BAF risk, enhanced monitoring of the evidence of compliance with each licence condition was established in year. This involved identification of areas where evidence could be strengthened and addressing the improvements as needed.

The Board of Directors sets the Trust's strategic priorities on an annual basis. The Board Assurance Framework sets out the risks aligned to the strategic priorities which are monitored by the Board of Directors.

The Trust has an embedded Risk Management Policy which provides the framework for risk management systems and processes and details the mechanisms by which risk is identified, managed and escalated. The Trust's risk management system, Datix, has previously been enhanced and expanded to become the Trust's single risk register tool promoting effective and efficient management of risk. All corporate directorates and clinical networks utilise the Datix system which provides greater insight into the risks encountered by the Trust. The Trust's risk forum has continued to mature and promotes collaborative risk management across network and support services and supports effective aggregation of risk.

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 and the embedding of the strengthened governance framework supports the provision of evidenced based assurance up to the Board.

The Board's Well Led review concluded in May 2016 and was undertaken by external firm Deloitte. The final Well Led report was issued to the Board supported by a structured action plan to embed improvements and strengthen areas of compliance. All actions within the improvement plan have been completed and signed off by the Board with the progress of two longer term developmental recommendations being monitored on a monthly basis by the Board through the Chief Executive's report.

The Board of Directors is held to account by the Council of Governors, comprising of 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. More information about the Council of Governors can be found from page 97. 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.

During the year, the Board kept the Council of Governors fully informed of the challenges experienced in-year with 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.

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 has been reviewed and agreed 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 31 March 2017.

Trust Chair

David Eva

David joined the Trust in June 2016 from Cheshire and Wirral Partnership (CWP) NHS Foundation Trust where he 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 the 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: Professor Heather Tierney-Moore OBE

Professor Heather Tierney-Moore OBE joined the Trust in January 2009 with a background in nursing, a distinguished track record of achievement in the NHS at board and national level in England and Scotland. She has an MSc in Managing Change and is a visiting professor at Edinburgh Napier University. Heather continues to play a key leadership role across the Trust, Lancashire and the wider North West region in supporting a number of system wide transformation programmes to deliver integrated services and contributing to Health Education England North West. Heather is the Senior Responsible Officer (SRO) for the leadership and organisational development workstream for Lancashire and South Cumbria Sustainability and Transformation Partnership and the LCIA test bed.

Medical Director: Professor Max Marshall

Max Marshall has been the Trust's Medical Director since it was established in 2002. Until 2014 he was also Professor of Community Psychiatry at the University of Manchester, with a special interest in evidence based mental health and first episode psychosis. Currently he leads the Trust Research & Development Programme, Clinical Audit Team and Public Health Programme. He is the clinical lead for the mental health workstream of the Lancashire & South Cumbria Sustainability and Transformation Partnership. Max also works as a consultant Psychiatrist within the Mental Health network.

Director of Nursing and Quality: Dee Roach

Dee Roach joined the Trust in January 2014 from Birmingham and Solihull Mental Health NHS Foundation Trust. She is experienced in the development and implementation of nursing strategy, the development of nursing care metrics across mental health services and strategies for service user involvement and experience. Dee has previously worked in Lancashire in a number of senior clinical and operational management roles across inpatient and community settings and was the Deputy Director of Nursing for Lancashire Care.

As a mental health nurse by background, at the forefront of Dee's work is an enthusiasm for improving quality and passion for ensuring the best patient experience. Dee also has an exceptional track record of developing strong nursing leaders within organisations. In her role, Dee is responsible for professional leadership, clinical governance, patient safety and service user and carer involvement. She is passionate and committed to improving outcomes, exceeding standards and delivering compassionate care.

Chief Operating Officer: Sue Moore

Sue Moore joined the Trust in February 2014 as Chief Operating Officer and has since led on a number of key work programmes including the mobilisation and opening of The Harbour. Sue has also developed a number of innovative partnerships across the commercial, voluntary and public sector.

Sue has responsibility for operational delivery and performance and in recent months has led a major organisational restructure, which has developed our locality focus and reduced our networks from four to three; Mental Health, Children and Families Wellbeing, and Community Health and Wellbeing Wellbeing.

Chief Finance Officer: Bill Gregory

Bill joined the Trust in February 2015, as Chief Finance Officer. A Chartered 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 in his current role. He is a trustee of the national Healthcare Finance Managers Association (HFMA) and member of the finance and general purpose committee at the University of Lancaster.

Non-Executive Directors

Deputy Chair: Peter Ballard

Peter has a long history of developing partnerships with local authorities, statutory bodies, regional and central government departments, third sector organisations and many of the newer private sector service providers. He has supported charities and not for profit companies in establishing links with major consulting and contracting companies providing professional support and services which otherwise would be beyond their means.

Peter is Chief Executive of DBE Services, a company founded to deliver high quality bespoke services to public bodies on a not for profit basis. The company has grown from a Lancashire based organisation to providing support to organisations across England.

He has served in a variety of non-executive roles including chairing a university council. He is currently involved with a number of local and national charities and is the national treasurer of the National Society.

Julia Possener

Julia was appointed as Non-Executive Director on 1 February 2017 and is a member of the Audit Committee and Quality Committee. Julia lives in Lancaster and is delighted to continue to support the community which has made her so welcome since moving from London in 2011.

Prior to her appointment Julia was a Non-Executive Director at Calderstones Partnership NHS Foundation Trust based in the Ribble Valley providing specialist services for people with learning disabilities including forensic services.

Julia is a solicitor by training and worked as a Corporate Finance lawyer in a number of senior legal, governance, 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. In 2011 Julia completed the Coaching for Organisational Consultants course at Ashridge Business School. Executive coaching and career support is now a cornerstone of her activity and, in particular, supporting women in leadership positions. She studied at the LSE before taking a conversion course at the College of Law, London where she was awarded a commendation. Qualifications: BSc (Econ) from the London School of Economics, Solicitor of England and Wales.

Senior Independent Director: Gwynne Furlong

Gwynne has over 40 years experience as a qualified professional in business, involved primarily in the commercial property industry. He has been a partner in professional practice and has been a director and MD of both private and publically listed companies. Gwynne's last post prior to retiring in 2008 was as a director within the Asset Management division of Close Brothers Plc. Merchant Bank. Gwynne is also the Deputy Chairman of Progress Housing Group, a Non-Executive Director with Prospect (GB) Ltd a subsidiary of the Riverside Housing Association and Non-Executive Director with the Together Housing Group.

Gwynne is a Trustee of the Chorley Youth Zone Project which will provide a modern youth facility for the town. He is also the CEO of the Regain Sports Charity, a National Charity which specialises in helping those who have become paralysed/tetraplegic through a sporting accident.

Audit Committee Chair: Louise Dickinson

Louise was appointed to the Board as a Non-Executive Director 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, finance and risk management.

Louise is a Governor and Chair of the Finance Committee at a primary 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.

David Curtis MBE

David 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.

Isla Wilson

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 her non-executive duties she runs her own business, specialising in organisational growth, social value and innovation.

Attendance at Board of Director Meetings and Committees
01 April 2016 – 31 March 2017

Board Member	Term of Appointment	Trust Board	Audit Committee	Quality Committee	Finance & Performance Committee	Nomination Remuneration Committee
		Attendance (actual/max)				
Non-Executive Directors						
David Eva	01/06/16 – 31/05/19	10/11		1/3	0/3	3/3
Peter Ballard	01/06/09 – 30/11/17	13/13		1/1	4/4	4/4
Gwynne Furlong	01/10/12 – 31/08/18	12/13	5/6		3/4	4/4
Louise Dickinson	29/10/13 – 31/10/19	12/13	6/6		4/4	4/4
David Curtis	20/11/14 – 30/11/17	12/13	4/6	4/4		4/4
Isla Wilson	01/10/15 – 31/12/18	13/13	6/6	1/1		3/4
Julia Possener	01/02/17 – 31/01/20	2/2				1/1
Derek Brown	01/10/06 – 31/05/16	2/2		0/1	1/1	1/1
Naseem Malik	29/10/13 - 31/07/16	3/3		2/2		1/1
Executive Directors						
Heather Tierney-Moore	*(in post 05/01/09)*	13/13	4/6	3/4	3/4	3/3
Max Marshall	*(in post 01/08/02)*	11/13	4/6	3/4	2/4	
Dee Roach	*(in post 30/12/13)*	12/13	2/2	4/4		
Sue Moore	*(in post 10/02/14)*	12/13		4/4	3/4	
Bill Gregory	(in post 01/02/15)	12/13	5/6		4/4	
Damian Gallagher *(non-voting Board member)*	*(in post 01/05/15)*	13/13		3/4		
Steve Winterson *(non-voting Board member)*	*(in post 01/09/16)*	8/8			1/2	

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

Appointments to the Board of Directors

Information on the Trust Board of Directors can be found on page 79. There were no Executive appointments made to the Board during the year and two Non-Executive Director appointments including the Trust Chair. Further information about the appointments can be found on page 100. All Non-Executive Directors including the Chair 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. The role of Senior Independent Director is undertaken by Non-Executive Director Gwynne Furlong.

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 97.

Each member of the Board of Directors is required to undertake an annual performance review involving both peer review and self-assessment. The outcome 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. There have been no Executive Director appointments during 2016/17. More information on remuneration can be found on page 54.

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. Refer to page 97 for detailed information on the Council of Governors.

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 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 is facilitated by the Company Secretary.

The Trust published a two year Operational Plan which contains details of its vision, strategy and priorities. The Council of Governors have the opportunity to contribute to different elements of the Operational Plan and are 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
- 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 four 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 57. The Committee is responsible for identifying and appointing candidates to fill Executive Director positions on the Board of Directors and for determining their remuneration and other conditions of service. The decisions made by the Committee in relation to Executive pay can be found within the Remuneration Report.

Quality Committee

The ultimate accountability for quality rests with the Board of Directors. The Board level Quality Committee recognises the importance of applying appropriate scrutiny of quality standards, patient safety as well as people and leadership. The role of the 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. The Committee is also responsible for monitoring strategic level risks associated with the effective delivery of education, training and leadership opportunities and the recruitment and retention of high quality staff.

Finance & Performance Committee

The Finance and Performance Committee is established as a formal committee of the Board and it provides high level scrutiny of financial and business performance data including the long-term sustainability of the Trust on behalf of the Board.

The specific role of the Finance and 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 the 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 Property Strategy, Capital Programme and the effectiveness of the Red Rose Corporate Service partnership, delivery of the Trust's Health Informatics Strategy,

Clinical Systems Strategy and IT infrastructure, the Trust's financial performance and the development of regulatory financial reporting.

In August 2016, in response to acute financial pressure and slippage against the Trust's financial plan, the Board established the Financial Recovery Group. Made up of Non-Executive Directors, the Financial Recovery Group provided temporary additional scrutiny of the Trust's financial position and monitored the impact of short-term financial recovery measures to support the Board to maintain robust financial oversight and grip. The Financial Recovery Group met seven times during the year and was chaired by the Deputy Chair in his capacity as chair of Finance and Performance Committee. The responsibility to scrutinise the Trust's financial information remained with the Board throughout and the future role of the Financial Recovery Group remains under review by the Board.

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 consisted of four independent Non-Executive Directors and attendance can been seen on page 88. 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. The Audit Committee issues a Chair's Report following each meeting to the Board of Directors for assurance.

Throughout 2016/17 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, or that of the Council of Governors. There were no significant issues raised by the Committee to the Board of Directors or the Council of Governors during the year.

Other key development themes featured at meetings were:

- Ensuring that the audit arrangements are sufficient to meet the future requirements of the Trust
- The further development of risk management and assurance reporting
- Receiving reports from networks and support services on their risk management arrangements

- The strengthening and application of controls, with a particular focus on progress of activity to address themes arising from the CQC inspection
- The clinical audit programme
- Receiving assurance on the Trust's Information Governance processes
- Reviewing the appropriate management of risks related to cyber security and information management & technology
- The strengthening of the Trust's approach to ensuring compliance with relevant legislation and the Provider Licence.
- Receiving assurance on compliance with the Mental Health Act
- Reviewing HR controls
- The development of Value for Money reporting which included evidence of demonstrating social value
- The ongoing monitoring of the implementation of improvement actions
- Reviewing the Trust's response to the 'Sunshine Rule' and the controls in place for medical staff in particular around the declaration of gifts and hospitality.

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 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.

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 receives assurance against the system for raising concerns as part of its normal cycle of business.

The Audit Committee encourages frank, open and regular dialogue with the Trust's internal and external audit teams and a risk and assurance approach runs throughout all the planning activity and the development of annual audit programmes.

Throughout the year the Committee received reports from the internal audit, clinical audit, anti-fraud and the external audit teams on both their audit findings and updates on the implementation of actions. To fulfil the Audit Committee's remit for seeking assurance on risk management systems and processes, the Chair of the Audit Committee introduced a two-year programme of Risk Owner Presentations to the Committee. This programme involved each network and support service presenting their risk management arrangements to the Committee and then returning a year

later to present a further update to demonstrate their maturing approach to risk management. This programme ended during the financial year 2016/17.

For 2017/18, a programme of risk management health-checks has commenced. The purpose of these health-checks is to work in collaboration with senior managers within each network and support service to review their risk management arrangements and to identify improvements. Specifically the health-checks will be a mixture of desktop documentation review, observation and professional discussion, followed by preparation of a health check report and improvement recommendations. The findings of the health-checks will be reported to the Corporate Governance and Compliance Sub-Committee for assurance along with any improvement plans. The Audit Committee will receive assurance through the sub-committee Chairs Report. Third-line assurance will be provided by the risk management arrangements being subject to a three yearly review through internal audit.

The Audit Committee Chair has undertaken a number of activities outside of the formal meetings on matters relating to the Committee and these are reported in the Annual Report of the Audit Committee.

The Audit Committee is required to demonstrate how it has tested the robustness of the financial statements, operations and compliance. Examples of specific activity that the Audit Committee has undertaken to facilitate an informed identification, review and assessment of significant issues to the 2016/17 annual report and accounts include checks to;

- The Annual Report and Financial Statements represents a fair and reasonable view of the Trust's financial position
- Compliance with financial reporting standards
- The accounting policies
- Areas requiring significant judgements in applying accounting policies
- The Trust's performance as outlined in the 2016/17 annual financial statements
- The main changes compared to the financial statements for 2015/16 and the plan for 2016/17
- The consistency with reporting to the Board of Directors and NHS Improvement throughout the year

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. The Audit Committee gave particular focus to the three main risks highlighted in the external audit plan 2016/17 related to the valuation of land and buildings, fraud risk from revenue recognition and fraud risk from management override of controls.

The Committee regularly receives assurance reports from management on correct implementation of management controls. During the year the Committee also received an assurance report from the internal auditor on the Trust's combined financial systems, which included a specific focus on the General Ledger, Income & Debtors, Non-Pay expenditure and Budgetary Control.

The Committee regularly receives assurance reports from management on correct implementation of management controls. During the year the Committee also received assurance reports from the internal auditor on the Trust's financial systems, with a particular focus on aged debtors.

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 clinical audit function was reviewed during 2016/17 against the Trust's Board Assurance Framework to identify where there was a direct interdependency between the assurances provided through the audit process and the risks identified. The continued embedding of the Trust's 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 Audit Committee.

An updated Clinical Audit Protocol was received by the Audit Committee during the year. This ensures that the Clinical Audit Priority Programme is consistent and works within a robust framework. The Audit Committee also plays an active part in overseeing the clinical audit plan for the year through receiving regular updates. On reviewing the plan steps were taken by the Audit Committee to ensure full alignment with the CQC action plan in advance of the Trust's re-inspection.

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. 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. 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.

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 is provided by KPMG LLP. Appointed by the Council of Governors in August 2015, the current contract runs for a period of three years, with the option to extend for a further two years. 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 ensure the Audit Committee is kept informed of the scope and value of additional work commissioned from the external auditors. There was no additional non-audit work conducted during 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 2016/17 was £58,000 plus VAT with the fee for external assurance on the quality report being £13,575 plus VAT.

Anti-Fraud Service

During the reporting period anti-fraud services were provided by Mersey Internal Audit Agency as part of a three year internal audit contract awarded in April 2015 to MIAA.

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. An overview of the anti-fraud awareness activity undertaken during the year can be found within the Staff Report.

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 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 of appointed representatives from key partner organisations and stakeholders from the local area. Elections during the reporting period saw six new governors elected onto the Council and one nominated governor appointed. A refreshed governor induction programme has been developed which recognises the complexity of the role and therefore has been 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. However, the Trust is also committed to continuous improvement to its governance arrangements and redesigning the information flows to the Council of Governors was identified as a priority.

In November 2016 a comprehensive 'Information Flow Session' was held. Led by the Trust Chair, the session invited governors to consider whether the current structures, process and information provided to the Council could be improved to enhance the ability of governors to fulfil their statutory duties, including those from the Health and Social Care Act 2012:

- Holding the Non-Executive Directors, individually and collectively, to account for the performance of the Board of Directors
- Representing the interests of the members of the Trust as a whole and the interests of the public
- Approving 'significant transactions'
- Approving any application by the Trust to enter into a merger, acquisition, separation or dissolution
- Approving any increase (more than 5%) in the carrying on of activities that are other than the provision of goods and services for the purpose of the Health Service in England in any financial year
- Approving amendments to the Trust's Constitution.

A significant number of recommendations and ideas emerged from this meeting and a Governance Working Group was established to take the work forward and to support governors to ensure key systems and processes remain fit for purpose and

effective. The Working Group approved and is monitoring an improvement plan that ensures governors continue to have the appropriate means to discharge their statutory duties moving into 2017/18.

Sub-Committees of the Council of Governors

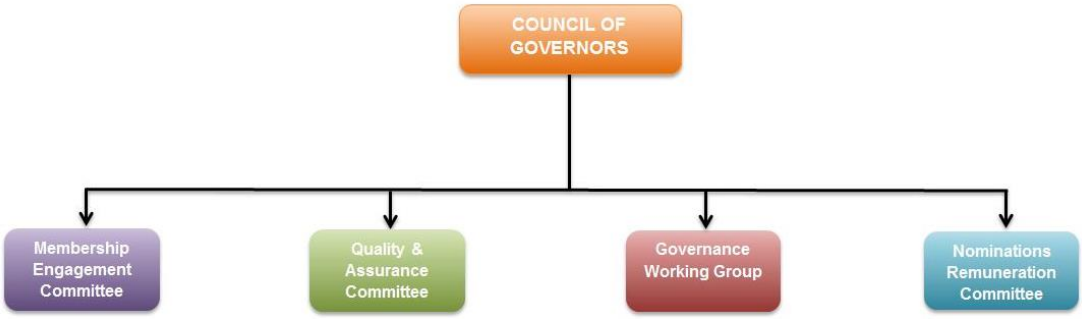
An action for the Governance Working Group was to develop the governance structure for the Council of Governors. The Working Group agreed that a sub-committee approach remained the most effective way for reviewing specific areas of Trust activity. Governors join relevant sub-committees according to their areas of interest and expertise, and also periodically rotate committee membership as part of their continued governor development.

During the period, the four sub-committees were:

- Membership and Governance Committee
- Standards and Assurance Committee
- Patient Experience and Oversight Group
- Nomination Remuneration Committee

Sub-committees enable the Council of Governors to delegate specific tasks to working groups of governors for more detailed review. This focussed 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 new sub-committee structure for the Council of Governors is set out below;



In place of the Standards and Assurance Committee and Patient Experience and Oversight Group, there is now a Quality and Assurance Committee. This sub-committee retains 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 has been re-focussed to concentrate on supporting the Council of Governors in fulfilling its duty to engage and represent with Trust's members, including staff and the public. This work will progress through the newly formed Membership Engagement Committee.

The Governance Working Group has been established to ensure the processes which support the Governors in discharging their duties remain robust and effective.

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. Each sub-committee reports directly to the full Council of Governors through a Chair's Report presented by each sub-committee Chair.

Key to the new structure is ensuring that there are effective and quality 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 Meetings

Over the reporting period, the Council of Governors met formally in public six times, with a further six informal meetings held with the Trust's Board of Directors to facilitate meaningful engagement, listening and to exercise the responsibility to hold the Non-Executive Directors to account for the performance of the Trust. Going forward, a similar format to that introduced for the Board of Directors will be followed and rather than setting specific formal and informal meetings month on month, the Council's time will be split to allow an option for both types of conversation or activity to take place at each meeting.

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 in 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 informal Council meetings to facilitate networking with the governors which supports the appraisal process for Non-Executive Directors. Executives and Non-Executives also attend formal meetings to present papers or provide technical sessions for governors on specialist areas such as audit or property. The Board attendance at Council of Governors meetings can be viewed on page 104. Feedback from governors showed that being able to observe Non-Executive Directors at Board level committees would be particularly beneficial in helping governors hold Non-Executive Directors to account and this has been introduced for 2017/18. In addition, Non-Executive Directors are now invited to attend governor sub-committees to allow more focussed conversation and challenge to take place outside of Council of Governor meetings.

Appointment of Trust Chair & Non-Executive Director

During the year the Nomination Remuneration Committee led a competitive and thorough recruitment process to appoint a new Trust Chair with NHS experience, on behalf of the Council of Governors. The recruitment process used open advertising and a competitive search and selection process to identify suitable candidates based upon a person specification drawn up by governors, and informed by wide

engagement with staff members and the public. Candidates were shortlisted by the Nomination Remuneration Committee and interviewed by a panel including governor and patient representation. The Nomination Remuneration Committee considered feedback from the interview panel as in making its formal recommendation to the full Council of Governors to appoint David Eva as the new Trust Chair. The Council approved the recommendation and appointed David Eva as Trust Chair from 1 June 2016.

The Committee also led the recruitment and appointment of Julia Possener as a Non-Executive Director following the resignation of Naseem Malik in July 2016. The recruitment process involved a review of the skills mix of the Board and took account of Non-Executive Director succession planning to seek suitable candidates with financial experience and business expertise. Governors chose to conduct an open advert recruitment process and were supported by NHS Improvement to target potential candidates using a national talent pool of Board-ready individuals in order to invite applications from a full range of applicants. The short listing was led by the Lead Governor and Trust Chair as members of the Nomination Remuneration Committee and a values based interview process allowed governors and Non-Executive Director colleagues to meet informally with candidates prior to interview. Following a successful interview a recommendation was made to the Council of Governors to appoint Julia Possener for a term of three years from 1 February 2017. The appointment was approved and Julia joined the organisation in shadow form in January 2017 as part of a thorough induction process.

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 & challenge, engagement with members and role of external audit. Opportunities for external training and networking are also provided to governors. Governors have been integral to embedding informal discussion meetings demonstrating their positive Non-Executive Director and governor relationships which focus on holding to account.

Lead Governor

The principle duty of the Lead Governor (as established by NHS Improvement) is to lead the Council of Governors where it is not considered appropriate for the Chair or another Non-Executive Director to do so. The Trust has taken steps to expand the role of the Lead Governor to include a role in promoting governor involvement in Non-Executive appraisals and to support the Chair in the leadership of the Council.

One area of change resulting from the Working Group is a further strengthening of the position of Lead Governor. The role description has been further enhanced with a particular emphasis on ensuring effective information flows between the Chair and the Council of Governors. The Lead Governor chairs the governor pre-meetings which are held prior to each Council of Governors meeting to discuss agenda items and issues to bring forward at each meeting.

The Trust's Lead Governor is Alan Ravenscroft and was appointed in December 2014. An updated process for a governor-led election of the Lead Governor was agreed by the Council of Governors in February 2017 and included introducing a Deputy Lead Governor role to support to the Lead Governor with the enhanced duties of the role. The Deputy Lead Governor is Philip Curwen.

The breakdown of public governors and constituencies is as follows:

Area (CCG & Constituency)	Number of Governors
NHS East Lancashire	3 Public Governors
NHS Lancashire North	2 Public Governors
NHS Blackburn with Darwen	1 Public Governor
NHS Blackpool	1 Public Governor
NHS Central Lancashire	3 Public Governors
NHS Lancashire West	1 Public Governor
Out of Area	1 Public Governor

Engagement with Members

Engagement with members is an important part of the governor role and the members of the Council are supported to undertake effective engagement with Foundation Trust members through various Trust conferences, membership events as well as during governor elections. The Trust ensures governors are supported through additional training workshops focusing on a range of aspects of the Trust's portfolio which equips governors with knowledge and information to share with members and inform the public of the Trust's work. The governors attend a wide range of community groups and forums within their constituencies and are a valuable resource in gathering feedback and views from members and the public. Equally governors are able to support the work of the Trust by sharing key messages about service development and opportunities for public involvement.

An annual programme of workshops continues to support the development of the public engagement role of Trust governors. The programme is based on the Trust's current strategic priorities. Clinical and managerial leads engage with governors about the strategies and initiatives through which the Trust will deliver on its key priorities. The key learning outcome from the programme is that governors feel confident and supported in the public engagement aspect of their role and feel enabled to undertake that engagement at an appropriate strategic level.

The newly established Membership Engagement Committee will support governors in fulfilling its duty to engage with the Trust's members, including staff, and the public. Through this Committee mechanisms will be developed to ensure that governors are made aware of the priority issues within their constituencies and that the engagement governors have had with members is captured and utilised.

Governors can be contacted by emailing membership@lancashirecare.nhs.uk

Operational Plan

An important area of work for the Trust is the production of the Operational Plan and governor input in relation to feeding in the views of the members and local communities is a critical part of the development of the plan. This year governors met informally with Executives and Non-Executive Directors to inform the early stages of the Operational Plan and understand how member views, through the governors have been reviewed and incorporated into the Trust's plan. Governors formally received the Operational Plan in January 2017.

Governor Handbook & 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. The Handbook also 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. During the year the governors approved a strengthened approach to self-regulation of the Council by moving to an annual Fit and Proper Person declaration rather than only declaring on appointment.

The Governance Working Group has begun to review a number of procedures which make up the Governor Handbook and relevant amendments will be subject to approval by the Council of Governors as needed.

Attendance of Governors at Council of Governor and Sub-Committee Meetings: 1 April 2016 and 31 March 2017

Governor	End of Term	Council of Governors	Membership Governance Committee	Patient Experience Oversight Group	Standards Assurance Committee	Nomination Remuneration Committee
		Attendance (actual/max)				
Chair & Deputy Chair						
David Eva	31/05/2019	7/9				2/3
Derek Brown	31/05/2016	2/2				1/1
Peter Ballard	30/11/2017	7/8				
East Lancashire						
Alan Ravenscroft	06/12/2018	5/10	1/1	2/3	2/3	1/3
*Mike Wedgeworth	20/04/2017	8/10		3/3	3/3	2/3
Christopher Johnson	08/12/2019	2/2				
North Lancashire						
*Ashok Khandelwal	09/01/2017	6/8			1/2	
Katharine Wykes	06/12/2018	7/10	1/1	3/3	3/3	
Blackpool						
Keith Holt	06/12/2018	8/10	1/3	2/3	2/3	
Central Lancashire						
Philip Thomas Curwen	08/12/2019	1/2		1/1	2/2	
Bernadette Ashton	06/12/2018	7/10	2/3			
*Neil James Caton	10/05/2016	0/2	1/1			
Lorena Dumitrache	06/12/2018	3/10	2/3			
Blackburn with Darwen						
Brian Spencer	02/12/2016	7/7	2/2		1/1	
Pauline Walsh	08/12/2019	1/2				
West Lancashire						
*Jacqui Sutton	17/03/2017	3/10				
Out of Area						
*Tahir Khan	22/08/2016	2/4	1/2			1/2
Julia Kay Horn	08/12/2019	1/2				
Staff Governors						
Graham Ash	02/12/2016	4/7	1/2			
Paul Morris	02/12/2016	6/7			1/1	
Emma Allen	08/12/2019	2/2		1/1	2/2	
Adnan Gharib-Omar	08/12/2019	2/2			1/1	

Governor	End of Term	Council of Governors	Membership Governance Committee	Patient Experience Oversight Group	Standards Assurance Committee	Nomination Remuneration Committee
		Attendance (actual/max)				
Max Oosman	15/12/2017	5/10		0/3	3/4	
James Harper	15/12/2017	7/10		1/3	1/1	2/3
Helen Scott	06/12/2018	8/10		1/1	4/4	
Yvonne Guilfoyle	06/12/2018	7/10		1/1	4/4	
Appointed Governors						
*Nigel Harrison UcLan	17/07/2016	2/4				2/2
Deborah Wisby	n/a	3/6				
Steve Sansbury Lancashire Constabulary	n/a	0/10				
Pamela Beswick Young Lancashire	n/a	7/10	2/3			
Teresa Jennings NCompass	n/a	5/10		1/2	2/4	1/1

* *Governor resigned*

Attendance of the Board of Directors at Council of Governor Meetings

Board Member	Council of Governors
	Attendance (actual/max)
Non-Executive Directors	
Gwynne Furlong	5/8
Louise Dickinson	7/8
David Curtis	5/8
Isla Wilson	6/8
Julia Possener	1/2
Naseem Malik	2/2
Executive Directors	
Heather Tierney-Moore	5/10
Max Marshall	0/8
Dee Roach	4/8
Sue Moore	6/8
Bill Gregory	3/8

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 and live within the North West. 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. There are some exemptions to becoming a member and these can be found within the Trust Constitution.

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 meetings to engage with stakeholder partners too.

Eligibility Requirements

The Trust has a public and staff constituency. The public constituency is divided into seven voting areas to represent the geographical areas served by the Trust.

Public Constituency	Electoral divisions comprising the electoral boroughs, cities or districts as set out in The County of Lancashire (Electoral Changes) Order 2005, The Borough of Blackburn with Darwen (Electoral Changes) Order 2002 and The Borough of Blackpool (Electoral Changes) Order 2002	Minimum number of Members
NHS East Lancashire	Hyndburn, Ribble Valley, Burnley, Pendle and Rossendale	75
NHS North Lancashire	Lancaster, Wyre and Fylde	60
NHS Blackburn with Darwen	Blackburn with Darwen	30
NHS Blackpool	Blackpool	30
NHS Central Lancashire	Preston, Chorley and South Ribble	75
NHS West Lancashire	West Lancashire	30
Out of Area	All electoral divisions within the boundaries of the following counties: Cheshire, Cumbria, Greater Manchester, Halton, Merseyside and Warrington	15

Membership Strategy

The Trust's current membership strategy runs for the period 2014-2018. A process of annual incremental revision has been introduced to prevent any drift in the implementation of the strategy and to ensure that it is flexible and responsive to changes in the priorities of the Trust and in the wider health economy.

The Board of Directors require that the membership strategy is aligned to the Trust's wider stakeholder engagement strategy and the framework for its implementation is

set by five objectives. 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 2016/17 the Trust had a total of 7796 public and 6638 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
NHS East Lancashire	1622	-
NHS Lancashire North	1938	-
NHS Blackburn with Darwen	686	-
NHS Blackpool	763	-
NHS Central Lancashire	2059	-
NHS Lancashire West	252	-
Out of Area	449	-
Unknown	27	-
Medical Staff	-	319
Nursing Professions & Support Staff	-	3797
Other Clinical & Social Care Professionals and Support Staff	-	1199
Corporate Staff	-	1323

Contact Procedures 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 the Membership Support Office are publicised on the Trust website with a dedicated inbox for member queries, the electronic application form to become a Trust Member can also be found online. Raising the profile of the Trust's governors has progressed over recent months with an improved website offering members more information about their local governors and prospective members are also welcome to enquire about getting involved.

Analysis of Trust Public Membership 2016/17

Gender	Membership 2016/17	%	Membership 2015/16	%
Male	2733	35.1	2855	35.2
Female	4968	63.7	5196	63.6
Not specified	95	1.2	96	1.2
Total	7796	100	8120	100
Age	**Membership 2016/17**	**%**	**Membership 2015/16**	**%**
0 – 16	15	0.2	15	0.2
17 – 21	380	4.9	380	4.7
22+	6885	88.3	7181	88.4
Not provided	516	6.6	544	6.7
Total	7796	100	8120	100
Ethnicity	**Membership 2016/17**	**%**	**Membership 2015/16**	**%**
White	6791	87.1	7070	87.1
Mixed	51	0.6	56	0.7
Asian or Asian British	479	6.1	489	6.0
Black or Black British	85	1.1	89	1.1
Chinese	7	0.1	7	0.1
Other	23	0.3	25	0.3
Undefined	325	4.2	349	4.3
Not specified	35	0.5	35	0.4
Total	7796	100	8120	100

7. 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)

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 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.

Segmentation

Lancashire Care NHS Foundation Trust has been placed in segmentation 2 (targeted support offer). This segmentation information is the Trust's position as at 30 May 2017.

Finance & Use of Resources

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

Area	Metric	2016/17 Q3 Score	2016/17 Q4 Score
Financial Sustainability	Capital service capacity	4	3
	Liquidity	1	1
Financial Efficiency	I&E margin	4	2
Financial Controls	Distance from financial plan	3	1
	Agency spend	3	3
Overall Scoring		**3**	**2**

8. Modern Slavery Act 2015

Slavery & Human Trafficking Statement 2017

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. As part of our commitment the Trust is currently working with supply chain partners to review its supply chains and will be introducing a 'Supplier Code of Conduct' with a view to requesting all existing and new suppliers confirm that they are compliant with 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 will be updated to take account of the Act.

9. Statement of Accounting Officer's Responsibilities

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

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

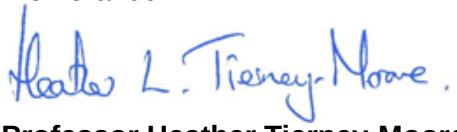
NHS Improvement, in exercise of the powers conferred by Monitor by the NHS Act 2006, has given Accounts Direction which require Lancashire Care NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directors. The accounts are prepared 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, total recognised gains and losses 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 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
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance and
- prepare the financial statements on a going concern basis.

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 him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in the NHS Foundation Trust Accounting Officer Memorandum.



Professor Heather Tierney-Moore OBE
Chief Executive
30 May 2017

10. Annual Governance Statement

Section A: Scope of responsibility

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

Section B: 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 2017 and up to the date of approval of the annual report and accounts.

Section C: Capacity to handle risk

As Chief Executive, 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 Executive Directors and Board Assurance Framework (BAF) risks are aligned against individuals within their portfolio of responsibility.

The Trust continues to adopt an integrated approach to governance, risk management and assurance. A number of activities support this:

- Strategic priorities and strategic risks are aligned at the highest level in the organisation;
- Board Assurance Framework strategic risks are aligned to governance committees and sub-committees to support the commissioning and reporting of assurances;
- Operational risks that reach a score of 15 or above, are aligned to a BAF risk where there is an identified interdependence and are reported to corporate governance committees and sub-committees;
- Review of risks to delivery of organisation objectives as well as to operational and clinical delivery is built into local and corporate

governance meetings to ensure a focus on improvement of the control environment and planned approach to risk mitigation;

- The annual planning process takes account of any relevant risk in order to target activity at appropriate areas as well as support the management of risk and this is included into network and support service objectives;
- Performance reporting at network and support service level has a focus on risks to achieving planned objectives/outcomes;
- The remit of the Audit Committee ensure that there is oversight of risk assurance and management systems across the Trust.

The corporate governance structure that is embedded throughout the organisation supports the Trust's enterprise risk management approach to ensuring that risks to the strategy are identified, assessed, prioritised and addressed. The risk assurance process involves multifunctional leadership across Executive Directors and promotes an open dialogue and risk awareness. The Trust's strategic planning framework now clearly connects the key areas of strategic priority and associated risk and specifies the interdependencies between these areas, taking account of the board balance scorecard and cost improvement plans.

The redesign of the BAF risk register which commenced in 2014/15 which was supported by development of Datix (the Trust's risk management IT system) has matured further during 2016/17 to support risk assurance reporting to the corporate governance meetings. The governance meetings have authority to seek 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.

The Trust's Risk Appetite Statement was last reviewed in October 2015 and refreshed to align with the new governance arrangements. This refresh represented a materially different approach to risk appetite than had previously been undertaken, where the key focus was aligning risk appetite with each of the strategic priorities and the associated blueprint statements. A review of the risk appetite statement is scheduled to take place on an annual basis. This has been undertaken within the context of the refreshed strategy and was approved by Board on 4 May 2017. The risk appetite for 2017/18 can be reviewed on page 113.

The Board has set a risk appetite of 'adventurous' across all strategic priorities which reflects the environment that the organisation is currently operating in and recognises the need to be innovative when considering options for improvement and ways of delivering new models of care for example. In terms of meeting regulatory standards, the Board's risk appetite is averse which is in relation to risks that could result in the Trust being non-compliance with legislation, or any of the applicable regulatory frameworks within which the organisation operates.

The strategic priorities and blueprint statements are supported by a number of risk appetite descriptions that outline the level of risk that the Board is happy to take in each strategic area.

Risk Appetite against Strategic Priorities and Blueprint Statements

	Strategic Priority	Strategic Blueprint	Risk Appetite Description	Strategic Risks
Compassion	To provide high quality services	We will ensure that people who use our services are at the heart of everything we do, and the people who deliver and support delivery of services are motivated, engaged and proud to provide high quality, compassionate, continually improving care. We will empower people to share their stories so that we know how we are doing and we will listen to learn and to improve quality together. We will continue to strive to be the best that we can be by upholding our 8 quality commitments and the 'I' statements, empowering everyone to embrace these personal pledges.	We are willing to take risk in those activities that have been identified to improve quality and clearly impact on motivating, engaging and empowering people who deliver and support delivery of services.	1.1 If we do not meet regulatory standards for quality and safety we will not be fit for purpose as care provider. 1.2 If we do not create a culture of learning then we will be unable to provide high quality care. 1.3 If we do not provide integrated physical and mental health services we will lose opportunities to improve patient outcomes.
Integrity	To deliver sustainable services that meet the needs of local people	We will collaborate with partners to deliver system wide transformation and we will be an active partner in delivering a bespoke offer to a number of Accountable Care Systems by ▪ being the prime provider of specialist, acute and community mental health services, and ▪ a lead provider in delivering new models of integrated physical and mental health out of hospital services, and ▪ realising the benefits of our geographical footprint to deliver system wide sustainable infrastructure solutions and organisational vehicles for new models of care. Whilst our principal footprint for delivery of services is Lancashire and South Cumbria, we will continue to seek opportunities across North West STP footprints.	We are willing to accept risks that will enable delivering system wide transformation and collaboration with partners. This may include new and novel business both inside and outside the principal footprint of Lancashire and South Cumbria.	2.1 If we do not work collaboratively with partners we will not be able to influence system wide transformation. 2.2 If we do not deliver new models of care we will cease to be a creditable lead provider.
Teamwork	To become recognised for excellence	Our service users and carers will tell us that our services are of high quality. Our people will recommend us to family and friends. We will be respected by our commissioners and other providers as a co-producing partner in shaping new service models that deliver our aligned strategies with an emphasis on place based care.	We are willing to accept risks or circumstances where difficult decisions are taken for the right reasons where the benefits clearly outweigh the risks. Risks are actively taken where the benefits of 'social capital' demonstrates a significant reward.	3.1 If we do not engage with our patients and service users we cannot achieve excellence and quality. 3.2 If we fail to project our achievements then our reputation will not improve.
Respect	To employ the best people	We will develop an organisational culture and leadership team equipped to meet its strategic intent and the needs of both its workforce and the population it serves; in short, a culture of high performing, continually improving and compassionate care. Staff will be motivated, engaged, high performing and proud of the service they provide. We will proactively support staff to look after their own health and wellbeing, and to reach their full potential. We will identify and grow our future leaders. People will want to work here.	We are willing to take risks in relation to innovative approaches to development of our workforce and are prepared to take risks to ensure that our staff are of the highest quality, supported in their own health and wellbeing and in reaching their full potential.	4.1. If we do not support the health and wellbeing of staff we will struggle to attract, recruit and retain our workforce. 4.2 If staff are not provided with extensive education, training and leadership development we will not have an organisational culture that supports high performance.
Accountabil...	To provide financially sustainable services	We will restore and maintain financial balance, and provide services that offer excellent value for money without compromising financial sustainability. We will work with local partners to deliver system wide efficiency measures. We will actively seek business opportunities that add value for local people.	We are willing to take risk that represents a consistent focus on the best possible return for the organisation, local partners and local people.	5.1 If we do not meet financial objectives we will not be able to provide sustainable services. 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.
Excellence	To innovate and exploit technology to transform care	We will develop and promote digital enabled care, and lead research and innovation to enhance patient experience, reduce costs and/or improve quality. We will have a culture where staff are given the time, training and resources to research and innovate. Research will validate innovations and innovations will direct research. Partnerships with third party organisations will enable rapid execution and exploitation of innovation projects.	We will accept risk where innovations are identified that will enhance patient experience, reduce costs and/or improve quality. We will actively seek higher risk/higher return projects and strive to establish pioneering partnerships that can support execution and exploitation of innovation projects.	6.1 If we do not develop and maintain infrastructure, we will not be able to deliver safe, responsive and efficient care. 6.2 If we do not exploit the full capabilities of the new EPR system and wider technology to redesign services we will miss important opportunities to improve care.

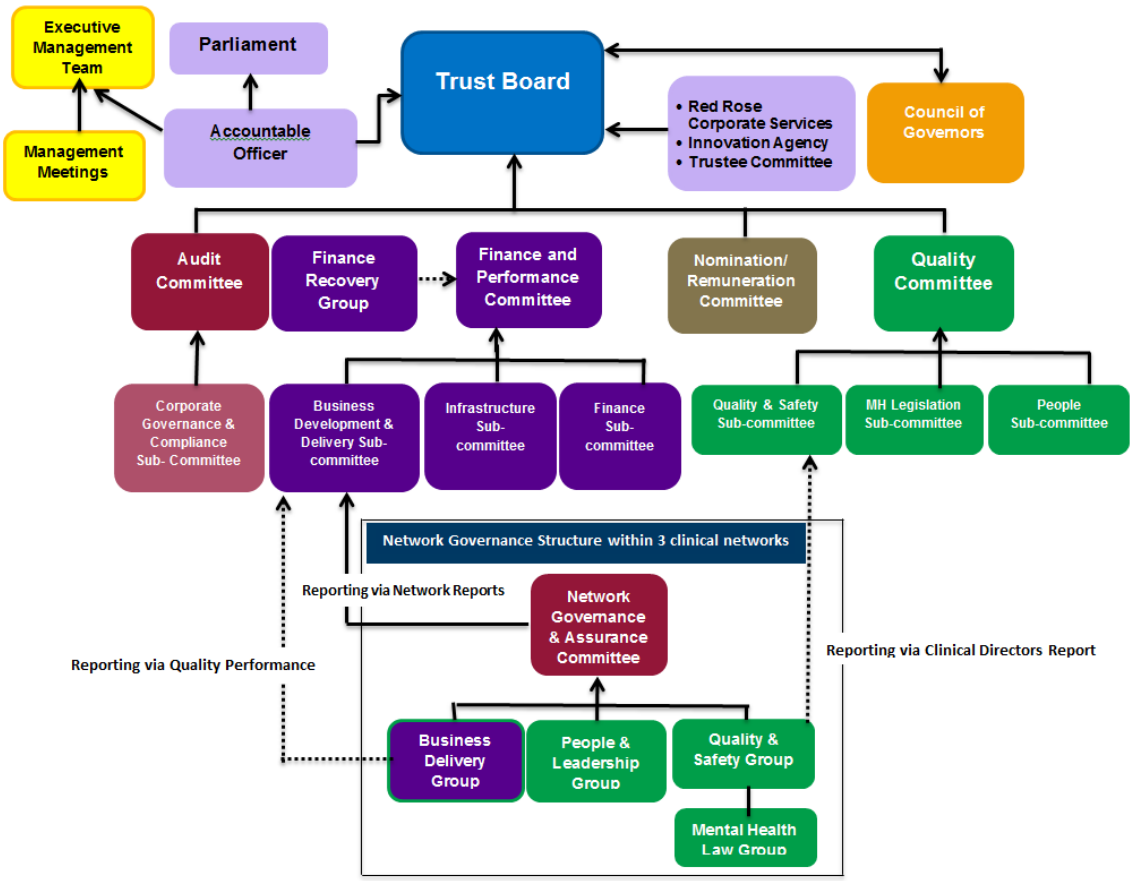
Risk Management Training

During the year, the Trust has revised and improved its approach to risk management training. This has included the launch of an updated eLearning module and formal workshop sessions for managers and senior managers. The programme of training commenced during the year and will continue moving forwards into 2017/18. The Trust is committed to developing the technical capability to effectively manage risk and the organisational culture where risk is embedded into everyday management practice and decision making.

Section D: The risk and control framework

Effectiveness of Governance Structures

The Board established a new and integrated governance structure in April 2015 which supports an effective flow of evidence based assurance up to the Board. Since its implementation, a significant amount of focus has been given to the Trust's clinical networks ensuring consistency and standardisation throughout their governance arrangements to further strengthen that flow of assurance to the Board. The recent move from four networks to three (for more information on this please see page 131) provided the opportunity once again assess the Trust's maturing arrangements. A Network Governance Handbook was introduced in April 2017 in recognition of the new three-network structure. The governance structure can be seen below.



The Trust's internal auditors, Mersey Internal Audit Agency (MIAA) were commissioned to undertake an audit of the effectiveness of integrated governance

arrangements during the reporting period. This review confirmed that there is clear connectivity at the network level up to the corporate level. It also found that the networks discussion of risk management is well documented and escalated at the corporate level through Chairs reports and network performance reports.

Commenting on the Trust's governance arrangements as part of the 'well-led' domain in their latest inspection report (published January 2017), the CQC noted that each clinical network has a clear governance structure 'from ward to board'. It was highlighted how each network structure is displayed on a flow chart which provides staff with a visual overview of how their teams fit into the overarching trust governance structure.

Steps have been taken to enhance the Trust's approach to compliance with legislation and the Provider Licence during the reporting period. In terms of the former, to further strengthen the Trust's understanding of its legislative requirements, a Compliance Framework has been developed. This provides a comprehensive list of the primary legislation with which the Trust is required to comply. Through utilising this framework, policies have been risk assessed to determine the extent to which they ensure the Trust is compliant with the relevant primary legislation. The outcome of the risk assessments will be used to inform the policy development plans and the priority to which policies should be updated. Additionally, action has been taken within the period to strengthen the Trust's approach to horizon scanning. Previously, a technical update document was produced which reported to the Corporate Governance and Compliance Sub-Committee on a monthly basis, outlining changes to legislative requirements and compliance with data requests. The processes which underpin the Technical Update have been enhanced and the document reformatted and renamed as the Compliance Digest. In addition to highlighting legislative changes, the Compliance Digest provides an analysis of the potential impact on the Trust. This analysis is provided by experts from across the Trust, reducing a sole reliance on the Company Secretarial Team. In addition to the Compliance Digest, an LCFT Bulletin is produced for the Executive Management Team and Senior Management Team on a monthly basis. The bulletin brings together high level 'soft intelligence' and helps to prompt discussion across the organisation on a range of issues including legislation, guidance and good practice.

With regards to the Provider Licence, a strengthening exercise has been undertaken during the period. This has included aligning each of the conditions to an appropriate member of the Executive Team and mapping the controls in place that ensure compliance with the licence. Any gaps or areas of improvement identified were actioned and monitored through the identified governance sub-committee structure. These have been completed prior to the annual declaration deadline. Through undertaking this exercise the BAF Risk '7.1 The Trust does not comply with the Provider Licence conditions' reached its target score. The enhancements with the BAF process for 2017/18 includes the alignment of the Provider Licence conditions against an applicable BAF risk to support the assurance review process on a quarterly basis.

Foundation Trust Governance

As a Foundation Trust we have a membership that represents the public that we serve. Annually we elect governors to ensure representation of the Trust membership. 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. However, the Trust is also committed to continuous improvement and in November 2016, a comprehensive 'Information Flow Session' was held.

Led by the Trust Chair, the session invited governors to consider whether the current structures, process and information could be improved to enhance the ability of governors to fulfil their statutory duties. A number of recommendations and ideas emerged from this meeting and a Governance Working Group was established to take the work forward and to support governors to ensure key systems and processes remain fit for purpose and effective. An action for the Governance Working Group was to develop the governance structure, including both the formal and informal meetings and to map the flow of information and interactions through the structure. Taking into account the views of governors and benchmarking information, a new governance structure has been developed which will streamline activity and enable a more rounded view to be taken on Trust performance in line with Trust strategy. All meetings will continue to ensure that information provided to governors is done so with the appropriate context outlining why the information is being received and how it relates to a statutory duty.

In holding the Board to account, governors are invited to attend formal board meetings where the BAF risk register is reviewed. The Chief Executive provides a quarterly report to governors which amongst other things highlights any significant or emerging risks and mitigations. Governors also have access to board papers which are made available on the Trust's website following each meeting. Within the new governance structure, the interaction between the Board and governors will be further strengthened with Non-Executive Directors invited to attend governor sub-committee meetings.

As the Trust is moving towards a more collaborative place based approach within the Lancashire and South Cumbria Sustainability and Transformation Partnership, it has been recognised that there is an opportunity to align the Trust's engagement and representation approach with the local delivery plan (LDP) areas. The potential of reviewing and changing the governor constituencies to map against the LDP footprints will therefore be explored within 2017/18. With new business being developed, this review will also consider whether the Trust's current representational areas fully reflect its area of operations.

Future Focus of Governance

Moving forward, the focus for governance in the Trust will be on the continued embedding and maturing of consistent good governance practice throughout the organisation. To receive assurance on this, it is planned that the Corporate Governance & Compliance Sub-Committee will receive regular governance 'health check' updates from the networks. There will be a particular need for the new governance structure and reporting arrangements for the Council of Governors to

embed and new processes will continue to be developed to support governors in effectively discharging their statutory duties.

The Lancashire and South Cumbria STP continues to move forward with pace which creates a number of opportunities for the health economy. In order to maximise these opportunities it will be vital that the governance between organisations is properly and robustly established to avoid there being unnecessary constraints on collaborative working. Supporting the effective governance of the STP will be a key focus for the Trust moving into the next reporting period and a flexible and emergent approach will be adopted.

The new guidance on managing conflicts of interest in the NHS issued by NHS England provides the opportunity for the Trust to review its processes and systems for recording declarations of interests during 2017/18. This will include the development of an electronic system to collate, monitor and report on the register of interests.

Validity of Corporate Governance Statement

In making its corporate governance statement for 2016/17, the Trust will have assured itself of the validity of the statement through identification of the information and evidence available to support each part of the statement.

The Board, through the established governance assurance processes of the organisation, maintains on-going oversight of compliance with those principles, systems and standards of good corporate governance which would be reasonably regarded as appropriate for a supplier of health care services to the NHS.

In determining ongoing compliance the Board has through its Audit Committee continued to review the effectiveness of its internal control systems including compliance with the Code of Governance. As a result of the controls in place, the Trust has not identified any significant risks to compliance with the NHS FT condition 4 (FT Governance).

Quality Governance

The Trust has strengthened its approach to quality governance based on the quality governance framework from NHS Improvement. This is detailed further in the Annual Report and Quality Account. Of particular note is the strengthening of the system for quality surveillance, introducing team-level dashboards to support the Quality SEEL (Safety, Effectiveness, Experience and Leadership) quality assurance process with Trust and network level surveillance reports.

Compliance with the Care Quality Commission Registration

The Care Quality Commission (CQC) undertook a comprehensive re-inspection of the Trust in September 2016. This followed the first comprehensive inspection of the Trust in April 2015. The Trust was given an overall rating of good following the re-inspection. The Quality Account provides a breakdown of ratings by domain and core service. A number of areas for improvement were identified by the CQC and these were notified to the Trust through Requirement Notices when the final reports were

published in January 2017. The Quality Summit was held in February 2017 for the CQC to present their report to commissioners, regulators and stakeholders and for the Trust to discuss its planned improvement work. The CQC also undertook separate inspections of the healthcare services provided by the Trust at HMP Liverpool, HMP Wymott, HMP Preston and HMP Garth. The CQC does not apply ratings to these services and they are assessed and graded in a different way to NHS Trusts. For each report, quality improvement plans were developed and implemented for the areas identified. A number of improvement areas were identified and Requirement Notices were issued to the Trust. Our quality improvement work to address each identified area is underway and on track, with reporting on progress through our governance structure. Our Quality Plan for 201/18 provides the overarching framework to deliver and embed quality in response to the CQC findings.

On the basis that not all actions relating to the Requirement Notices detailed above have been fully completed at the time of this report, the Trust is not fully compliant with the registration requirements of the Care Quality Commission. More information is detailed in the Quality Account including the work underway to address the Requirement Notices.

Patient Safety

Our approach to patient safety is detailed within the Quality Account. A dedicated and independent Investigations and Learning Team has been established during the reporting period with a role to undertake all serious incident investigations. The team are ensuring that high quality, objective and thorough investigations are completed allowing services to focus on developing and implementing improvement work. They also ensure that patients, carers and families are involved in investigations in a meaningful way that meets the requirements of the duty of candour. The team will also ensure that staff are involved and supported through investigations and that learning is shared across the Trust.

There were no Never Events during the year. The number of serious incidents occurring within the Trust has decreased from 127 in 2015/16 to 112 in 2016/17.

The Trust has robust systems in place to develop and implement actions identified from independent reviews. Two independent homicide investigations were commissioned under the NHS Serious Incident Framework. These independent reviews are commissioned by NHS England to identify learning following homicide incidents involving patients under the care of, or recently discharged from, mental health services. Additionally, the Trust commissioned one independent review into a serious incident involved the tragic death of a member of staff whilst at work. These independent reviews follow completed internal investigations to provide independent and objective learning and assurance.

An internal audit was undertaken during the reporting period that focused on the arrangements in place to ensure that appropriate and effective systems and processes are in place to share learning from feedback and complaints. The outcome of the audit provided '*limited assurance'*. This was on the basis that although it was recognised that there are a 'a wide range of innovative and effective quality

improvement initiatives in place across the organisation, it was not yet wholly evident that the learning received from feedback had been fully embedded. A number of actions have been identified to ensure that the embedding process continues and a follow-up audit is planned within the next 12 months.

Raising Concerns

The Trust has robust systems and processes to support staff in raising concerns. The Trust has adopted the national model policy developed by NHS Improvement and embedded its local procedures. This approach is supported by a centralised system to record concerns, the action taken and monitoring of any themes or trends. The Trust's work in improving the culture of raising concerns has been informed by the *Freedom to Speak Up Review* by Sir Robert Francis and the Government response, *Learning not Blaming*. A baseline assessment was completed against both reviews and improvement actions implemented with regular reporting to the Quality Committee of Board.

During the year, 58 concerns were raised through Dear David, 4 concerns were raised through the Speak Up Guardian, 7 concerns came through other sources (such as through our regulator, the Care Quality Commission), and 1 concern was raised directly with the media by a former employee.

Of particular note, a complex concern was raised in relation to conduct and culture across the offender healthcare service and wider Specialist Service network. As a result of this a detailed investigation was commissioned and was underway at the time of this report. A senior investigating lead from outside the service was appointed and oversight of this investigation was undertaken by a Non-Executive Director.

The themes from these concerns are staffing, management culture and conduct; workplace moves and changes, working hours and flexible working, information technology and estate issues. The broader themes are used to inform organisation-wide work such as our Quality Plan, People Plan and Estates Plan. The majority of Dear David concerns originated from the Adult Mental Health network. The majority of concerns raised through other routes originated from the Specialist Services network, in particular offender healthcare services.

Risk Management and Assurance

The Director of Nursing and Quality is the accountable executive with responsibility for the risk management arrangements in the Trust. The Trust's risk management arrangements are described in the Risk Management Policy, which sets out the systems and process to identify and managing risk across the Trust in a consistent manner. The Trust used one system to record risk and this was enhanced through the year. The introduction of Quality Governance Business Partners during the year supported the continued development of an effective risk management culture. The inspection of the Trust in September 2016 by the Care Quality Commission identified that the "management of local risk registers was good overall."

The Trust's BAF risk register continues to provide the organisation with a structured approach to effectively managing the principal risks to achieving its strategic objectives. The Trust promotes an open culture and encourages staff to operate in a

transparent manner when identifying, understanding, responding and escalating risks. The BAF risk register provides an integrated risk reporting structure where strategic and enduring risks are supported by dynamic operational risk profiles, with each strategic risk being owned by an Executive Director. The flow of assurance information through the organisation has continued to improve through 2016/17 and the alignment of assurance with risk at all levels has further enhanced the risk management process and the confidence that can be placed on evidence based assurance.

A total of 13 BAF strategic risks have been managed during 2016/17. The tables on pages 122 and 123 summarise these risks as outlined in the BAF risk register. All risks identified below are the 2016/17 risks and an outline is provided of the closing position. Two risks have been managed to their target scores during the course of the year, in one case a new target score was set.

The Audit Committee received assurance in January 2017 relating to the risk management and assurance processes in place within the organisation. This highlighted how a robust and strengthened risk management approach balances with the culture in the organisation and how the direction of travel in relation to quality improvement has been cultivated. Incorporating risk into the governance and management processes has been a central principle to ensuring integration throughout the business of the organisation. This in turn promotes the delivery of evidence based assurance. The foundation to this approach was the implementation of the refreshed governance structure in April 2015. This was further supported with the implementation of the Quality Led Strategy, which has placed a heightened awareness on balancing our ambitions in respect of improvements in risk management, our approach to quality and putting people at the heart of everything we do.

It has been really important that the developments undertaken to enhance risk management and assurance processes are tested and reviewed. This has formed the next stage of the Trust's Assurance Programme. A number of outcomes at third line assurance have been achieved in the last year that strongly supports the approach that the Trust has adopted:

A robust risk assurance framework which drives a 'managing by risk' culture, with good links to risks which may affect the strategic objectives of the Trust (*Well Led Review 2016*)
The board is a positive outlier in its approach to risk and has ensured appropriate focus on risk assurance processes (*Well Led Review 2016*)
The Trust had a clear process for escalating risks from the wards and clinical areas to the Board (*CQC 2017)*
The Board had strategic oversight of potential risks which could impact on their ability to deliver services and had actions in place to mitigate these (*CQC 2017*)

The refresh of the Trust's strategy towards the end of 2016/17 has provided an opportunity to reassess the BAF risks within the new strategic context. The process to review the current BAF and develop the BAF for 2017/18 commenced in January 2017. Development sessions were undertaken with the Board with the outcome being

that the end of year position for 2016/17 and the BAF for 2017/18 was signed off at the Board meeting on 4 May 2017.

The Board Assurance Framework risk register for 2017/18 can be viewed on page 141 which also outlines which sub-committee within the governance framework will have responsibility for seeking assurance against each risk and the relevant aligned risk appetite.

Strategy Refresh

The continued review, development and delivery of the Trust's strategy remains a dynamic process, underpinned by our well established strategic and business planning framework.

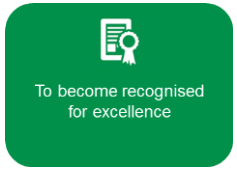
In 2016, the Board agreed that a refresh of the existing 2014-19 Strategic Plan was appropriate. This is within the context of significant changes affecting the health and social care environment, both at national and local levels, including the requirement for the local health and care economy to develop system-wide Sustainability and Transformation Partnerships (STP).

The Chief Finance Officer (CFO) led a rigorous process to refresh our strategy, engaging with different parts of the organisation. A steering group was established to include all members of the Executive Management Team, the Trust Chair (outgoing and incoming), one Non-Executive Director, and members of the strategy working group, set up to support the steering group and which comprised a number of senior leaders from within the organisation, led by the CFO.

A series of four steering group workshops took place and the opportunity was taken to reflect on our current strategy, including understanding the rationale and determining what questions we needed to answer within the scope of the strategy refresh. Our focus on a quality led strategy was confirmed and within that context the vision statement that was re-defined in October 2015, and our values, remained valid and not within the scope of the strategy refresh.

It was recognised that changes in the external environment relating to a focus on sustainability and transformation of services across geographical footprints should be reflected in our strategy refresh in order to determine our strategic positioning and direction for the next five years. The Trust Strategic Plan 2017-22 reflects the progress that has been made since the publication of the previous strategic plan in 2014. There is a move away from a commercial and competitive approach towards a collaborative place-based approach with partners across the health and social care systems in which we operate.

The Strategic Plan 2017-22 also articulates the delivery and governance models that underpin the strategy, and also identifies emerging capability and capacity issues that need to be considered both at an operational and strategic level in order for the Trust to deliver clinical, operational and financially sustainable services.

Strategic Objective	BAF Strategic principal risk	Outcome as at 31.03.17
	1.1 The Trust does not protect service users from avoidable harm and fails to comply with the CQC's standards for the quality and safety of services.	During 2016/17 this risk has had a main focus on the quality of patient care. The overall reduction of serious incidents and the outcome of the CQC re-inspection which rated the Trust as '*Good*' contributed to a reduction in score at the end of Q3. The CQC report did identify some areas for improvement which are being addressed. This risk will transfer onto the BAF for 2017/18 and has been reframed to reflect the refreshed strategy.
	1.2 The Trust does not deliver safe, appropriate and therapeutic environments to deliver high quality services	There has been a notable reduction in requirement for out of area treatments during 2016/17 as a result of new initiatives such as the crisis support unit and assessment wards. This has seen the risk rating reduce from 16 to 12 during the year. The management of this risk will be carried forwards into 2017/18 within the new BAF risk 1.1. This risk will also take into account the environment within which the Trust delivers services.
	2.1 The Trust is unable to reposition itself in the marketplace to become established as a provider of choice achieving excellence.	The context within which this risk sits has changed significantly over the last 12 months particularly in relation to the STP and the introduction of new organisational forms. The 2016/17 risk has reduced in score during Q4 to reflect the introduction of the refreshed strategy. The risk has been reframed to take account of the refreshed blueprint statement which reflects the external environment that the Trust is now operating in. The shift from being patient focused through a commercial approach to being patient focused through a collaborative approach highlights the importance of working with partners.
	2.2 The Trust's ability to address and meet service demands is affected by uncertainty and inconsistency of commissioning arrangements.	This risk has achieved its target score during 2016/17. The reframing of risk against this priority reflects the move from a competitive strategy to a more collaborative strategy.
	3.1 The Trust fails to deliver holistic whole person care (physical and mental health)	This risk did increase in score during 2016/17 largely due to challenges relating to the quality of physical healthcare training for mental health staff as well as resource to deliver the training. Local authority public health spending cuts have also impacted on some commissioned services that support parity of esteem. This risk will transfer into next year with its alignment transferring to Strategic Priority 1: Quality.
	4.1 The Trust is unable to attract, recruit and retain high quality staff impacting on a continued dependency on temporary staffing, affecting quality of care and financial costs.	The Trust has continued to experience significant workforce challenges during 2016/17 which resulted in an increase of risk in this area. This risk will be transferred into 2017/18 as workforce challenges continue. The risk has been reframed to align with the refreshed strategy.
	4.2 The Trust does not deliver effective education, training and leadership opportunities resulting in a workforce who are unable to deliver high quality, safe care.	This risk achieved its target score by the end of Quarter 2 in 2016/17 which resulted in a new target score being agreed. The Trust's People Plan has been finalised and 2017/18 will be Year 1 of the implementation phase. This risk is transferring into 2017/18.

Strategic Objective	BAF Strategic principal risk	Outcome as at 31.03.17
To provide excellent value for money in a financially sustainable way	5.1 The Trust does not achieve financial performance sufficient to maintain resilience and sustainability.	The Trust achieved its Control Total at the end of 2016/17 and as a result the risk score reduced. This risk will continue in 2017/18 taking account of the sustained financial challenges that the Trust faces in the coming year.
To innovate and exploit technology to transform care	6.1 The Trust fails to plan, develop and maintain infrastructure to support the ability to deliver safe, responsive and efficient patient care	Infrastructure Sub-Committee meetings during 2016/17 have continued to develop understanding of risks related to the infrastructure of the Trust. The improved Health informatics and Estates assurance reporting has supported the provision of assurance as well as identifying issues and risks which has resulted in a reduction of the score at the end of Q4. The challenges remain therefore this risk will transfer over into 2017/18.
	6.2 The Trust fails to implement the full capabilities of the new EPR which will enable the redesign of services to maximise the clinical benefits to patients and reduce the instances of incomplete patient records	This risk has remained at a score of 12 during 2016/17 and has seen progress made in respect of the signing of the contract with the system supplier at the end of March 2017. This risk will transfer into 2017/18 as the implementation process commences.
To meet our statutory/compliance obligations	7.1 The Trust does not comply with the Provider Licence and other regulatory requirements under NHS improvements	This risk achieved its target for 2017/18. Also the enhancements to the BAF process for 2017/18 includes the alignment of the Provider Licence conditions to an applicable BAF risk to support the assurance review process on a quarterly basis. Any risks relating to Provider Licence compliance will be addressed through the relevant BAF risk.
	7.2 The Trust does not comply with statutory legislative requirements (excluding Mental Health Legislation which is covered under 7.3)	The management of this risk has been improved through the development and introduction of the Compliance Framework and the corporate policy risk assessment process. Operational risk will be managed in relation to corporate policy compliance moving forwards into 2017/18.
	7.3 The Trust does not comply with Mental Health legislation.	No BAF risk for 2017/18 on the basis that this is a very specific issue that will continue to be managed from the risk perspective but on the operational risk register. Any operational risk in this area will align with the 2017/18 BAF risk 1.1.

HR Controls Assurance

The Audit Committee were provided with assurance in October 2016 in relation to the strengthening of controls from the safe recruitment of staff into the organisation to their planned exit on the leaver's pathway. The assurance related specifically to losses and special payments associated with not terminating staff on the Electronic Staff Record (ESR) system in a timely manner which has the potential to lead to overpayments. The requirement for the strengthening of controls and assurance resulted from an investigation relation to a specific loss and whether this reflected a control weakness or a gap. The progress made continues to be monitored through the Business Development and Delivery Sub-Committee.

An internal audit undertaken in Quarter 4 2016/17 in relation to Payroll/Human Resource interface provided '*significant assurance'*, recognising the improvements made and acknowledging a number of outstanding areas that the improvement plan will address moving into 2017/18.

Data Quality – Performance

The strengthening of data quality relating to performance information has been a continued focus during 2016/17, building on the data quality improvement plan which was completed in 2015/16. All tasks related to the monthly production of the Quality Performance Report (QPR) were transitioned to the Trust's performance team during August and September 2016 without issue.

Standard Operating Procedures (SOPs) were introduced in 2015/16 for all of the indicators relating to NHS Improvement (formerly Monitor) indicators. During 2016/17 all SOPs have been reviewed, and where changes have been required, those have been ratified through the Business Development and Delivery Sub-Committee. SOPs have been developed for new measures introduced in the reporting year and SOPs for Improving Access to Psychological Therapies (IAPT) 6 and 18 week Referral to Treatment and 7 Day follow up have been audited by external audit and have been reported as provision of '*significant assurance'*.

The Quality and Performance Report has been enhanced in a number of ways during 2016/17. In February 2017 after a period of development, 'kitemarking' has been introduced for the NHS Improvement indicators. This is based on an allocating a RAG status for each of the following measures:

- Whether an up to date SOP is in place;
- Whether the indicator has been subject to an external audit;
- Whether the indicator has been subject to an internal audit;
- Whether the indicator has been produced electronically;
- Whether a manual over ride of the indicator was necessary to exclude false positive/negatives.

A section on patient flow has been included into the QPR to provide a dashboard of information to allow triangulation and analysis of data in relation to inpatient capacity and demand. This is an important development in light of the major incident in

January 2016 when bed pressures reached a peak, as it allows comparison of seasonal variation and tracking/trending of information. Further information regarding the major incident can be viewed in the Capacity and Flow section on page 129.

The value of the QPR in supporting staff who are operationally managing clinical services to use performance data to help manage and predict potential challenges to compliance has been consolidated during 2016/17. This was evidenced in Rheumatology services where the use of the data and information underpinning the performance reports within the QPR enabled staff to forecast a difficulty in achieving the 18 week Referral to Treatment target. This enabled a proactive plan to be developed in advance of target failure and meant that non-compliance was minimised and the impact on patients reduced.

The reporting of Payment by Results (PbR) clustering within the QPR has been developed over the course of 2016/17 to incorporate tracking of both patients 'within review' and all patients regardless of review status. This has allowed traction to be achieved, through the increased visibility of information, to bring about an improvement in clustering information. This has a quality and also a potential financial benefit in terms of the link to care pathways and the preparation for introduction of PbR respectively.

The Trust's data warehouse stores a large amount of data which is accumulated from a wide range of sources within the organisation and support the Business Intelligence reporting processes. Extensive work has been undertaken with the data warehouse platform to produce national datasets such as the mental health service dataset. Improvements in the data warehouse are reducing the resource requirements necessary to deliver standard reporting and manual interventions required. The Trust consolidated our multiple data warehouse environments to a single data warehouse during 2016/17.

During 2016/17, benchmarking information obtained in adult mental health services has been used to inform bed and service modelling and has been used successfully to influence and inform commissioning discussions and the contract for 2017/18.

The NHS Pension Scheme

As an employer with staff entitled to the 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, employers 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.

Compliance with Equality & Diversity and Human Rights Legislation

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

The Trust's approach to equality, diversity and inclusion is articulated in the Equality and Diversity Statement of Intent which provides a strategic framework with the aim

of continuous improvement in this area. Progress against this is measured using NHS England's Equality Delivery System (EDS2) and the Trust's most recent rating received was Excellent for EDS2, Goal 1 – Inclusive Leadership.

An annual Workforce Race Equality Standards report and action plan are compiled and published on the Trust website to enable specific focus on closing the equality gap between white and BME staff groups.

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 governance framework, equality and diversity assurances are the responsibility of the Quality Committee. Both the Quality and Safety and People Sub-Committees 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.

Carbon Reduction Delivery

The Foundation Trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

A key activity undertaken during 2016/17 was the calculation of the Trust's carbon footprint benchmark. Using the carbon calculator designed by the NHS Sustainable Development Unit (SDU), the Trust was able to provide a carbon footprint benchmark for 2013/2014 which amounted to 68,384 tCO_2e. As outlined by the NHS SDU, NHS Trusts must target a carbon reduction of 34% by 2020 from a 1990 benchmark which is the equivalent, again as outlined by the NHS SDU, of a 28% reduction by 2020 from a 2013 baseline. From calculations, the Trust carbon footprint in 2016/2017 was 59,608 tCO_2e outlining a 13% carbon reduction to date from the 2013/2014 carbon footprint baseline. During 2016/2017, the Trust also developed a Sustainable Development Management Plan (SDMP) (currently being reviewed) to drive carbon reduction across Trust activities.

A key part of carbon reduction is the reduction in carbon emissions associated with energy consumption. The Trust have an energy monitoring system in place for a number of buildings to ensure energy consumption patterns are regularly reviewed and abnormal consumption is investigated as soon as possible. The system ensures less energy wastage and enables accurate billing. The system also applies to the renewable energy systems implemented by the Trust including solar PV and biomass.

The Trust has undertaken a number of projects related to travel in order to reduce emissions associated with patient and visitor travel, business travel and fleet as well as staff commuting. Critical to this has been the investment in seven electric vehicle charging points in order to enable staff to charge Ultra Low Emission Vehicles (ULEV) at their workplace as well as allowing visitors to access these facilities. The shift towards ULEVs is clear as 5% of vehicles accessed through the Trust car lease

and salary sacrifice scheme are classed as ULEVs. In addition to a shift towards ULEVs, the Trust has provided significant resource to improve ICT infrastructure and training to enable staff to utilise teleconferencing more often and reduce to need to rely on business travel.

The Trust has also progressed significantly with reducing emissions from waste processing and disposal and has reduced emissions associated with this, as of 2015/2016, by 54% from the 2013/2014 baseline of 56 tCO_2e. However, during 2016/2017, the emissions associated with waste disposal increased by 87% from 2015/2016 figures due to a significant amount of Japanese Knotweed disposed of via landfill from Ribbleton Hospital. Had the Japanese Knotweed disposal not been required, the Trust would have reduced emissions associated with waste disposal by 79% from the 2013/2014 baseline as a result of increasing the amount of waste disposed of via energy from waste rather than utilising landfill as well as increasing efforts to reuse or recycle waste where practical.

The Trust implemented a sustainability engagement programme called 'Green Smiles' in 2015/2016 which was expanded in 2016/17 to cover additional Trust premises. This programme utilises volunteer sustainability champions at various sites across the Trust estate. Sustainability champions will conduct tasks at a local level which contribute to a wider sustainability goal whilst also identifying areas at a local level where sustainability improvements can deliver significant benefits to service delivery.

The Trust has also conducted climate change risk assessments covering five probable climatic events. This task ensures that the Trust is not only aware of climate change risks but is also ensuring adaptation is taken in to account when planning for the future.

People Plan

Foundation work on the development of the People Plan commenced in 2015/16 and continued in 2016/17. This plan was developed in collaboration with the Kings Fund based on current best practice in relation to staff engagement and involvement. The final plan was approved by the Board in July 2016. The plan is governed through People Sub-Committee and Quality Committee up to Board. The plan itself supports the management and assurances against the two Board Assurance Risks relating to People (4.1 The Trust is unable to attract, recruit and retain high quality staff impacting on a continued dependency on temporary staff and safe staffing levels, affecting quality of care and financial costs and 4.2 The Trust does not deliver effective education, training and leadership opportunities resulting in a workforce who are unable to deliver high quality, safe care). The benefits of the plan will be realised throughout implementation from 2017 onwards over a period of three years.

Section E: Review of economy, efficiency and effectiveness of the use of resources

Value for Money

The Trust has set an aim to demonstrate high performance in terms of Value for Money (VfM), in relation to efficiency and effective use of resources. In order to

achieve this, a progressive and developmental approach to VfM has been adopted, with an annual plan that incorporates:

- Testing and strengthening our systems and processes to demonstrate VfM
- Exercises to improve VfM where we identify that there is room for improvement or an opportunity to strengthen controls and specific comparison
- Activities that will be undertaken and reported on to demonstrate high performance.

The VfM Strategy and Plan was approved by the Audit Committee in July 2016 which included a set of actions that help the Trust to realise its aim of being able to demonstrate overall efficiency. 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.

A number of activities have taken place during 2016/17 to strengthen the Trust's financial performance and accountability. A Financial Recovery Group was established as a formal scrutiny group reporting to the Finance and Performance Committee, as a result of the challenges being faced by the Trust in achieving the agreed control total for 2016/17. A weekly Workforce Review Group was also established to scrutinise recruitment and to support alternative ways of recruiting.

The Trust is one of the participants in the Carter 2 cohort and will be helping to develop key performance indicators for community and mental health trusts in a similar way to those developed for acute trust in the first report, Operational Productivity and Performance in Acute Hospitals. This will support the Trust in the delivery of the VfM Strategy and Plan.

It remains the responsibility of the Board to scrutinise the Trust's financial information and when appropriate improvements can be evidenced, this group will be disestablished. The Finance Sub-Committee receives assurance against the overall progress made against the key VfM activities.

Cost Improvement Plans

The Cost Improvement Plan for 2016/17 was delivered through the Delivering the Strategy (DTS) Programme. This was a reduction from the 16 areas within 2015/16 and enabled a greater focus on 4 themed portfolios of work, overseen by a Senior Responsible Officer for each portfolio.

The overall CIP target that was within the financial plan was £12m and plans to the value of £14.5m were developed. Full year delivery of £12.25 million has been achieved.

The Trust will continue to align our DTS Programme with the wider Lancashire and South Cumbria STP and associated financial savings incorporating the learning from Carter.

DTS Programme	Value £ m	
Portfolio	**Plan**	**Forecast full year delivery**
Prevention and Community Well being	1.323	1.194
Excellence in Patient Flow	3.421	0.582
Specialist Services	0.758	0.557
Corporate Services	9.061	9.912
Total	14.563	12.245

Capacity and Flow

Since December 2014, the Trust has experienced a key quality and financial risk in relation to capacity issues leading to high bed occupancy and out of area treatments (OATS). The progressive rise in numbers has consequences that negatively impact on patient experience and provide challenges to quality standards as well as having a significant financial impact.

The Trust declared an internal Major incident in January 2016 due to an escalation of demand pressures, replicated across other providers within the Healthcare Economy and mental health providers across the country. A key response by the Trust was the redeployment of resource from elective care and corporate departments to support acute and urgent care. A detailed action plan around bed capacity and flow management was implemented to address the issues that had been raised from the outcome of the incident.

During 2016/17, the internal auditors undertook a review of the systems and processes in relation to the action plan to provide independent assurance that the action plan has been implemented, is being reviewed and is addressing the key issues to ensure that capacity and flow around bed management is effectively monitored and reported to the Board and relevant committees. The internal audit provided significant assurance and highlighted that the Trust were able to confirm that there was evidence that the actions on the action plan had been completed. In addition the report confirms that the Out of Area Treatments (OATS) position is monitored and reported and highlighted system changes that have been made including:

- Appointment of Capacity & Flow Manager for whom a number of the actions in the action plan have become part of their role
- The operation of the Hub to provide real-time key information on bed availability (we visited the Hub and were able to see how it operates)
- New services/methods aimed at reducing any potentially unnecessary admissions:
- Acute Therapy Service
- CSU/Clinical Decision Unit
- Clinician review of referrals
- Opening of assessment wards (with 7 day working) and the move towards nurse led assessments.

The pressures in system that have impacted our ability to reduce OATS have remained during 2016/17. However, more effective use of resources into new initiatives such as the crisis support unit and assessment wards has resulted in the number of OATS being sustained at or below a level of 25 since December 2016.

Electronic Patient Record (EPR) Programme

The Trust is in the very early phase of ePR and has undertaken a considerable amount of due diligence with other Trusts before committing to a supplier and verifying the choice during the 13 week "Initiation Phase". During 2016/17 the Trust has utilised Best Practice Group to provide assurance that we have followed a robust and appropriate procurement exercise, the Board has scrutinised the Business Case to ensure it is credible and looks achievable and will meet the expected benefits required and the Trust are proposing that internal audit undertake further assurance work in the near future.

However, given the nature of this programme and the timescale in which it will be undertaken, assurance of capability and full benefits realisation will only be possible when service transformation has started. To this end, the Trust's Transformation Advisory Service, the networks, Clinicians and staff will all have a large part to play in both the delivery and assurance of the programme.

Risks to Data Security

During May 2017, a number of NHS organisations including GP practices were affected by a ransomware attack. The Trust has a range of measures in place to mitigate cyber security risks and the antivirus software used within the organisation's IT systems was very effective in containing the issue, with no clinical systems affected. The Trust's technical expertise in cyber security has been called upon to support other NHS organisations affected in the Lancashire area. Health Informatics have rigorously monitored the risks to data security throughout 2016/17 and have implemented the most appropriate controls that balance the usability and security of Trust Systems as and when these have become available.

The Trust policy includes controls around the use of personal information and system security. The Information Governance Toolkit (IGT) provides evidential assurance to demonstrate legislative compliance for a range of IG related issues including cyber security. Examples of controls in place to manage the risk are as follows:

- Policies e.g. IM&T Security Policy and IG Policy
- Job descriptions to confirm the range of skills and knowledge to deliver the Information Risk Management agenda
- Documented Information Security Risk Assurance Plan
- Information Governance Management Framework and integration into the wider Trust Governance and Compliance arrangements
- Formal incident reporting system
- Mandatory IG training and awareness.

During 2016/17, the Intel Breach Security Assessment has been carried out which compares the organisation's breach security maturity, priorities across breach types and breach security capabilities against other healthcare organisations. The report

identified that the Trust is leading the industry (upper percentile range) in terms of readiness for a number of areas including fraud, theft of mobile devices and ransomware. There was one area identified that the Trust needs to focus on to improve security which relates to Business Associates (organisations that process data on behalf of the Trust). The challenges in continuously improving cyber security remain a key priority for the Trust over the next 12 months. Assurance is provided to the Infrastructure Sub-Committee on a quarterly basis.

A self-assessment has been carried out against the recommendations made within the CQC's 'Safe Data, Safe Care' which supports organisations in assessing arrangements in place for ensuring the NHS protects personal data. This has resulted in the identification of a number of actions to further improve the organisations ability to manage cyber security which will be monitored and reported through the Trust's governance framework.

The Trust is working towards certification against ISO27000:1 which is the international information security standard. It is anticipated that the organisation will be ready for certification by the end of December 2017and this will further strengthen the organisation's Information Security Management System.

Organisational Re-set

In October 2016 the Board considered a proposal to restructure the 4 clinical networks. The rationale for the proposal was to ensure that the Trust has in place a sustainable structure that improves the quality of service delivery to patients, which aligns with local delivery plans and the Lancashire and South Cumbria Sustainability and Transformation Partnership, proactively responsive and engaged with the wider health economy. In addition, a consistent professional and operational management structure would provide strong leadership across all services. The proposed model was developed in co-production, incorporating the views and perspectives of network and executive teams. The Board approved the proposal and a consultation process was launched in November 2016. The process was managed and monitored through the establishment of a Network Redesign Steering Group who reviewed feedback from the consultation process which resulted in some changes to the proposed network configuration. The final network configuration has been in place since 1 April 2017.

Section F: Information Governance

The Trust continues to develop a supportive Information Governance (IG) Framework. In direct response to a recommendation made by the Information Commissioner's Office (ICO) Compliance Audit conducted in 2015, the Trust has implemented a formal Information Asset Owner and Administrator (IAO/IAA) structure during 2016/17 across the clinical networks and the Corporate Support Services. The structures will be subject to regular review to ensure that there is sufficient coverage of roles to aid compliance with legislation. Staff will continue to be trained in the roles to meet the responsibilities of new service arrangements as part of the organisation re-set. The introduction of the IAO structure has strengthened governance and assurance reporting arrangements by creating a triangulation between network governance and IG governance.

In conjunction with this work, a risk review of critical information assets has been completed by the network and support services, coupled with a risk evaluation of data flow mapping for each of their service areas/functions. An indicative risk report was provided to the Senior Information risk Owner (SIRO) by the end of March 2017.

At the request of the ICO, in June 2016 the Trust provided an audit action plan update (previously undertaken by the ICO in June 2015). The ICO concluded that the Trust had made 'significant progress' since their audit and considered their engagement in regard to the compliance audit with the Trust to be closed. The progress made was recognised and acknowledged by the ICO in July 2016

All level 2 IG serious incidents must be reported to the Department of Health, NHS England and the ICO. Nine serious IG incidents have been reported to the ICO in year 2016/2017. Serious incident assessments used to report the incident to the ICO are based on the incident report submitted on Datix. The ICO has not issued any enforcement action or monetary penalty to date to the Trust. The Trust is currently awaiting a decision in regard to five open incidents, all of which are being considered together.

In regard to the IG incidents that have been closed, the ICO concluded that they occurred either due to human error or that the Trust had breached the Data Protection Act 1998 (DPA). The ICO was satisfied that the Trust had acted responsibly and managed the breaches satisfactorily as a result of having appropriate policies, processes and governance in place. In all cases there has been a breach of security and/or confidentiality of patient information which had been due to inappropriate access or disclosure. The Trust has conducted its own investigations into these serious incidents. There is now a more collaborative process involving the central Serious Incident Investigation Team, the network Services and the IG team. It ensures that the scope of the investigation is properly defined and that the incident is thoroughly scrutinised. Any recommendations and actions are jointly identified, agreed and monitored.

The Information Governance Toolkit sets a standard compliance rate of 95% for Mandatory IG training. Although the National IG training tool was decommissioned at the end of December 2016, the IG team and the Trust's Quality Academy have collaborated to ensure that an IG e-learning module continues to be made available for staff.

The Trust achieved a '*Satisfactory*' rating for the annual Information Governance Toolkit (IGT) submission. This is a self-assessment tool developed by NHS Digital and required to be completed by all NHS Trusts. It provides an indication of assurance in regard to how well the Trust is achieving compliance with IG related legislation, regulation and codes of practice. To achieve '*Satisfactory*', a level two attainment has been achieved for all forty five requirements in the toolkit.

In addition as per the annual internal schedule an IG audit has been completed by the Trust internal auditors MIAA between December 2016 and February 2017. The audit assessed a sample of fifteen IGT requirements to determine if the Trust has

provided adequate assurance to achieve a minimum level two attainment for each requirement. The audit has attained a '*significant assurance'* rating.

The IG plan for 2017/18 includes the following key areas of focus:

Implementation of the new General Data Protection Regulations which will come into force in May 2018.
Review of IG resource to support preparation for GDPR and additional work to support operational compliance, audit and monitoring.
Collaborative responsibility and co-ordination of IGT assurance evidence.
Providing more IAO/IAA training as the organisational re-set becomes established and services review the coverage of roles.
Enabling enhanced IG compliance using the capabilities offered by the ePR programme to automate process and enable electronic communication between parties with consent at its heart.

Section G: Annual Quality Report

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. NHS Improvement (in exercise of the powers conferred on Monitor) has issued guidance to NHS Foundation Trust boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual. This is led by the Executive Director of Nursing and Quality.

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.

During 2016/17 Lancashire Care NHS Foundation Trust has undertaken a refresh of the Quality Led Strategy in the context of significant changes affecting the health and social care environment, both at national and local levels, including the requirement for the local health and care economy to develop a system-wide Sustainability and Transformation Partnership (STP).

The refresh continues to uphold that Quality is our number one priority with Our Vision articulating what the Quality Led Strategy will achieve by 2019 through the delivery of the three quality outcomes.

Underpinning this delivery is the Quality Plan for 2017/18 which has been co-produced with all Support Services teams with the aim of each team articulating through their quality plan goals and actions the ways in which they support the

networks and clinical teams to achieve the three quality outcomes and deliver high quality care, in the right place at the right time for people who use our services.

Fundamental to the success of the Quality Plan is the continuation of the work to ensure a culture of continuous improvement using our Quality Improvement Framework (QIF) methodology and quality improvement tools. Learning from the organisations that have developed a national reputation for being the best, Lancashire Care NHS Foundation Trust will drive our commitment to Quality Improvement (QI) with the aspiration of being recognised as a national QI leader.

The development of the Quality Account includes input from service users and carers, staff, senior managers, senior clinicians, the Council of Governors (through the Standards and Assurance Committee), 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.

Lancashire Care NHS Foundation Trust has taken the following actions to improve data quality during 2016/17

- Organisation wide rollout of The 'Working Day Model' (WDM) – The WDM for reporting is now embedded providing a Trust wide process and controls for submission, validation and sign off of data prior to submission of NHS Improvement indicators, contractual performance measures and local Key Performance indicators (KPIs). This provides a level of assurance to the Board around the accuracy, timeliness and consistency of data as part of the Board Assurance Framework.
- Introduced Kitemarking for all NHS Improvement indicators - The Kitemark provides visual assurance for five quadrants of data quality with red indicating non-compliance and green compliant. This has been delivered for all NHS Improvement indicators.
- Improved monitoring of performance indicators - Where measures are not meeting expected performance, improvement trajectories and plans are now created with services.
- Implemented Clinical Commissioning Group (CCG) reporting for all measures - Lancashire Care NHS Foundation Trust has created a new reporting hierarchy in the data warehouse to enable all KPIs to be viewed at CCG level.
- Completed a full data dictionary of the Lancashire Care NHS Trusts data warehouse - A data dictionary of Trusts data Warehouse has been completed. It includes meaning, relationships, origin, usage and format of data items within the new data warehouse, providing improved assurance.

- Audited all Standard Operating Procedures for NHS Improvement indicators - A Performance SOP Audit has been completed for all NHS Improvement indicators. The audit reviewed national and local definitions to ensure Lancashire Care NHS Foundation Trust fully compliant in its interpretation. All data collection, extraction and validation have been tested and details of these processes are now included in the new SOPs.
- Rolled out Quality and Performance Report (QPR) - Lancashire Care NHS Foundation Trust successfully launched the QPR in April 2016. The QPR blends data from multiple data sources such as activity, finance, workforce and risk into one single report allowing improved triangulation of information and scrutiny of services.

These actions will continue to be strengthened and embedded in 2017/18.

Section H: Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report attached to 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, the Audit Committee and the other corporate governance committees and sub-committees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Audit Committee has a key role on behalf of the Board in ensuring that it receives assurance on matters relating to economy, efficiency and effectiveness. During 2016/17, the Committee has had strategic oversight of the development of governance, risk and assurance systems. This has involved the attendance at the committee of network and support service risk owners to demonstrate and provide assurance of the robustness of governance arrangements, the development and embedding of risk systems and the risk management culture, demonstrating improvement in control environments in their areas of responsibility.

The Trust's audit programme for 2016/17, including both clinical and internal audit, have been planned through a risk based approach, set against the risk profile of the organisation. During the reporting period this has resulted in directing activity to areas of potential or perceived weakness in order to address executive concerns.

Control Improvement Plan

The Corporate Governance and Compliance Sub-Committee have monitored the progress against the remaining actions on the Control Improvement Plan which was initiated in response to specific and isolated issues from the previous year.

The plan was closed by Audit Committee in May 2016 with one outstanding action to be monitored through management processes.

Internal Audit

The organisation has a risk based approach to planning for internal audit on an annual basis. The plan is monitored and reported through to the Audit Committee on a quarterly basis. To improve the evidencing of follow-up actions from audits, a rigorous process has been introduced internally that not only maintains a dynamic record of progress but creates capacity in the internal audit function as a whole so that more time can be spent on the audits themselves.

Additional advisory reviews are undertaken during the course of the year where the Board seek additional assurance to ensure an effective control environment. Two independent advisory reviews were undertaken during 2016/17. One related to the planning and mobilisation leading up to the opening of The Harbour Hospital in 2016 which resulted in a number of 'Points for Consideration' which are being addressed. The second review related to governance and performance in the Health and Justice Business Unit which was within the Specialist Services network at the time (prior to the organisational re-set). This review resulted in a number of 'Key Learning Points' for the Trust to consider, many of which had or were in the process of being addressed as part of the organisational re-set. The outcome of both these reviews was provided to the Board in May 2017. Further monitoring and oversight of delivery of the Specialist Services plan will be monitored through the Corporate Governance and Compliance Sub-Committee. The Harbour action plan will be monitored through the Infrastructure Sub-Committee.

Head of Internal Audit Opinion 2016/17

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 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
Significant Assurance, can be given that there is a generally sound system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.

The Assurance Framework review has identified that the Trust has continued to have a comprehensive and effective Assurance Framework in place during 2016/17. This is underpinned by the robust approach adopted by the Trust to review, monitor and update the Assurance Framework. As part of the detailed review all areas have been assessed as ***Green*.**

The internal auditors have signposted other organisations to the Trust's Assurance Framework in respect of sharing good practice.

Opinion Statement on the Assurance Framework
The organisation's Assurance Framework is structured to meet the NHS requirements.
The Assurance Framework is visibly used by the Trust Board.
The Assurance Framework clearly reflects the risks discussed by the Trust Board.

The Head of Internal Audit Opinion has been provided in the context that the Trust like other organisations across the NHS is facing some challenging issues in respect of financial performance. The Trust Board has taken action to improve the financial position of the Trust and regular updates are provided at Board meetings. The successful delivery of cost saving plans will be a key focus for the board throughout 2017/18 and beyond. In considering the overall opinion, the targeted and effective use of Internal Audit as part of the system of internal control has been considered. Internal Audit resource has been directed into known risk areas by Trust management and Audit Committee.

The risk based approach adopted by the Trust supports the overall opinion of ***Significant Assurance***.

Well-led Review

The Single Oversight Framework says that NHS foundation Trusts should carry out an external review of their governance every 3 years. In accordance with this guidance, the Board commissioned a Well-led review which commenced in February 2016 with the final report received in July 2016.

In response to the report, a comprehensive action plan was developed which drew out both the recommendations made in the review along with identified statements which suggested areas for improvement. The action plan was approved by the Board and monthly updates on progress have been provided. There remain two actions to be completed which have been allocated extended deadlines and both relate to the implementation of the People Plan. The first relates to completion of a Training Needs Analysis and the second is in relation to a cultural assessment to evaluate the impact on the organisation of the impact of the People Plan implementation.

Conclusion

I can confirm that there have been no significant control issues in the Trust in 2016/17. Where control issues have been identified they have been addressed and effectively managed, particularly in relation to major incidents, information governance and HR controls assurance. This statement has been developed from an evidence based assurance perspective and the evidence to support the statement being made is reviewed by our external auditors.

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 and this work will continued into 2017/18.

Professor Heather Tierney-Moore OBE
Chief Executive
30 May 2017

Audit Programme 2016/17	
Title	**Overall objective**
HIGH ASSURANCE: *Our work found some low impact control weaknesses which, if addressed would improve overall control. However, these weaknesses do not affect key controls and are unlikely to impair the achievement of the objectives of the system. Therefore we can conclude that they key controls have been adequately designed and are operating effectively to deliver the objectives of the system, function or process.*	
General Financial Ledger	The financial ledger records all financial transactions of the organisation, and systems ensure their completeness and integrity, with the aim of providing the basic data from which management accounts, financial accounts and statutory returns can be prepared.
Income & Debtors	Ensuring all income due to the organisation is properly identified, collected and accounted for under management control and management receives timely and adequate information to control this.
Records Management	To provide an assessment of the effectiveness of the enhanced control framework established by management to ensure patient records breaches do not occur during major office moves/changes.
ESR/Payroll	To provide an assessment of the effectiveness of the systems of control operating at the Trust to ensure that only employees of the organisation are paid, and only for work that they perform on behalf of the organisation.
SIGNIFICANT ASSURANCE: *There are some weaknesses in the design and/or operation of controls which could impair the achievement of the objectives of the system, function or process. However, either their impact would be minimal or they would be unlikely to occur.*	
Accounts Payable	All goods and services are ordered promptly by authorised officers, are available when required and are of an appropriate quality. Furthermore the correct payment is made to the correct payee at the most appropriate time and is properly accounted for in the organisation's records.
Budgetary Control	Budgetary control objectives are clear in the business plan and responsibility has been delegated to budget holders. In addition, budgets were developed using justifiable assumptions, was approved and is monitored and reported to the Board and sub-committees with action being taken as appropriate.
Mental Health Performance Indicators	To evaluate the adequacy and effectiveness of controls in place at the Trust to ensure the data contained within the Trust's Performance Dashboard KPI's is accurate, valid, reliable, timely and complete, specifically focusing upon Improved Access to Psychological Therapies (IAPT) and Early Intervention in Psychosis (EIP).
Capacity & Flow	To evaluate the contents of the action plan and to provide assurance as to whether this document accurately reflects the Trust's work in addressing the recommendations.
Information Governance Toolkit	To provide an opinion on the adequacy of the policies, systems and operational activities in place to complete, approve and submit the IG Toolkit scores. To provide an opinion on the validity of the scores of the proposed 2016/17 IG toolkit final March submission based on the evidence available at time of audit for the reviewed sample and to highlight any wider risk exposures and/or mitigations brought to light by review of that evidence.
CQC Action Plan CAMHS Transition	To evaluate the effectiveness and awareness of the transition protocol from CAMHS to adult mental health services at both front line staff and service user level.
Integrated Governance –	The review focused specifically upon the following areas:

Audit Programme 2016/17	
Title	**Overall objective**
Corporate/Property Services/ Children's & Families	• Effectiveness of the Board committees and sub-committees in their management of risk and the robustness and consistency of the assurances received. • Effectiveness of Property Services governance arrangements. • Effectiveness of network governance arrangements, in particular the alignment of the network governance structures and arrangements to the corporate structure. This covered Specialist Services and Children's & Families networks.
Workforce Planning	To evaluate the robustness of the process followed in the development of the overarching Trust Workforce Plan and the arrangements in place to monitor implementation of the plan across the Trust.
LIMITED ASSURANCE: *There are weaknesses in the design and / or operation of controls which could have a significant impact on the achievement of the key system, function or process objectives but should not have a significant impact on the achievement of organisational objectives.*	
Critical Applications – Sexual Health	To provide an assessment of the effectiveness of the control framework being exercised by management over the designated system, data flows and associated external processes, and highlight improvements where appropriate.
Integrated Governance – Specialist Services	The review focused specifically upon the following areas: • Effectiveness of the Board committees and sub-committees in their management of risk and the robustness and consistency of the assurances received. • Effectiveness of Property Services governance arrangements. • Effectiveness of network governance arrangements, in particular the alignment of the network governance structures and arrangements to the corporate structure. This covered Specialist Services and Children's & Families networks.
CQC Action Plan – Health & Safety Risk Assessments	To confirm whether the Trust has put actions in place to ensure the issues identified within the CQC report are targeted and necessary improvements have been put in place with respect to health and safety environmental risk assessments.
Absence Management	To evaluate the systems and processes in place to proactively manage sickness, ensuring compliance with Trust policy.
Lessons Learnt	To ensure there are robust systems and processes for identifying and sharing lessons learnt across the Trust in a timely manner.
NO ASSURANCE: *There are weaknesses in the design and/or operation of controls which [in aggregate] have a significant impact on the achievement of key system, function or process objectives and may put at risk the achievement of organisational objectives.*	
There were no reviews that received 'no assurance'	

Strategic Objective	Board Assurance Framework Risks 2017/18	Sub-Committee	Director Lead
SP1 Quality	1.1 If we do not meet regulatory standards for quality and safety we will not be fit for purpose as a care provider.	Quality & Safety	Director of Nursing & Quality
	1.2 If we do not create a culture of learning then we will be unable to provide high quality care.	Quality & Safety	Director of Nursing & Quality
	1.3 If we do not provide integrated physical and mental health services we will lose opportunities to improve patient outcomes.	Quality & Safety	Medical Director
SP2 Sustainable Services	2.1 If we do not work collaboratively with partners we will not be able to influence system wide transformation.	Business Development & Delivery	Chief Operating Officer
	2.2 If we do not deliver new models of care we will cease to be a creditable lead provider.	Business Development & Delivery	Chief Operating Officer
SP3 Excellence	3.1 If we do not engage with our patients and service users we cannot achieve excellence and quality.	Quality & Safety	Director of Nursing and Quality
	3.2 If we fail to project our achievements then our reputation will not improve.	Quality & Safety	Director of Strategic Partnerships and Engagement
SP4 People	4.1 If we do not support the health and wellbeing of staff we will struggle to attract, recruit and retain our workforce.	People	Human Resource Director
	4.2 If staff are not provided with extensive education, training and leadership development we will not have an organisational culture that supports high performance.	People	Human Resource Director
SP5 Money	5.1 If we do not meet financial objectives we will not be able to provide sustainable services.	Finance	Chief Finance Officer
	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.	Finance	Chief Finance Officer
SP6 Innovation	6.1 If we do not develop and maintain infrastructure, we will not be able to deliver safe, responsive and efficient care.	Infrastructure	Chief Finance Officer
	6.2 If we do not exploit the full capabilities of the new EPR system and wider technology to redesign services we will miss important opportunities to improve care.	Infrastructure	Chief Finance Officer

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

LANCASHIRE CARE NHS FOUNDATION TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR TO 31 MARCH 2017

FOREWORD TO THE ACCOUNTS

LANCASHIRE CARE NHS FOUNDATION TRUST

These accounts for the year ended 31 March 2017 have been prepared by the Lancashire Care NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006.

Lancashire Care NHS Foundation Trust received its authorisation as an NHS Foundation Trust on 1 December 2007 in line with Section 35 of the National Health Service Act 2003.

Its registered headquarters address is:

Lancashire Care NHS Foundation Trust
Sceptre Way
Walton Summit
Bamber Bridge
Preston
PR5 6AW
Tel: 01772 695 300
E-mail: lct.enquiries@lancashirecare.nhs.uk
Web: www.lancashirecare.nhs.uk

Signed  Dated: 30 May 2017

Professor Heather Tierney-Moore

Chief Executive

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	NOTE	Year to 31 March 2017 £000	£000	Year to 31 March 2016 £000	£000
Income from continuing activities	3	**316,232**		319,420	
Other operating income	3	**27,702**		24,449	
Operating expenses from continuing operations	5	**(339,037)**		(341,695)	
OPERATING SURPLUS			**4,897**		2,174
Finance Costs					
Finance income	9	**78**		142	
Finance expense - financial liabilities	10	**(2,098)**		(2,137)	
Finance expense - unwinding of discount on provisions	22	**(4)**		(25)	
Public Dividend Capital dividends payable		**(4,050)**		(3,950)	
Net finance costs			**(6,074)**		(5,970)
Gains on disposal of assets			**81**		0
Share of Profit of Associates/Joint ventures accounted for using the equity method			**78**		161
Deficit from operations			**(1,018)**		(3,635)
DEFICIT FOR THE FINANCIAL YEAR			**(1,018)**		(3,635)
Other comprehensive income:					
Impairments			**(506)**		(51)
Revaluations			**19,337**		0
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE FINANCIAL YEAR			**17,813**		(3,686)

The notes on pages 148 to 176 form part of these accounts.

Impact of Trust Asset Assurance Process

The Trusts operating deficit is declared after taking into account impairments resulting from trust asset valuation assurance processes.

Further detail can be found in notes 12 and 13.

STATEMENT OF FINANCIAL POSITION (SOFP) AS AT 31 MARCH 2017

	NOTE	31 March 2017 £000	31 March 2016 £000
NON-CURRENT ASSETS:			
Intangible assets	11	**3,565**	4,642
Property, plant and equipment	12	**208,291**	192,093
Investments in associates (and joined controlled operations)	15	**474**	396
Other Financial assets		**0**	296
Total non-current assets		**212,330**	197,427
CURRENT ASSETS:			
Inventories	16	**25**	126
Trade and other receivables	17	**20,586**	17,652
Non-current assets for sale and assets in disposal groups	18	**920**	0
Cash and cash equivalents	19	**13,084**	21,663
Total current assets		**34,615**	39,441
CURRENT LIABILITIES:			
Trade and other payables	20	**(22,368)**	(26,525)
Borrowings	21	**(2,802)**	(2,802)
Other financial liabilities		**(132)**	(132)
Provisions	22	**(1,184)**	(1,864)
Other Liabilities - Deferred Income	24	**(3,902)**	(3,755)
Total current liabilities		**(30,388)**	(35,078)
NON-CURRENT LIABILITIES:			
Borrowings	21	**(55,192)**	(57,998)
Provisions	22	**(1,822)**	(2,061)
Total non-current liabilities		**(57,014)**	(60,059)
TOTAL ASSETS EMPLOYED		**159,543**	141,730
TAXPAYERS' EQUITY			
Public dividend capital		**102,739**	102,739
Revaluation reserve		**55,380**	37,567
Income and expenditure reserve		**1,424**	1,424
TOTAL TAXPAYERS' EQUITY		**159,543**	141,730

The financial statements on pages a to d and pages 148 to 176 were approved by the Board on 30 May 2017 and signed on its behalf by Professor Heather Tierney-Moore, Chief Executive:

Signed:  (Chief Executive) Date: 30 May 2017

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY AS AT 31 MARCH 2017

	Total	Public Dividend Capital	Revaluation Reserve **	Income and Expenditure Reserve *
	£000	£000	£000	£000
Taxpayers' equity at 1 April 2016	**141,730**	102,739	37,567	1,424
Deficit for the year	**(1,018)**	0	0	(1,018)
Impairments	**(506)**	0	(506)	0
Revaluations - property, plant and equipment	**19,337**	0	19,337	0
Transfer to retained earnings on disposal of assets	**0**	0	(200)	200
Transfer of excess of current cost depreciation over historical cost depreciation to the income and expenditure reserve	**0**	0	(818)	818
Taxpayers' equity at Year Ended 31 March 2017	**159,543**	**102,739**	**55,380**	**1,424**

* The I&E reserve is the cumulative surplus/deficit made by the Trust since its inception. It is held in perpetuity and cannot be released to the SOCI.

** The revaluation reserve reflects movements in the value of assets as set out in the accounting policy. The revaluation reserve balance relating to each asset is released to the I&E reserve on disposal of that asset. It should be noted that none of the revaluation reserve balance relates to intangible assets as these are carried at fair value in the accounts and there has been no change to their value in the financial year.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

	NOTE	Year to 31 March 2017 £000	Year to 31 March 2016 £000
Cash flows from operating activities			
Total operating surplus from continuing operations		**4,897**	2,174
Depreciation and amortisation	5.1	**8,185**	7,812
Impairments	13	**1,335**	670
(Increase)/Decrease in Trade and Other Receivables		**(2,935)**	(2,429)
(Increase)/Decrease in Other Assets		**296**	400
(Increase)/Decrease in Inventories		**101**	(6)
Increase/(Decrease) in Trade and Other Payables		**(4,750)**	(6,872)
Increase/(Decrease) in Other Liabilities		**147**	(995)
Increase/(Decrease) in Provisions		**(923)**	268
Tax (paid) / received		**495**	(3)
Other movements in operating cash flows		**7**	4
Net cash generated from operations		**6,855**	1,023
Cash flows from investing activities			
Interest received	9	**78**	142
Purchase of intangible assets		**(333)**	(2,075)
Purchase of Property, Plant and Equipment		**(6,500)**	(8,169)
Sales of Property, Plant and Equipment		**656**	0
Cash from acquisitions of business units and subsidiaries		**2**	0
Net cash used in investing activities		**(6,097)**	(10,102)
Cash flows from financing activities			
Loans received from the Independent Trust Financing Facility		**0**	4,209
Loans repaid to the Department of Health		**(2,571)**	(2,571)
Capital element of Private Finance Initative obligations		**(234)**	(235)
Interest element of Independent Trust Financing Facility loan		**(1,746)**	(1,796)
Interest element of Private Finance Initiative obligations	10	**(352)**	(341)
PDC Dividend paid		**(4,434)**	(3,236)
Net cash used in financing activities		**(9,337)**	(3,970)
Increase/(decrease) in cash and cash equivalents		**(8,579)**	(13,049)
Cash and cash equivalents prior year	19	**21,663**	34,712
Cash and cash equivalents	19	**13,084**	21,663

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

Monitor has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the *NHS Foundation Trust Annual Reporting Manual* which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the *2016/17 NHS Foundation Trust Annual Reporting Manual* issued by Monitor. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's *Financial Reporting Manual* to the extent that they are meaningful and appropriate to NHS foundation trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

The accounts have been prepared under the historic cost convention modified to account for the revaluation of property, plant, equipment and intangible assets.

1.1 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with commissioners in respect of healthcare services. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred. 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.

1.2 Expenditure on 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.

1.3 Expenditure on Employee Benefits

Short-term Employee Benefits

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

Past and present employees are covered by the provisions of the NHS Pensions 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 to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. As a consequence it is not possible for the NHS foundation trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme. Employers pension cost contributions are charged to operating expenses as and when they become due. The NHS Pension Scheme (England and Wales) Resource Account is published annually and can be found on the Business Service Authority - Pensions Division website at www.nhspa.gov.uk.

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

1.4 Intangible fixed assets

Recognition

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

Software

Software which is integral to the operation of hardware e.g. 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 e.g. application software, is capitalised as an intangible asset. Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred and amortised over the shorter of the term of the licence and their useful economic lives.

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. They are capitalised when they are capable of being used in a Trust's activities for more than one year; they can be valued; and they have a cost of at least £5,000. Subsequently intangible assets are measured using the valuation model. Where there is no value in use as there is no active market the asset is valued at historic cost as a proxy for depreciated replacement cost. These measures are a proxy for fair value. Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in operating expenses, in which case they are recognised in operating income. 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. The carrying value the asset is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'. 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 economic lives on a straight line basis in a manner consistent with the consumption of economic or service delivery benefits.

1.5 Property, Plant and Equipment

Recognition

Property, Plant and Equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- it is expected to be used for more than one financial year; and
- the cost of the item can be measured reliably.

Further, property, plant and equipment assets are capitalised if they:
- individually have a cost of at least £5,000; or
- form a group of assets which individually have a cost of more than £250, collectively have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- form part of the initial setting-up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost.

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

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	Valuation methodology
Operational	Existing use value
Non-operational	Open market/fair value

Buildings

Status	Valuation methodology
Operational	Depreciated Replacement Cost (including Modern Equivalent Asset consideration)
Non-operational but retained for future operational purposes	Depreciated Replacement Cost (including Modern Equivalent Asset consideration)
Surplus	Open market/fair value

Assets under construction

Are valued at cost and are assessed by professional valuers as part of the annual valuation or when they are brought into use.

Equipment

Operational equipment is valued at net current replacement cost. Equipment surplus to requirements is valued at net recoverable amount.

As part of their valuation of our buildings the valuers assign useful economic lives to individual properties. Non property assets are valued using the following asset lives:

	Years
Medical equipment and engineering plant and equipment	5 to 15
Furniture	
Mainframe information technology installations	5 to 8
Soft furnishings	
Office and information technology equipment	5
Set-up costs in new	
Vehicles	

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is added to the asset's carrying value. Where subsequent expenditure is simply restoring the asset to the specification assumed by its useful economic life then the expenditure is charged to operating expenses.

Depreciation

Items of Property, Plant and Equipment are depreciated on a straight-line basis 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 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 and impairment

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in operating expenses, in which case they are recognised in operating income. Carrying values 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. Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Operational equipment is valued at net current replacement cost. Equipment surplus to requirements is valued at net recoverable amount.

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
- the sale must be highly probable i.e.

1. management are committed to a plan to sell the asset;
2. an active programme has begun to find a buyer and complete the sale;
3. the asset is being actively marketed at a reasonable price;
4. the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
5. the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant

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

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

1.6 Private Finance Initiative (PFI) transactions

PFI transactions which meet the IFRIC 12 definition of a service concession i.e.where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement, as interpreted in HM Treasury's FReM, are accounted for as 'on-SOFP' by the Trust. The underlying assets are recognised as Property, Plant and Equipment at their fair value. An equivalent financial liability is recognised in accordance with IAS 17. The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme. 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'.

Services received

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.

1.7 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.

1.8 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is calculated as weighted average cost.

1.9 Leases

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS foundation trust, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability. The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to Finance Costs in the Statement of Comprehensive Income.

Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

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. Leased land is treated as an operating lease.

1.10 Provisions

The NHS foundation trust provides for legal or constructive obligations that are of uncertain timing or amount at the SOFP date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates.

As at 31 March 2017 these are:

Short term:	-2.7%
Medium term:	-1.95%
Long term:	-0.80%

1.11 Contingencies

Contingent liabilities are not recognised as liabilities, but are disclosed in note 26 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.

1.12 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS foundation trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS foundation trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the NHS foundation trust is disclosed at note 22.

1.13 Non-clinical risk pooling

The NHS foundation 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 the NHS Litigation Authority and in return receives assistance with the costs of claims arising. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises.

1.14 Value Added Tax

Most of the activities of the NHS foundation 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.

1.15 Third party assets

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

1.16 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 trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the cost of capital utilised by the NHS foundation 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 NHS foundation 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, (ii) net cash balances held with the Government Banking Services and (iii) any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the 'pre-audit' version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

1.17 Research and Development

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Statement of Comprehensive Income on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

1.18 Financial instruments and financial liabilities

Recognition

Financial assets and financial liabilities which arise from contracts for 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, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described earlier. All other financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

De-recognition

All financial assets are de-recognised when the rights to receive cashflows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership.
Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

The Trust will commonly have the following financial assets and liabilities:

Classification and Measurement

Financial assets are categorised 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 as 'Other Financial liabilities'.

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. They are included in current assets. The Trust's loans and receivables comprise: cash and cash equivalents, NHS debtors, accrued income and 'other debtors'. 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 SOFP 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 SOFP 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.

Determination of fair value

For financial assets and financial liabilities carried at fair value, the carrying amounts where material are determined using discounted cash flow.

Impairment of financial assets

At the SOFP date, the Trust assesses whether any financial assets, other than those held at 'fair value through income and expenditure' are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cashflows of the asset. For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced through the use of a bad debt provision. The carrying amount of individual debts is written down directly where it is certain that the debt cannot be recovered. Where there is a level of uncertainty as to the recoverability of individual debts, an appropriate provision is made.

1.19 Accounting standards issued but not yet required to be 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.

	Financial Year for which the change first applies and is expected to be adopted by the Trust
IFRS 9 Financial Instruments	2018/19
IFRS 15 Revenue from contracts with customers	2017/18
IFRS 16 Leases	2019/20

1.20 Critical management judgements made when preparing these accounts

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.

- 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.

- Provisions

The Trust has provided for expected liabilities in line with accounting guidance. Details of the provisions can be found in note 22 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 an extant market conditions.

During 2016/17 the results of both processes have been transacted through the asset register and manifest themselves in our financial statements.

1.21 Accounting for Joint Ventures

The Trust has also entered into an equally owned Joint Venture Partnership with Ryhurst Ltd. The venture, Red Rose Corporate Services LLP, has been established to support the development of state-of-the-art facilities to deliver modern mental health services in the future, and capitalise on the combined skills & capabilities of the parties to exploit estates and other commercial opportunities.

A review of RRCS's management arrangements and ownership structure has concluded that this venture is accounted for under equity accounting guidance within these financial statements.

Further details surrounding the joint venture can be found in note 28 to these accounts.

1.22 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 NHS foundation trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

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.

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 commisioners.

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.

3. Income from activities

3.1 Income from Activities by type

	Year to 31 March 2017 £000	Year to 31 March 2016 £000
Income from activities		
Income from Mental Health activities	**193,411**	189,608
Income from Community activities	**122,821**	129,797
Other clinical income from mandatory services	**0**	15
	316,232	319,420

3.2 Private Patient Income

The Trust did not generate any private patient income in the year ending 31 March 2017.

3.3 Income from Activities by source

	Year to 31 March 2017 £000	Year to 31 March 2016 £000
NHS Trusts	**0**	5
CCG's and NHS England	**279,803**	292,222
Local Authorities	**36,429**	26,762
- Other	**0**	431
	316,232	319,420

Year ending 31 March 2017 was the first full year where healthcare contracts are delivered by local authorities. This is reflected in the movement in income from source.

3.4 Other Operating Income

	Year to 31 March 2017 £000	Year to 31 March 2016 £000
Research and development	**640**	1,184
Education & training	**9,104**	8,483
Non-patient care services to other bodies	**13,860**	14,277
Sustainability and Transformation Fund income	**3,477**	0
Other income	**81**	157
Rental revenue from operating leases	**540**	348
	27,702	24,449

4 Income from continuing operations

	Year to 31 March 2017 £000	Year to 31 March 2016 £000
Continuing Operations	**343,934**	343,869
	343,934	343,869

5. Operating Expenses

5.1 Operating expenses comprise:

	Year to 31 March 2017 £000	Year to 31 March 2016 £000
Services from Foundation Trusts	**5,524**	6,033
Services from NHS Trusts	**3,061**	4,069
Purchase of healthcare from non NHS bodies	**10,774**	16,674
Executive directors' costs	**1,208**	1,242
Non-executive directors costs	**144**	143
Employee costs (excluding executive directors' costs)	**256,669**	249,924
Supplies and services - clinical (excluding drug costs)	**4,270**	6,463
Supplies and services - general	**1,025**	1,047
Establishment	**7,018**	6,976
Transport (business travel)	**744**	651
Premises - other	**17,210**	16,594
Increase in bad debt provision	**365**	464
Change in provision discount rate	**165**	(18)
Drug Costs (non inventory)	**9,501**	9,255
Net rentals under operating leases - minimum lease payments	**3,061**	3,550
Depreciation on property, plant & equipment	**6,775**	6,564
Amortisation on intangible assets	**1,410**	1,248
Impairments of property, plant & equipment *	**1,335**	670
Audit fees payable to the external auditor		
- audit services - statutory audit	**70**	70
- audit services - audit related	**15**	16
Clinical negligence - NHSLA premiums	**513**	438
Legal fees	**344**	219
Consultancy and professional advice	**2,467**	2,959
Internal audit costs (not included in employee expenses)	**93**	146
Training, courses & conferences	**996**	1,477
Patient travel	**26**	38
Redundancy Payments (not included in employee expenses)	**531**	1,426
Early retirements (not included in employee expenses)	**70**	0
Insurance	**730**	700
Losses, ex-gratia & special payments (not included in employee expenses)	**15**	10
Other	**2,908**	2,647
	339,037	341,695

* See note 13 for further detail.

5.2 Other external auditor's remuneration

	Year to 31 March 2017 £000	Year to 31 March 2016 £000
Other auditor's remuneration comprises:		
- Assurance services	**15**	16
- Other non audit services	**0**	0
	15	16

5.3 Auditor liability limitation agreements

Our auditors accept liability to pay damages for losses arising as a direct result of breach of contract or negligence on their part in respect of services provided in connection with or arising out of their letter of engagement (or any variation or addition thereto) but the liability of our auditors, its members, partners and staff (whether in contract, negligence or otherwise) shall in no circumstances exceed £1 million in the aggregate in respect of all such services.

5.4 Operating leases

As Lessee

	Year to 31 March 2017	Year to 31 March 2016
Payments recognised as an expense	**£000**	£000
Minimum lease payments	**3,601**	3,898
Sub-lease payments received	**(540)**	(348)
	3,061	3,550

Total future minimum lease payments

	£000	£000
Payable:		
Not later than one year	**3,574**	3,846
Between one and five years	**3,873**	4,442
After five years	**6,955**	7,924
	14,402	16,212

The Trust has 23 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. None of the leases on an individual basis are deemed to be significant, however, 10 of the properties when aggregated account for £3.3m of the minimum lease payments.

The lease terms expire as follows:	Years	Number of Leases
	0 - 1	13
	1 - 5	4
	Over 5	6

6. Employee information

6.1 Employee costs

	Year to 31 March 2017			Year to 31 March 2016
	Total	**Permanently Employed**	**Other**	
	£000	**£000**	**£000**	£000
Salaries and wages	**203,004**	199,829	3,175	202,287
Social Security Costs	**18,653**	18,653	0	13,375
Employer contributions to NHS Pension Scheme	**24,868**	24,868	0	24,753
Agency/contract staff	**11,352**	0	11,352	10,751
	257,877	243,350	14,527	251,166

6.2 Retirement benefits

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State 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 are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 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 scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension 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 latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

6.3 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 wiith the result that the trust opted to use the National Employment Savings Trust (NEST) scheme.

6.4 Retirements due to ill-health

During the period to 31 March 2017 there were 6 early retirements from the Trust on the grounds of ill-health (7 in 2015/16 totalling £194k). The estimated additional pension liabilities of these ill-health retirements will be £416k. The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

7. Better Payment Practice Code

7.1 Better Payment Practice Code - measure of compliance

	Year to 31 March 2017		Year to 31 March 2016	
	Number	**£000**	Number	£000
Total Non-NHS trade invoices paid in the year	**56,549**	**73,407**	64,202	94,486
Total Non NHS trade invoices paid within 30 day target	**54,497**	**69,879**	62,268	91,319
Percentage of Non-NHS trade invoices paid within 30 day target	**96%**	**95%**	97%	97%
Total NHS trade invoices paid in the year	**2,681**	**78,982**	2,332	30,983
Total NHS trade invoices paid within 30 day target	**2,409**	**76,418**	2,226	30,339
Percentage of NHS trade invoices paid within 30 day target	**90%**	**97%**	95%	98%

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.

7.2 The Late Payment of Commercial Debts (Interest) Act 1998

	Year to 31 March 2017	Year to 31 March 2016
	£000	£000
Amounts included within Finance Expenses (Note 10) arising from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**0**	0

8. Other gains and losses

	Year to 31 March 2017	Year to 31 March 2016
	£000	£000
Profit on disposals of PPE	81	0
	81	0

9. Finance income

	Year to 31 March 2017	Year to 31 March 2016
	£000	£000
Interest from bank accounts	**78**	142
	78	142

10. Finance expense - financial liabilities

	Year to 31 March 2017	Year to 31 March 2016
	£000	£000
Interest on obligations under finance leases and on-SOFP PFI	**352**	341
Interest on loan	**1,746**	1,796
	2,098	2,137

11. Intangible Assets

11.1 Intangible assets at the SOFP date comprise the following elements:

	Software licences £000
Gross cost at 1 April 2016	7,547
Additions - purchased	333
Gross cost at 31 March 2017	**7,880**
Amortisation at 1 April 2016	2,905
Provided during the year	1,410
Amortisation at 31 March 2017	**4,315**
Net book value at 31 March 2017	**3,565**
- Purchased at 31 March 2017	3,565
- Total at 31 March 2017	**3,565**

12. Property, plant and equipment

12.1 Property, plant and equipment at the SOFP date comprise the following elements:

	Land	Buildings excluding dwellings	Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2016	20,038	176,794	1,579	827	40	15,415	954	**215,647**
Additions - purchased	0	5,470	1	0	0	1,501	0	**6,972**
Impairments charged to the revaluation reserve	0	(506)	0	0	0	0	0	**(506)**
Revaluations	264	9,329	0	0	0	0	0	**9,593**
Transferred to disposal group as asset held for sale	(230)	(690)	0	0	0	0	0	**(920)**
Disposals	(150)	(448)	0	0	0	0	0	**(598)**
Cost or Valuation at 31 March 2017	**19,922**	**189,949**	**1,580**	**827**	**40**	**16,916**	**954**	**230,188**
Depreciation at 1 April 2016	0	9,950	0	799	40	11,910	855	**23,554**
Provided during the year	0	5,244	0	17	0	1,429	85	**6,775**
Impairments charged to operating expenses	160	1,175	0	0	0	0	0	**1,335**
Revaluations	0	(9,744)	0	0	0	0	0	**(9,744)**
Disposals	0	(23)	0	0	0	0	0	**(23)**
Depreciation at 31 March 2017	**160**	**6,602**	**0**	**816**	**40**	**13,339**	**940**	**21,897**
Net book value at at 31 March 2017	**19,762**	**183,347**	**1,580**	**11**	**0**	**3,577**	**14**	**208,291**
Purchased at 31 March 2017	19,762	183,347	1,580	11	0	3,577	14	**208,291**
Total at 31 March 2017	**19,762**	**183,347**	**1,580**	**11**	**0**	**3,577**	**14**	**208,291**
Asset financing at 31 March 2017								
Owned	19,762	181,262	1,580	11	0	3,577	14	206,206
On-SOFP PFI contract	0	2,085	0	0	0	0	0	2,085
Net book value at 31 March 2017	**19,762**	**183,347**	**1,580**	**11**	**0**	**3,577**	**14**	**208,291**

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.

Results of the 2016/17 Assurance Process

Increase in asset value	£19.2m
Increase in revaluation reserve	£19.2m
Decrease in asset value	£1.8m
- Charged to revaluation reserve	£0.5m
- Impairments charged to SOCI	£1.3m
Reclass Assets to Assets Held For Sale	£0.9m

13. Impairments

Impairments in the year arose from:	Tangible		Intangible	
	Year Ended 31 March 2017	Year Ended 31 March 2016	**Year Ended 31 March 2017**	Year Ended 31 March 2016
Charged to operating expenses	**£000**	£000	**£000**	£000
Change in market price following revaluation exercise	**591**	0	**0**	0
Other *	**744**	670	**0**	0
Sub-total	**1,335**	670	**0**	0
Charged to revaluation reserve				
Change in market price following revaluation exercise	**439**	0	**0**	0
Other *	**67**	51	**0**	0
Sub-total	**506**	51	**0**	0
Total	**1,841**	721	**0**	0

The Trust conducts regular reviews of its estate to ensure the appropriate carrying value of its land and building assets.

Impairments recognised in 2016/17 as a result of our asset valuation assurance process:

	Total	Operating Expense	Charge to Revaluation Reserve
	£000	£000	£000
Annual valuation exercise	1,030	591	439
Hospital closure*	354	354	0
Write down of assets*	457	390	67
Total	**1,841**	1,335	506

14. Capital commitments

Commitments under capital expenditure contracts at the SOFP date were:

	31 March 2017	31 March 2016
	£000	£000
Property, plant and equipment	**251**	1,497
Total	**251**	1,497

15. Investments

	31 March 2017	31 March 2016
	£000	£000
Cost or valuation		
Investments in associates	**474**	396
Total carrying value	**474**	396

This represents the Trust's investment in 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. See note 28 for further details.

16. Inventories

	31 March 2017 £000	31 March 2016 £000
Consumables	**19**	17
Energy	**3**	3
Other*	**3**	106
TOTAL	**25**	126

*During the year the contract for the Community Loan Store was awarded to another provider as such the equipment stock held transferred to the new provider.

17. Trade and other receivables

17.1 Trade and other receivables

	31 March 2017 £000	31 March 2016 £000
NHS receivables	**12,877**	10,613
Other receivables with related parties	**2,236**	3,496
Provision for impairment of receivables	**(1,074)**	(561)
Prepayments and accrued income	**2,180**	2,172
Other receivables	**4,367**	1,931
Trade and other receivables falling due within one year	**20,586**	17,652
NHS receivables	**0**	0
Other receivables with related parties	**0**	0
Provision for impairment of receivables	**0**	0
Prepayments and accrued income	**0**	0
Other receivables	**0**	0
Trade and receivables falling due after more than one year	**0**	0
TOTAL	**20,586**	17,652

17.2 Provision for impairment of current receivables

	31 March 2017 £000	31 March 2016 £000
Balance at beginning of the year	**960**	693
Amount reversed during the year	**(251)**	(325)
Amount recovered during the year	**(696)**	(197)
Increase in provision	**1,061**	789
Balance at 31 March 2017	**1,074**	960

The provision consists of items identified by review of outstanding debt, including items of a unique nature.

17.3 Ageing of Impaired Receivables

	31 March 2017 £000	31 March 2016 £000
By up to three months	**70**	68
By three to six months	**51**	46
By more than six months	**953**	846
TOTAL	**1,074**	960

17.4 Receivables past their due date but not impaired

	31 March 2017 £000	31 March 2016 £000
By up to three months	**3,292**	3,896
By three to six months	**1,099**	1,288
By more than six months	**656**	2,033
TOTAL	**5,047**	7,217

The Trust does not normally provide for NHS receivables past their due date but only provides for non-NHS receivables past their due date where it is thought appropriate. This is due to the reasoning that NHS receivables will eventually be settled at some point in the future.

18. Non-current assets held for sale and assets in disposal groups classified as held for sale

	31 March 2017 £000	31 March 2016 £000
Property, plant and equipment	**920**	0
TOTAL	**920**	0

This balance represents three assets that were identified as being surplus to Trust requirements during the year and satisfy the criteria for recognition as assets held for sale at the balance sheet date.

19. Cash and cash equivalents

	31 March 2017 £000	31 March 2016 £000
Balance at beginning of the year	**21,663**	34,712
Net change in the year	**(8,579)**	(13,049)
Balance at 31 March	**13,084**	21,663
Made up of:		
Cash at commercial banks and in hand	**25**	33
Cash with the Government Banking Service	**13,059**	21,630
	13,084	21,663

20. Trade and other payables

	31 March 2017 £000	31 March 2016 £000
NHS payables	**2,937**	3,460
Amounts due to other related parties	**59**	0
Capital creditors	**1,196**	1,057
Other trade creditors	**2,946**	2,203
Social Security costs	**2,732**	2,231
Other taxes payable	**1,953**	1,959
Other payables	**3,503**	3,347
Accruals	**7,042**	12,268
Trade and other payables falling due within one year	**22,368**	26,525
Trade and other payables falling due after more than one year	**0**	0
TOTAL	**22,368**	26,525

Other payables include £3,310k outstanding superannuation and pensions provision contributions as at 31 March 2017 (£3,285k 31 March 2016) that were paid in April 2017.

21. Borrowings

	31 March 2017 £000	31 March 2016 £000
Loans from Independent Trust Financing Facility	**2,571**	2,571
Obligations under PFI contracts	**231**	231
Borrowings falling due within one year	**2,802**	2,802
Loans from Independent Trust Financing Facility	**52,659**	55,230
Obligations under Private Finance Initiative contracts	**2,533**	2,768
Borrowings falling due after more than one year	**55,192**	57,998
TOTAL	**57,994**	60,800

Expected timing of cashflows:

	31 March 2017 £000	31 March 2016 £000
Within one year	**2,802**	2,802
Between one and five years	**11,208**	11,208
After five years	**43,984**	46,790
TOTAL	**57,994**	60,800

22. Provisions

	31 March 2017	31 March 2016
	£000	£000
Pensions relating to staff	**140**	120
Other legal claims	**236**	207
Redundancy	**687**	1,403
Other	**121**	134
Provisions falling due within one year	**1,184**	1,864
Pensions relating to staff	**1,718**	1,673
Other	**104**	388
Provisions falling after more than one year	**1,822**	2,061
TOTAL	**3,006**	3,925

	Pensions	Legal claims	Redundancy	Other *	**Total**
	£000	£000	£000	£000	**£000**
At 1 April 2015	1,923	198	705	806	**3,632**
Change in discount rate	(18)	0	0	0	**(18)**
Arising during the period	71	145	1,374	5	**1,595**
Utilised during the period	(120)	(104)	(240)	(227)	**(691)**
Reversed unused	(88)	(32)	(436)	(62)	**(618)**
Unwinding of discount	25	0	0	0	**25**
At 1 April 2016	1,793	207	1,403	522	**3,925**
Change in the discount rate	165	0	0	0	**165**
Arising during the year	83	186	588	0	**857**
Utilised during the year	(140)	(95)	(1,082)	0	**(1,317)**
Reversed unused	(47)	(62)	(222)	(297)	**(628)**
Unwinding of discount	4	0	0	0	**4**
At 31 March 2017	**1,858**	**236**	**687**	**225**	**3,006**

Expected timing of cashflows:

	£000	£000	£000	£000	**£000**
Within one year	140	236	687	121	**1,184**
Between one and five years	560	0	0	104	**664**
After five years	1,158	0	0	0	**1,158**
	1,858	**236**	**687**	**225**	**3,006**

The pensions provisions are ongoing provisions which are regularly reviewed and revalued.

* Other provisions consists of £225k staff excess travel.

£8,641k is included in the provisions of the NHS Litigation Authority at 31 March 2017 (2015/16 £8,696k) in respect of clinical negligence liabilities of the Trust.

23. Tax payable

	31 March 2017	31 March 2016
	£000	£000
PAYE	**1,953**	1,959
NI Contributions	**2,732**	2,231
Tax payable falling due within one year	**4,685**	4,190
Tax payable	**0**	0
Tax payable falling due after more than one year	**0**	0
TOTAL	**4,685**	4,190

24. Other liabilities

	31 March 2017	31 March 2016
	£000	£000
Deferred income	**3,902**	3,755
Other liabilities falling due within one year	**3,902**	3,755
Other liabilities falling due after more than one year	**0**	0
TOTAL	**3,902**	3,755

25. Private Finance Initiative (PFI) Transactions

25.1 Obligations in respect of on-SOFP PFI or other service concession arrangements

	31 March 2017 £000	31 March 2016 £000
Gross PFI liabilities:		
due in less than one year	**578**	578
later than one year and less than five years	**2,312**	2,312
later than 5 years	**1,093**	1,671
Finance charges allocated to future periods	**(1,219)**	(1,562)
Net PFI obligation	**2,764**	2,999
Not later than one year	**231**	231
Later than one year and less than five years	**1,083**	1,083
Later than 5 years	**1,450**	1,685
Total Net PFI obligation	**2,764**	2,999

25.2 Total commitments in respect of On-SOFP PFI or other service concession arrangements

	31 March 2017 £000	31 March 2016 £000
Within one year	**1,564**	1,254
2nd to 5th years inclusive	**6,256**	5,016
Later than 5 years	**2,914**	3,590
	10,734	9,860

25.2 Commitments in respect of the "Service"element of on-SOFP PFI or other service concession arrangements

	31 March 2017 £000	31 March 2016 £000
Within one year	**649**	649
2nd to 5th years inclusive	**2,596**	2,596
Later than 5 years	**1,233**	1,882
	4,478	5,127

25.3 Unitary payment payable to service concession operator

	31 March 2017 £000	31 March 2016 £000
Interest charge	**352**	341
Repayment of finance lease liability	**208**	208
Service element	**649**	649
Revenue lifecycle maintenance	**56**	56
Total amountg paid to service concession operator	**1,265**	1,254

25.4 Analysis of amounts charged to operating expenditure

Supplies and services - general	**375**	375
Premises - other	**114**	114
Other	**160**	160
Total amount charged to operating expenditure	**649**	649

25.5 Additional Information

On 1 October 2006 the Trust inherited a PFI development from Morecambe Bay PCT (MB). MB was in turn successor to the original NHS body that agreed the deal, Bay Community NHS Trust (BC).
The agreement in Feb 1999 between BC and the PFI provider, Flagship Care (Lancaster) Limited was for 25 years with the provider delivering:
• 3 fully serviced Elderly Mentally Ill Continuing Care Units plus attached Day Facilities,
• A single Resource Centre, and
• An office building.

The contract with Flagship Care (Lancaster), later transferred to Equitix Healthcare (Lancaster), expires on 8 February 2024 and there is no provision within the contract to re-price or re-negotiate the prices and dates. There is however the facility for variations to the contract and the NHS Foundation Trust has procedures to manage those variations in line with Standing Financial Instructions. The annual contract payments will be indexed each year using preceeding December RPI figures.

The Trust has the right to use the buildings, however Equitix have the responsibility for maintaining the buildings to an agreed standard. All lifecycle replacement is also the responsibility of Equitix.

A key feature of PFI schemes is that the operator is responsible for ensuring that the property is maintained to an agreed standard for the entire life of the contract. These are known as lifecycle costs. The cost which the operator expects to incur in doing this is reflected in the unitary payment and reflects two elements:
• maintenance (planned and reactive); and
• replacement of components as they wear out during the contract – this is known as capital lifecycle.

Under the terms of the contract at the end of the concession the Trust has 3 options: Walk away from the arrangement, renegotiate a new contract, or acquire the residual interest at market value.

The Trust initially did not recognise the properties as being on-SOFP, however, with the adoption of IFRS accounting by the NHS in 2009/10 the trust subsequently recognised the properties as being on-SOFP. This resulted in the introduction to the SOFP of a depreciating asset and an interest bearing liability.

The annual contract payments are apportioned, using appropriate estimation techniques, between repayment of the liability, interest costs and service charges. The payments are subject to annual indexation. Similarly the PFI contarct is assessed every five years and carrying values of asset and liability are adjusted accordingly.

26. Contingencies

The Trust had £137k (2015/16 £107k) of contingent liabilities being in relation to the Risk Pooling Schemes for Trust's.

	31 March 2017 £000	31 March 2016 £000
Contingent liabilities	**(137)**	(107)
Net value of contingent liabiliies	**(137)**	(107)

27. Events after the Reporting Period

There are no material events after the reporting period.

28. Joint Venture Arrangement

During 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. The partnership was established with two primary objectives:

- To deliver estate and other commercial activities that enable the Trust to implement its services strategy and satisfy commissioners etc; and

- To capitalise on the combined skills and capabilities of the parties to exploit other estates and commercial opportunities.

that supports the Trust in streamlining and identifying savings on the Trust's estate management services requirements.

It is anticipated that further subsiduaries may be created when business opportunities arise.

RRCS's mission is that it will work with the health and social care communities to deliver vibrant, efficient and effective services that enhance customer service provision and deliver a sustainable profit.

RRCS is committed to doing alll this whilst:
- acting with integrity in all it does;
- being transparent at all times;
- empathising with everyone it works with; and
- promoting teamwork in all areas.

29. Financial Instruments

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 commisioners 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 17 "Debtors".

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 Independant 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.

30.1 Financial assets by category

All assets are denominated in sterling

	31 March 2017	31 March 2016
	Loans and receivables £000	Loans and receivables £000
Investments	**474**	396
Receivables (net of impairment)	**20,202**	15,480
Other financial assets	**0**	296
Cash at bank and in hand	**13,084**	21,663
Total Financial assets	**33,760**	37,834

30.2 Financial liabilities by category

All liabilities are denominated in sterling

	31 March 2017	31 March 2016
	Other financial liabilities £000	Other financial liabilities £000
Loans	**55,230**	57,801
Interest payable	**132**	132
Payables	**22,236**	26,525
Obligations under PFI contracts	**2,764**	2,999
Provisions under contract	**3,006**	3,925
Total Financial Liabilities	**83,368**	91,382

31. Third Party Assets

The Trust held £249k cash at bank and in hand at 31 March 2017 that relates to monies held by the Trust on behalf of patients (£279k at 31 March 2016). This has been excluded from cash at bank and in hand figure reported in the accounts.

32. Related Party Transactions

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

32.1 Department of Health Related Parties

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:

	2016/17 Debtor £'000	2016/17 Creditor £'000	2016/17 Income £'000	2016/17 Expenditure £'000
NHS Blackburn With Darwen CCG	646	6	30,989	0
NHS Blackpool CCG	2	0	16,295	23
NHS Chorley And South Ribble CCG	627	11	34,492	0
NHS East Lancashire CCG	1,205	0	44,237	36
NHS Fylde & Wyre CCG	478	0	17,853	0
NHS Greater Preston CCG	655	0	40,233	0
NHS Lancashire North CCG	210	0	17,383	0
NHS West Lancashire CCG	662	31	12,465	30
NHS England	6,302	81	68,498	24
Health Education England	325	5	10,226	2
Lancashire Teaching Hospitals NHS FT	344	828	1,030	4,273
East Lancashire Hospitals NHS FT	294	287	213	2,592
NHS Property Services	33	138	32	3,024
Community Health Partnerships	0	497	0	3,845
Other DoH bodies *	1,478	1,053	5,031	4,250
Sub-total	**13,261**	**2,937**	**298,977**	**18,099**

* represents transactions with a number of healthcare commissioners

32.2 Other Healthcare Commissioners Related Parties

The Trust has also had a significant number of material transactions with other entities who have commissioned our healthcare services. These entities are:

	2016/17 Debtor £'000	2016/17 Creditor £'000	2016/17 Income £'000	2016/17 Expenditure £'000
UCLAN	9	0	30	271
Alzheimer's Society	0	0	0	48
Lancashire County Council	1,990	59	31,125	2,153
Blackpool County Council	0	0	41	476
Blackburn with Darwen Borough Council	114	0	5,963	888
Burnley Borough Council	0	0	0	67
Lancaster City Council	0	0	0	195
Preston City Council	0	0	0	298
South Ribble Borough Council	0	0	0	189
Wye Borough Council	0	0	0	47
Other commissioners *	123	0	301	0
Sub-total	**2,236**	**59**	**37,460**	**4,632**

* represents immaterial transactions with a number of healthcare commissioners

All income was received as income to commission heathcare services, and all expenditure relates to the associated operating expenses.

All transactions were conducted during the normal course of business in delivering healthcare.

32.3 Other Central Government Related Parties

	2016/17 Debtor £'000	2016/17 Creditor £'000	2016/17 Income £'000	2016/17 Expenditure £'000
NHS Pension Scheme	0	3,271	0	24,868
National Insurance Fund	0	2,732	0	18,653
PAYE	0	1,953	0	23,656
Other commissioners *	0	3,288	0	925
Sub-total	**0**	**11,244**	**0**	**68,102**

* represents immaterial transactions with a number of Central Government bodies

32.4 Other Related Parties

	2016/17 Debtor £'000	2016/17 Creditor £'000	2016/17 Income £'000	2016/17 Expenditure £'000
Harvey House Social Enterprises Ltd	508	0	84	0
Sub-total	**508**	**0**	**84**	**0**

Joint Venture

During 2010/11 the Trust entered into an equally owned Joint Venture Partnership with Ryhurst Ltd. The venture, Red Rose Corporate Services LLP, was established to support the development of state-of-the-art facilities to deliver modern mental health services in the future, and capitalise on the combined skills & capabilities of the parties to exploit estates and other commercial opportunities.

	2016/17 Debtor £'000	2016/17 Creditor £'000	2016/17 Income £'000	2016/17 Expenditure £'000
Red Rose Corporate Services LLP	2	0	15	1,943
Sub-total	**2**	**0**	**15**	**1,943**
Total	**16,007**	**14,240**	**336,536**	**92,776**

Lancashire Care NHS Trust 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 £17k (£15k to 31 March 2016). 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.

33. Losses and Special Payments

There were 89 cases of losses and special payments totalling £44k paid during year to 31 March 2017 (85 totalling £34k for year to 31 March 2016). Special payments are recognised on an accruals basis.

34. Intra-Government and Other Balances

2016/17 Balances

Receivables

		Total	FTs	NHS Trusts	Department of Health	Public Health England	Health Education England	CCGs and NHS England	Special Health Authorities	NDPBs	Other DH bodies	Other WGA	Local Authorities	Bodies external to government
Current	NHS Receivables	12,877	601	396	0	5	325	11,517	0	0	33	0	0	0
Current	Other receivables with related parties	2,236	0	0	0	0	0	0	0	0	0	11	2,225	0
Current	Prepayments	2,180	0	0	0	0	0	0	0	0	0	0	0	2,180
Current	Accrued income	0	0	0	0	0	0	0	0	0	0	0	0	0
Current	Other receivables	3,293	0	0	0	0	0	0	0	0	0	0	0	3,293
Current	VAT, SS and other taxes receivable, Current	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Current	NHS Receivables	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Current	Other receivables with related parties	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Current	Prepayments	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Current	Accrued income	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Current	Other receivables	0	0	0	0	0	0	0	0	0	0	0	0	0
	Balance as at 31 March 2017	**20,586**	**601**	**396**	**0**	**5**	**325**	**11,517**	**0**	**0**	**33**	**11**	**2,225**	**5,473**

Payables

		Total	FTs	NHS Trusts	Department of Health	Public Health England	Health Education England	CCGs and NHS England	Special Health Authorities	NDPBs	Other DH bodies	Other WGA	Local Authorities	Bodies external to government
Current	NHS payables	2,937	1,398	626	0	0	5	272	1	0	635	0	0	0
Current	Amounts due to other related parties	2,946	0	0	0	0	0	0	0	0	0	0	0	2,946
Current	Other trade payables	1,196	0	0	0	0	0	0	0	0	0	0	0	1,196
Current	Accruals	7,042	0	0	0	0	0	0	0	0	0	0	0	7,042
Current	Other payables	3,503	0	0	0	0	0	0	0	0	0	3,288	0	215
Current	VAT, SS and other taxes payable, Current	4,685	0	0	0	0	0	0	0	0	0	4,685	0	0
Current	PDC dividend payable	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Current	NHS payables	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Current	Amounts due to other related parties	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Current	Accruals	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Current	Other payables	0	0	0	0	0	0	0	0	0	0	0	0	0
	Balance as at 31 March 2017	**22,309**	**1,398**	**626**	**0**	**0**	**5**	**272**	**1**	**0**	**635**	**7,973**	**0**	**11,399**

2015/16 Balances

Receivables

		Total	FTs	NHS Trusts	Department of Health	Public Health England	Health Education England	CCGs and NHS England	Special Health Authorities	NDPBs	Other DH bodies	Other WGA	Local Authorities	Bodies external to government
Current	NHS Receivables	10,613	1,005	489	150	9	226	8,725	0	1	8	0	0	0
Current	Other receivables with related parties	3,496	0	0	0	0	0	0	0	0	0	0	3,496	0
Current	Prepayments	2,172	0	0	0	0	0	0	0	0	0	0	0	2,172
Current	Accrued income	0	0	0	0	0	0	0	0	0	0	0	0	0
Current	Other receivables	1,371	0	0	0	0	0	0	0	0	0	0	0	1,371
Current	VAT, SS and other taxes receivable, Current	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Current	NHS Receivables	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Current	Other receivables with related parties	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Current	Prepayments	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Current	Accrued income	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Current	Other receivables	0	0	0	0	0	0	0	0	0	0	0	0	0
	Balance as at 31 March 2016	**17,652**	**1,005**	**489**	**150**	**9**	**226**	**8,725**	**0**	**1**	**8**	**0**	**3,496**	**3,543**

Payables

		Total	FTs	NHS Trusts	Department of Health	Public Health England	Health Education England	CCGs and NHS England	Special Health Authorities	NDPBs	Other DH bodies	Other WGA	Local Authorities	Bodies external to government
Current	NHS payables	3,460	2,068	1,024	0	0	0	223	0	0	145	0	0	0
Current	Amounts due to other related parties	0	0	0	0	0	0	0	0	0	0	0	0	0
Current	Other trade payables	3,260	0	0	0	0	0	0	0	0	0	0	0	3,260
Current	Accruals	12,268	0	0	0	0	0	0	0	0	0	0	0	12,268
Current	Other payables	3,347	0	0	2	0	0	0	0	0	0	0	0	3,345
Current	VAT, SS and other taxes payable, Current	4,190	0	0	0	0	0	0	0	0	0	4,190	0	0
Current	PDC dividend payable	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Current	NHS payables	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Current	Amounts due to other related parties	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Current	Accruals	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Current	Other payables	0	0	0	0	0	0	0	0	0	0	0	0	0
	Balance as at 31 March 2016	**26,525**	**2,068**	**1,024**	**2**	**0**	**0**	**223**	**0**	**0**	**145**	**4,190**	**0**	**18,873**

NHS
Lancashire Care
NHS Foundation Trust

Lancashire Care NHS Foundation Trust

Quality Account 2016/17

Contents

Part 1: Statement on Quality from the Chief Executive of the Organisation

Lancashire Care NHS Foundation Trust is a health and wellbeing organisation providing a holistic service that is able to meet a wide range of health needs. The Quality Account is our annual report about the quality of services we delivered for the period April 2016 to March 2017 and in addition to this, we set out our priorities for improving quality over the coming year from April 2017 to March 2018.

We have a duty to publish a Quality Account and we welcome this as a valuable opportunity to help raise awareness of our work. In conjunction with our Annual Report, this Quality Account will give you an overview of the work we do, the range of our activities and current performance. In addition we are hosting our first Quality Improvement conference which will inform the development of "Our Quality Story". This will be shared in a variety of public friendly styles and will complement the Quality Account. As in previous years a summary of the Quality Account will be included in the summer 2017 edition of our VOICE news publication which is our newsletter developed with and for people who use services, families and carers and is available on our website.

This year we have undertaken a refresh of the Trust Strategy in the context of significant changes affecting the health and social care environment, both at national and local levels, including the requirement for the local health and care economy to develop a system-wide Sustainability and Transformation Plan (STP). The refresh continues to uphold that Quality is our number one priority with Our Vision articulating what the Quality led Strategy will achieve by 2019 through the delivery of the three quality outcomes as reflected in this visual. I am delighted that the Care Quality Commission (CQC), as part of our Good rating, recognised how Our Vision is understood with staff across the organisation reflecting how they contribute to achieving the outcomes.

As Chief Executive I am proud of our achievements to date and, with the Board, have committed to building on our successes and driving further improvements underpinned by quality improvement methodology with the aspiration of being recognised as a national leader in Quality Improvement.

At Lancashire Care NHS Foundation Trust we are proactively managing the financial pressures faced by many NHS organisations. In doing this we continue to maintain our primary goal of maintaining the focus on delivering quality services and being open and honest about any challenges to this. We want our Quality Account to be part of our evolving conversation with the people we serve about what quality means and about how we must work together to deliver quality across the organisation. In offering you an overview of our approach to quality, we invite your scrutiny, debate, reflection and feedback.

The Council of Governors and Lancashire Care NHS Foundation Trust Board have approved this Quality Account which covers the full range of services we provide. To the best of our knowledge the information contained in this account is accurate. We hope that this Quality Account gives you a clear picture of how important quality improvement, safety and the experiences of the people who use our services together with the experiences of our staff are to us at Lancashire Care NHS Foundation Trust.

Heather L. Tierney-Moore.

Professor Heather-Tierney Moore Chief Executive

Part 2: Priorities for Improvement and Statements of Assurance from the Board

2.1) Priorities for Improvement - Forward Looking 2017/18

This section of the Quality Account is the 'forward looking' section. It describes the quality improvements that Lancashire Care NHS Foundation Trust plans to make over the next year. This section explains why the Trust priorities have been chosen, how they will be implemented, monitored and reported.

Quality is about giving people treatments that work (effectiveness), making sure that they have a good experience of care (caring and responsive), protecting them from harm (safety), with services that are well led.

Each quality improvement priority links with one of the domains of quality and they are part of our Quality Plan.

We will:

- Achieve harm free care with a particular improvement focus on reducing pressure ulcers and violence
- Support and enable quality improvement everyday using our model for improvement.
- Use the learning from serious incidents and feedback to improve care
- Co-design improvements with people who use our services, carers and families truly understanding what matters to them.

Lancashire Care NHS Foundation Trust's quality priorities are consistent with the aims of the Lancashire and South Cumbria Sustainability and Transformation Plan.

An external independent review of governance processes in 2016/17 was a completed and reflected a clear structure and connectivity from Networks to the Board.

During 2016/17 an organisational reset was commenced that will see a move from four to three Networks. The three new Networks will be: Community and Well-being, Mental Health and Children and Young Peoples Wellbeing with services aligned appropriately. The reset will enable the organisation to be fit for purpose for the future, be sustainable and effective. This has been informed by the views of staff and people who use services collated during 'Big Engage' sessions, utilising the findings from our work with Professor West at the King's Fund, and feedback from stakeholders, including commissioners and the CQC. The reset will enable us to work in a place based way, to better respond to the needs of the population and work collaboratively with partners to achieve the best outcomes for people. The redesign of the organisation is giving the opportunity to strengthen professional leadership across Nursing, Psychology and the Allied Health Professions with this to be fully implemented and embedded across 2017/18.

A Being Open Policy has been in place for several years and has been updated to take into account the statutory Duty of Candour. This policy sets out the approach taken to being open with people who use services, their relatives and carers when things go wrong and includes the formal process to comply with the Duty of Candour. Examples of fulfilling the Duty of Candour are shared with commissioners on a monthly basis. The recent CQC inspection of the Trust found good overall compliance with the Duty of Candour requirements.

In September 2016 a dedicated Investigations and Learning Team was established. This team undertakes all serious incident investigations within Lancashire Care NHS Foundation Trust. The team consists of eight Investigations and Learning Specialists reporting to the Head of Investigations and Learning along with administrative support. The team is independent of clinical services and aims to produce impartial and transparent investigation reports with the objective of improving the quality of investigations. The team has produced a leaflet for people affected by a serious incident that explains the process and has procedures in place to ensure that everyone involved in a serious incident investigation receives a copy of the final anonymised report. The team provide post-investigation debriefings for the clinical team and for people who have used services, their carers and families.

Feedback mechanisms have been put in place for anyone involved in an investigation to leave feedback about their experience. This is collected by the Head of Investigations and Learning and used to help improve experience of being involved in an investigation. The team are also undertaking a Level 7 Post Graduate Certificate in Serious Incident Investigation with the University of Central Lancashire.

A charter describes the approach the team is taking to serious incident investigations and sets out clear principles which govern the way the team operates:

Principle 1	We are all human and we all make mistakes.
Principle 2	All members of staff have the right not to be unfairly penalised for making an honest mistake.
Principle 3	All members of staff have a responsibility to learn from the mistakes they make.
Principle 4	An investigation should identify the factors that created the circumstances in which an incident occurred, or a member of staff made a mistake they would not normally make, and support them to learn from it.
Principle 5	Staff who report concerns or self-report errors are essential to preventing harm and improving patient safety and must be supported, encouraged and protected.
Principle 6	Serious incident investigations are separate from any disciplinary processes and confidential information provided to Serious Incident investigations will not be used for other purposes.
Principle 7	Team members will operate with openness, transparency, honesty and integrity at all times.

The model of *Dare to Share, Time to Shine* events has continued throughout the year to support sharing the learning in addition to our *Blue Light* and *Green Light* safety alerts.

Since the publication and associated recommendations made in the Mazars Report which looked into the deaths of people with a learning disability or mental health problem at Southern Health NHS Foundation Trust four categories are now used to record deaths:

a) Expected death from natural causes

b) Unexpected death from natural causes

c) Expected death from unnatural causes

d) Unexpected death from unnatural causes

These classification help inform the decision whether or not to investigate a death. Where it is decided no investigation is required beyond the initial 72 Hour Investigation Report the rationale is recorded.

Further plans are due to be implemented from April 2017 that will see the establishment of a Serious Incident Learning Review Panel, to be chaired by a Non-Executive Director and attended by the Medical Director, the Director of Nursing and Quality, the Associate Director of Safety and Quality Governance, the Head of Investigations and Learning and representatives from the Lead Commissioners. This plan will add further scrutiny and support to the development of recommendations.

Lancashire Care NHS Foundation Trust is registered and regulated by the CQC for a range of health and care services. The Responsible Individual registered with the CQC is the Executive Director of Nursing and Quality.

The CQC re-inspected Lancashire Care NHS Foundation Trust during September 2016, with the main inspection week taking place during 12-16 September 2016. This followed the first comprehensive CQC inspection in April 2015. The inspection process included a significant level of data collection and analysis by the CQC, interviews with senior managers and clinicians, focus groups with a range of front line staff and stakeholders, and on-site inspection visits across the Trust.

A summary of the CQC activity during the inspection is listed below:

- Attended 34 meetings including team meetings, multidisciplinary meetings, handovers and therapy groups
- Carried out 17 home visits
- Looked at a range of clinical and management records
- Looked at 24 staff records
- Met with 538 employees
- Met with 169 people who use services who shared their views and experiences of the core services we visited
- Observed how people were being cared for
- Reviewed 439 care records

- Spoke with 30 carers or relatives of people who use the service
- Visited all 39 in-patient wards
- Held a number of focus groups and interviews with senior leaders.

The rating given by the CQC following the re-inspection is Good.

The CQC have commented on a number of key areas of good practice, including:

- Good evidence of ward-to-Board connection
- Good embedding of the Vision and Values
- Effective use of quality information to drive improvement
- Good systems for learning lessons and the duty of candour
- Compliance with same sex accommodation standards
- Clinical areas are clean and well maintained, with staff following good infection control practice
- Care plans and risk assessments were of good quality
- Improvements in training as a result of the Quality Academy
- Established systems to support administration and governance of mental health law
- Improved systems for responding to maintenance issues
- Clear process for escalating risks with good understanding of key risks
- The majority of staff reported that they felt valued.

The CQC specifically highlighted as good practice that:

- Arrangements for children and young people transitioning to adult mental health services had improved.
- The development of a specific sexual health training module focusing on the needs of lesbian, gay, bisexual and transsexual people.
- The Guild Lodge secure mental health service had established a gardening project within the hospital grounds called “grow your own”. The project was available to local schools and community groups as well as people at Guild Lodge.
- Staff had developed practical guides to treatment pathways for people within early intervention services which had been published as good practice.
- The care home support service team had reduced unnecessary admissions to hospital by implemented a ‘hydration kit’ for which they had been nominated for a national award.
- The development of a ‘safer wandering scheme’ and protocol for people with dementia in partnership with the police.

Areas for improvement were identified including:

- Community mental health service for adults – lack of ongoing capacity assessments for those under Community Treatment Orders and high demand for services.
- Community mental health service for children and young people – lack of completed clinical risk assessments prior to a new tool being implemented.

- Community health services for children and young people – lack of robust safeguarding supervision arrangements.
- Acute mental health wards and PICUs – staffing challenges and demand for services.
- Community health services for learning disability and autism – lack of compliance with core skills and gaps in provision of commissioned psychiatry cover.

Lancashire Care NHS Foundation Trust's report is available on the CQC website.

CQC's updated ratings for Trust mental health services are:

	Safe	Effective	Caring	Responsive	Well-led	Overall
Acute wards for adults of working age and psychiatric intensive care units (PICU's)	**Requires Improvement**	**Good**	**Good**	**Good**	**Good**	**Good**
Forensic inpatient / secure wards	**Good**	**Good**	**Good**	**Good**	**Good**	**Good**
Child and adolescent mental health wards	**Good**	**Good**	**Good**	**Good**	**Good**	**Good**
Wards for older people with mental health problems	**Good**	**Good**	**Good**	**Good**	**Good**	**Good**
Community-based mental health services for adults of working age	**Good**	**Requires Improvement**	**Good**	**Good**	**Good**	**Good**
Mental health crisis services and health based places of safety	**Good**	**Good**	**Good**	**Good**	**Good**	**Good**
Specialist community mental health services for children and young people	**Requires Improvement**	**Good**	**Good**	**Good**	**Good**	**Good**
Community-based mental health services for older people	**Good**	**Good**	**Good**	**Good**	**Good**	**Good**
Community mental health services for people with a learning disability or autism	**Good**	**Requires Improvement**	**Good**	**Good**	**Good**	**Good**

CQC's updated ratings for community health services are:

	Safe	Effective	Caring	Responsive	Well-led	Overall
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 health inpatient services	**Good**	**Requires Improvement**	**Good**	**Good**	**Requires Improvement**	**Requires Improvement**
Community sexual health services	**Good**	**Good**	**Good**	**Good**	**Good**	**Good**

Updated ratings for Lancashire Care NHS Foundation Trust overall:

	Safe	Effective	Caring	Responsive	Well-led	Overall
Trust	**Requires Improvement**	**Good**	**Good**	**Good**	**Good**	**Good**

Following publication of the reports, a Quality Summit was held on 21 February 2017 where the CQC presented their findings to commissioners, regulators and stakeholders. Lancashire Care NHS Foundation Trust presented the outline of its improvement plan in relation to the identified areas.

The Quality Plan 2017/18 encompasses all the CQC identified improvements. The plan reflects the organisational quality improvement approach and is a key driver in delivering our quality improvement / sign up to safety priorities. Each area for improvement has an individual plan, with clear timescales for completion. This is reported through the governance structures to Quality Committee and the Board.

During 2016/17 Lancashire Care NHS Foundation Trust has undertaken a refresh of the Quality led Strategy in the context of significant changes affecting the health and social care environment, both at national and local levels, including the requirement for the local health and care economy to develop a system-wide Sustainability and Transformation Plan (STP).

The refresh continues to uphold that Quality is our number one priority with Our Vision articulating what

the Quality led Strategy will achieve by 2019 through the delivery of the three quality outcomes as reflected in this visual.

Underpinning this delivery is the Quality Plan for 2017/18 which has been co-produced with all Support Services teams with the aim of each team articulating through their quality plan goals and actions the ways in which they support the Networks and clinical teams to achieve the three quality outcomes and deliver high quality care, in the right place at the right time for people who use our services.

Fundamental to the success of the Quality Plan is the continuation of the work to ensure a culture of continuous improvement using our Quality Improvement Framework (QIF) methodology and quality improvement tools. Learning from the organisations that have developed a national reputation for being the best Lancashire Care NHS Foundation Trust will drive our commitment to Quality Improvement (QI) with the aspiration of being recognised as a national QI leader.

In 2017/18 we will build on our QI learning programme in partnership with the Advancing Quality Alliance (AQuA) as part of The Building Blocks to Effective Continuous Quality Improvement across an organisation (Dr Peter Chamberlain ©). Not everyone needs to be expert in this approach, but everyone should understand the principles with QI leads driving, coaching and working to sustain improvement work. The principle of co-designing quality improvement initiatives involving people who use services, families and carers together with our staff is the foundation of our approach to quality improvement.

NHS Trust Boards take full responsibility for the quality of care provided, taking collective responsibility for nursing and care staffing capacity and capability. In Lancashire Care NHS Foundation Trust safer staffing monthly briefings / assurance are presented to the Quality and Safety Sub-Committee highlighting any key areas of risk and actions to mitigate these with six monthly detailed reports presented to the Quality Committee.

During 2016/17 Lancashire Care NHS Foundation Trust has refocused the work on safe staffing to ensure the link between staffing and quality and safety is understood by everyone. The development of a comprehensive quality dashboard is supporting this. The use of the dashboard has increased at every level of the organisation and the ward managers and Matrons are using their own data to provide analysis and to inform improvement. The use of the Hurst Tool for calculating staffing levels continues across inpatient services and the Deputy Director of Nursing and Heads of Nursing are involved in national work to further develop this tool for specific areas of specialist care and for community services. This will enable greater analysis of acuity and activity which in turn will give more appropriate calculations of staffing levels across all areas. In addition Lancashire Care NHS Foundation Trust is embracing the introduction of the Nurse Associate and apprenticeship schemes to support building the future workforce.

Engaged and content employees are directly linked to the quality of care and compassion, so it is really important that we get this right to ensure that joy is fostered at work to avoid burnout (Ham Berwick and Dixon 2016) http://www.kingsfund.org.uk/sites/files/kf/field/field_publication_file/Improving-quality-Kings-Fund-February-2016.pdf.

To support this Lancashire Care NHS Foundation Trust has developed a 'People Plan' during 2016/17 and work has been undertaken to lay the foundations on which to build over the next 3 years.

Lancashire Care NHS Foundation Trust has a number of key quality work streams focused on providing quality assurance and evidence of continuous quality improvement. Four of these quality priorities are reflected below. Progress against the priorities for 2016/17 is included in part 3.0.

Priority 1	**People who deliver and support the delivery of services are motivated, engaged and proud of the service they provide**
Domain	Effectiveness
Rationale	Learning, candour and accountability CQC 2016 Improving quality in the English NHS 2016
Target	**We will use the learning from serious incidents and feedback to improve care taking a quality improvement approach to driving this learning. We will demonstrate the impact of this approach through: seclusion and end of life care, focused quality improvements**
How progress will be monitored	Improvement aims and quality improvement tools to be applied will be reflected in the associated QI plans
How progress will be reported	To be reported through the Promoting Health Preventing Harm group to the Quality and Safety subcommittee on a quarterly basis.
Priority 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**
Domain	Experience of care (caring and responsive)
Rationale	Department of Health - The NHS Friends and Family Test (FFT) implementation The Always Events® Toolkit - Institute for Health Improvement and NHS England 2016 '
Target	**We will co-design improvements with people who use our services, carers and families truly understanding what matters to them. The Always Event © quality improvement tool will continue to be used together with the Sit and See© approach. We will: Demonstrate spread and sustainability of the Always Events co-designed in 17/18.** **Introduce five always events programmes** **Complete a minimum of ten Sit and See© observations**
How progress will be monitored	Evidence of Always Event plans, measures and outcomes Evidence of 'sit and see'© observations.
How progress will be reported	To be reported through the Promoting Health Preventing Harm group to the Quality and Safety subcommittee on a quarterly basis.

Priority 3	**People who use our services are at the heart of everything we do: care will be safe and harm free**
Domain	Safety
Rationale	Harm Free Care (HFC) quality initiatives Commissioning for Quality and Innovation (CQUIN) Quality plan Goals Department of Health - Positive and Proactive Care: reducing the need for restrictive interventions
Target	**No avoidable pressure ulcers will be acquired in our care** **React to red will be in place** **Harm from violence will reduce by 10% each year** **Daily safety huddles will be embedded in inpatient settings**
How progress will be monitored	Improvement aims and quality improvement tools to be applied will be reflected in the associated QI plans
How progress will be reported	To be reported through the Promoting Health Preventing Harm group to the Quality and Safety subcommittee on a quarterly basis.
Priority 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**
Domain	Well-led
Rationale	Good Governance Handbook 2015 Monitor Well-led framework for governance reviews: 2015 Building a Culture of Improvement at East London NHS Foundation Trust: Institute of Healthcare Improvement (IHI) 2016 Improving Quality in the English NHS: A strategy for action: The King's Fund, 2016
Target	**We will support and enable quality improvement everyday using our model for improvement. We will design and implement a 'bite-size' quality improvement learning option in partnership with AQUA and we will demonstrate implementation during the year.** **To showcase the quality improvement activity within the organization we will hold an Annual Quality Improvement Conference.**
How progress will be monitored	Evidence of development of the 'bite size' learning option Evidence of progressive implementation of the 'bite size' programme Evidence QI conference development plans and conference outcome.
How progress will be reported	To be reported through the Promoting Health Preventing Harm group to the Quality and Safety subcommittee on a quarterly basis.

2.2) Statements of Assurance from the Board

This section of the Quality Account is governed by regulations which require the content to include statements in a specified format; this allows the reader to compare statements for different Trusts. These statements serve to offer assurance to the public that Lancashire Care NHS Foundation Trust is performing to essential standards, providing high quality care, measuring clinical processes and involved in initiatives to improve quality.

Review of Services Participation in Clinical Audits

During 2016/17 Lancashire Care NHS Foundation Trust provided three types of NHS services (mental health and learning disability services, community services and specialist services). Lancashire Care NHS Foundation Trust has reviewed all the data available to them on the quality of care in these three NHS services via the quality schedule of the NHS standard contract and through the reconciliation of Commissioning for Quality and Innovation scheme (CQUIN).

The income generated by the NHS services reviewed in 2016/17 represents 100% of the total income generated from the provision of NHS services by Lancashire Care NHS Foundation Trust for 2016/17.

Participation in Clinical Audits

The reports of six national clinical audits were reviewed by the provider in 2016/17 and Lancashire Care NHS Foundation Trust intends to take the following actions to improve quality and healthcare provided.

- The reports of the national clinical audits that Lancashire Care NHS Foundation Trust participated in in 2016/17 will be reviewed and acted upon when published.

The report of one national confidential enquiry was reviewed by the provider in 2016/17 and Lancashire Care NHS Foundation Trust intends to take the following actions to improve quality and healthcare provided.

- The reports of the national confidential enquiry that Lancashire Care NHS Foundation Trust participated in in 2016/17 will be reviewed and acted upon when published

During that period Lancashire Care NHS Foundation Trust 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 NHS Foundation Trust was eligible to participate in during 2016/17 are:

- National Audit of Stroke
- National Chronic Obstructive Pulmonary Disease (COPD) audit
- National Rheumatology Audit
- National Audit of Intermediate Services
- National Diabetes Audit, Foot care Audit
- UK Parkinson's Audit

The national clinical audits and national confidential enquiries that Lancashire Care NHS Foundation Trust participated in, and for which data collection was completed during 2016/17, 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.

National Audit	Participation	% of cases submitted/update
National Audit of Stroke	Yes	2016/17 audit completed. Audit ongoing
National COPD audit	Yes	2016/17 audit complete
National Audit of Rheumatology	Yes	2014/15 results published and circulated. Audit has been put on hold *and will be recommissioned in 2017*
National Audit of Intermediate Services	Yes	Complete
National Diabetes Audit, Foot care Audit	Yes	The National Diabetes Programme have recently published figures detailing results from 2014-2016. A Lancashire Care Foundation Trust response is in development. Data collection is ongoing for 2017
UK Parkinson's Audit	Yes	Complete
MAS	Yes	Complete

Name of National Confidential Enquiry	Participation	% Cases Submitted
National Confidential Inquiry into Suicide and Homicide for people with Mental Illness (NCISH)	Yes	Suicide 100% Homicide 100%

Lancashire Care NHS Foundation Trust is committed to ensuring that each network has a robust network priority programme as described below:

- Network priority audits are identified through each Network's Quality and Safety Sub Committee and in discussion with the Clinical Audit Team and Medical Director
- Progress in respect of the clinical audit programme is reported to the Quality and Safety subcommittee on a quarterly basis
- Each Network has included at least one audit focussed on the Mental Health Act or Mental Capacity Act in its programme where appropriate
- Other audits may be selected based on new services/clinical practices or areas identified as requiring improvement, risk or serious incidents may also trigger inclusion within the priority audit programme
- Each Network identifies 8 Network priority clinical audits
- The Clinical Audit team is committed to supporting clinicians who carry out clinical audit by providing advice and assistance from appropriately trained and experienced clinical audit staff, and advice and training in clinical audit processes and practice

The reports of 34 local clinical audits were reviewed by the provider in 2016/17 and Lancashire Care NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided with examples being:

- To continue to develop the local clinical audit plans
- For local clinical audit findings to inform continuous quality improvements

The examples of clinical audits below have been selected from each Network demonstrating the spread of services provided by Lancashire Care NHS Foundation Trust and the areas for improvement for 2017/18.

Adult Community: Pressure Ulcers re-audit: (93% compliance)

The overall compliance is 93% which is an increase from 85% in the initial audit, based on a NICE quality standard. The re-audit was carried out within Integrated Neighbourhood Teams and inpatient wards. Both services demonstrated significant improvement in providing advice to people on the benefits and frequency of repositioning. With the Integrated Neighbourhood Team also ensuring people had information regarding how to prevent pressure ulcers.

Some variation in practice was noted within Older Adult inpatient wards and action is currently being undertaken to make the required improvement.

Adult Community: Mental Capacity Act (57% compliance)

This is the first time the documentation of mental capacity has been audited within the Integrated Nursing Teams. It identifies the high quality documentation recorded in some areas. Following the audit the services have developed documentation to add nursing staff at each district nurse visit.

Children and Families: Domestic Abuse re-audit (89% compliance)

The original baseline audit was carried out for teams within the Universal service line and achieved 60% compliance. The re-audit achieved 89% compliance. These improvements directly link to the comprehensive work that has been done to embed routine enquiry into domestic abuse with the establishment of a special interest group to share best practice and use evidence-based research to improve outcomes.

Children and Families: Psychological care of HIV patients re-audit (93% compliance)

This project was undertaken within the Sexual Health service line, specifically for patients attending the specialist HIV clinic at Royal Preston hospital. The original baseline audit achieved 72% and showed that all patients with any concerns identified after screening had access to more comprehensive psychological and cognitive assessments. However, screening of patients was not always recorded. New care plans are now in place to facilitate accurate recording and consequently, the re-audit was able to evidence excellent practice.

Specialist Services: My Shared Pathway re-audit (79% Compliance)

My Shared pathway (MSP) is part of the National Secure Services Quality, Innovation, Productivity and Prevention (QIPP) Programme. It is a recovery approach which looks to identify the outcomes a person hopes to achieve.

The overall compliance for the re-audit is 79% which demonstrates a significant increase in compliance from the original audit which achieved 60%. There have been significant improvements in the people's understanding of their 'My Shared Pathway'. A key contribution to this has been the design and display of personalised My Shared Pathway summary sheets which are displayed in the person's bedroom.

Specialist Services: Violence & Aggression re-audit (71% Compliance)

The Violence & Aggression NICE Guideline (NG 10) was originally audited in 2015/16. This audit only achieved 30% compliance and demonstrated the need for improvements in all areas. A robust action plan has been actioned and the re-audit has now revealed a compliance level of 71%. Significant improvements have been generated around care plans with 100% of service users now having a violence reduction plan compared to 75% in the initial audit. This demonstrates an improvement of quality in patient safety and experience. Other areas of improvement include giving service users the opportunity to complete advance statements about the use of restrictive interventions. Further improvements are required regarding the recording of debriefs following incidents of violence and aggression. This has been addressed in the audit action plan by additional training and communication to staff.

Adult Mental Health: Quality of Nursing Shift Handover (86% compliance)

This project aimed to seek assurance that the quality of the nursing handover is consistent and of a high standard across all adult mental health wards to ensure safe and effective practice. Several aspects of excellent practice were observed and have subsequently been shared across the network to drive further improvements.

Adult Mental Health: Quality of Risk Assessment (57% compliance)

The audit has highlighted that the quality of risk assessment tools within the Adult Mental Health network needs further improvement. The enhanced risk assessments reviewed found evidence (78%) of some very detailed and well-presented risk assessments differentiating between current and historical risks with comprehensive clinical risk formulations and detailed risk management plans. However, there was also evidence which indicated very poor quality of risk descriptions within the relevant risk domains, risk formulation and management plans. The audit found that risk assessments needed to be tailored to the risks and less generic and this will inform the planned improvement.

Participation in Clinical Research

The number of patients receiving relevant health services provided or subcontracted by Lancashire Care NHS Foundation Trust in 2016/17 that were recruited during that period to participate in research approved by a research ethics committee was 1247. Additional information about Research & Development in Lancashire Care NHS Foundation Trust can be found in the Effectiveness section of part 3 (see page 38 for more details)

Goals Agreed with Commissioners

Use of the CQUIN Payment Framework

A proportion of Lancashire Care NHS Foundation Trust income in 2016/17 was conditional on achieving quality improvement and innovation goals agreed between Lancashire Care NHS Foundation Trust, CCG and NHS England commissioners through the Commissioning for Quality and Innovation payment framework. The amount of income in 2016/17 conditional upon achieving quality improvement and innovation goals in Lancashire Care NHS Foundation Trust is expected to be £5.9m. In 2015/16 this value was £6.3m.

Further details of the agreed goals for 2016/17 and for the following 12 month period are available electronically at: http://www.england.nhs.uk/nhs-standard-contract. Examples included in the 2016/17 contract; staff health & wellbeing, physical health & frailty. The national guidance for 2017/18 includes staff health & wellbeing, physical health and preventing ill health by risky behaviours. There will be no local schemes agreed in 2017/18. National schemes will equate to 1.5% of the total 2.5% CQUIN funding available with 0.5% linked to the Trust achieving its' agreed financial position with NHS improvement and 0.5% linked to participation with STP plans.

Statements from the Care Quality Commission (CQC)

Lancashire Care NHS Foundation Trust is required to register with the CQC and its current registration status is 'registered'. Lancashire Care NHS Foundation Trust does not have any conditions placed on its registration.

In September 2016, the CQC undertook its re-inspection of Lancashire Care NHS Foundation Trust under the new inspection format and assigned an overall rating of good. This inspection report included 7 requirements notices that resulted in a comprehensive improvement plan. Lancashire Care NHS Foundation Trust has used this inspection as a learning opportunity, providing a clear focus upon which to make the necessary improvements. In addition the CQC have undertaken inspection visits to HMP Wymott and HMP Liverpool. These inspection reports included 3 requirement notices and comprehensive improvement plans have been developed. An additional CQC inspection visit to HMP Garth was undertaken early in 2017 and the final report is awaited.

On the basis that not all actions relating to the requirement notices have been completed, Lancashire Care NHS Foundation Trust is not fully compliant with the registration requirements of the CQC.

Lancashire Care NHS Foundation Trust has not participated in any special reviews or investigations by the CQC during the reporting period.

Data Quality

Statement on Relevance of Data Quality and Actions to Improve Data Quality

Lancashire Care NHS Foundation Trust has taken the following actions to improve data quality during 2016/17

- Organisation wide rollout of The 'Working Day Model' (WDM) – The WDM for reporting is now embedded providing a trust wide process and controls for submission, validation and sign off of data prior to submission of NHS Improvement indicators, contractual performance measures and local Key Performance indicators (KPIs). This provides a level of assurance to the Board around the accuracy, timeliness and consistency of data as part of the Board Assurance Framework.
- Introduced Kitemarking for all NHS Improvement indicators - The Kitemark provides visual assurance for five quadrants of data quality with red indicating non-compliance and green compliant. This has been delivered for all NHS Improvement indicators.
- Improved monitoring of performance indicators - Where measures are not meeting expected performance, improvement trajectories and plans are now created with services.
- Implemented Clinical Commissioning Group (CCG) reporting for all measures - Lancashire Care NHS Foundation Trust has created a new reporting hierarchy in the data warehouse to enable all KPIs to be viewed at CCG level. .
- Completed a full data dictionary of the Lancashire Care NHS Trusts data warehouse - A data dictionary of Trusts data Warehouse has been completed. It includes meaning, relationships, origin, usage and format of data items within the new data warehouse, providing improved assurance.
- Audited all Standard Operating Procedures for NHS Improvement indicators - A Performance SOP Audit has been completed for all NHS Improvement indicators. The audit reviewed national and local definitions to ensure Lancashire Care NHS Foundation Trust fully compliant in its interpretation. All data collection, extraction and validation have been tested and details of these processes are now included in the new SOPs.
- Rolled out Quality and Performance Report (QPR) - Lancashire Care NHS Foundation Trust successfully launched the QPR in April 2016. The QPR blends data from multiple data sources such as activity, finance, workforce and risk into one single report allowing improved triangulation of information and scrutiny of services.

These actions continue to be strengthened and embedded as reflected in the actions associated with the core indicators in section 2.3.

NHS Number and General Medical Practice Code Validity

Lancashire Care NHS Foundation Trust submitted records during 2016/17 to the Secondary Uses Service (SUS) for inclusion in the Hospital Episode Statistics (HES)

Record Type	Area	Target	15/16 Outcome	16/17 Outcome	16/17 National average	Targets Achieved
Patients Valid NHS Number	Admitted Patient Care	50%	**99.8%**	99.6%	99.3%	Yes
	Outpatient Care	50%	**99.9%**	99.9%	99.5%	Yes
Patients Valid General Practitioner	Admitted Patient Care	50%	**100%**	100%	99.9%	Yes
Registration Code	Outpatient Care	95%	**100%**	100%	99.8%	Yes

Source: SUS Data Quality Dashboard Data is governed by Standard National Definitions

This data includes all Lancashire Care NHS Foundation Trust inpatient facilities (e.g. mental health wards, Longridge Community Hospital) and outpatient clinics (e.g. Rheumatology). Lancashire Care NHS Foundation Trust continues to perform well against these metrics.

Lancashire Care NHS Foundation Trust considers that this data is as described for the following reasons:

- This data has been taken from the NHS Digital website, SUS Data Quality Dashboard
- Lancashire Care NHS Foundation Trust was not identified as one of the top twenty-five performing Trusts.
- Lancashire Care NHS Foundation Trust was not identified as one of the Trusts with a lower performance than the National Average.
- Lancashire Care NHS Foundation Trust falls within the upper-range when compared with other similar NHS Trusts.

Information Governance Toolkit Attainment Levels

Lancashire Care NHS Foundation Trust Information Governance Assessment Report score overall score for 2016/17 was 80% and was graded **green** (satisfactory).

Clinical Coding Error Rate:

Lancashire Care NHS Foundation Trust was not subject to the Payment by Results clinical coding audit during 2016/17 by the Audit Commission. Lancashire Care NHS Foundation Trust did participate in the Information Governance Toolkit Audit in March 2017. This audit looks at the accuracy of diagnosis and procedure coding recording for all inpatient episodes. 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 2015 -2016	Level Achieved 2016-2017
Primary diagnosis	>=85%	>=90%	97%	92%
Secondary diagnosis	>=75%	>=80%	95.4%	93.2%
Primary procedure	>=85%	>=90%	100%	0*
Secondary procedure	>=75%	>=80%	100%	0*

**0% level achieved 2016-17 as of the episodes audited none contained any procedural coding*

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 only, which are limited in number

The overall accuracy of clinical coding is achieving level 3 in the Information Governance Toolkit (Requirement 514). As a result of these findings the assurance level provided in respect of clinical coding and underlying processes was:

High Assurance

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 Coding:

- Continuing to support teams to record clinical coding accurately to support the continued high standard of the coding function.

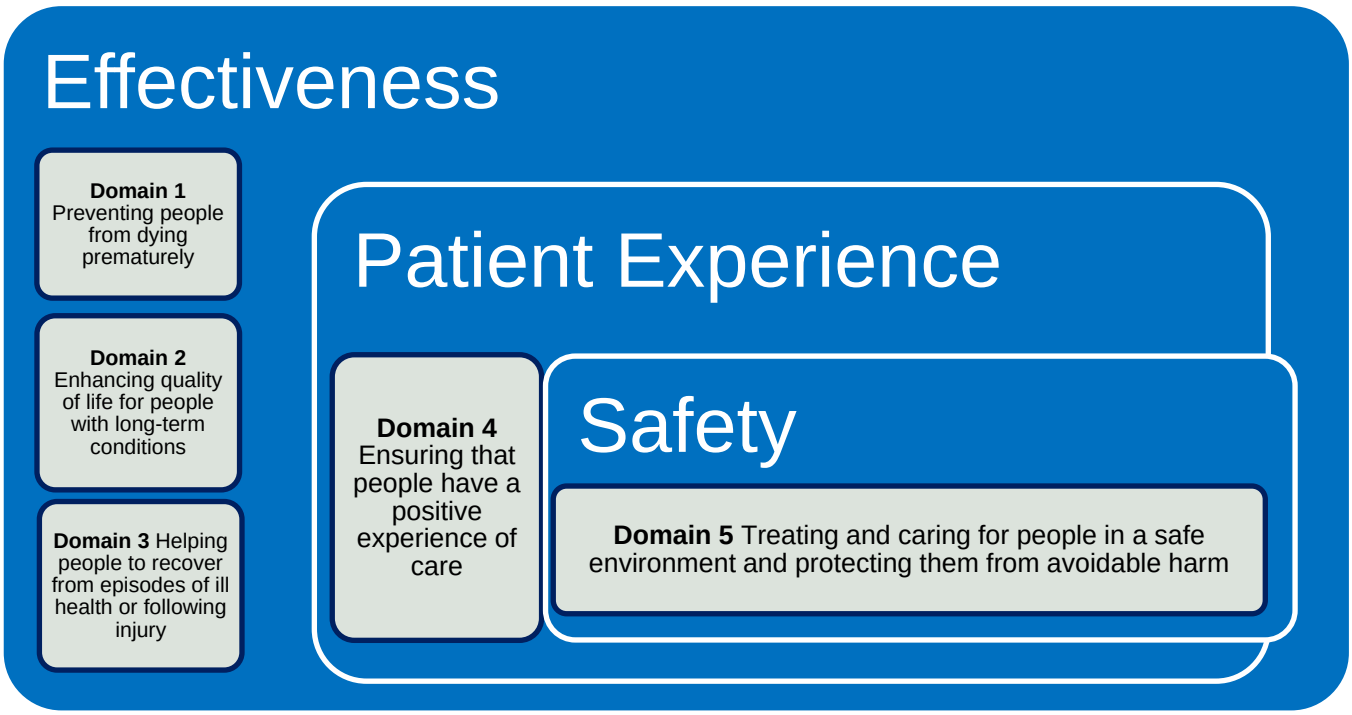
2.3) Reporting against core indicators

This section of the document contains the mandatory indicators as set by the Department of Health and NHS Improvement. A detailed definition of the mandated indicators in line with Quality Accounts Data Dictionary 2015/16 can be found in Appendix 1**.** 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.

NHS Outcomes Framework and Quality Domains



Effectiveness

	Domain 1: Preventing people from dying prematurely Domain 2: Enhancing quality of life for people with long conditions						
Indicator	**Target**	**15/16 Outcome**	**15/16 England average**	**Targets Achieved**	**16/17 Outcome**	**16/17 England average**	**16/17 Targets Achieved**
0Patients on Care Programme Approach who are followed up within seven days of discharge from psychiatric inpatient care (MR01)	95%	96.7%	96.98%	Yes	97.09% Reported 95.49% Refreshed	Not available at time of publication	Achieved
Admissions to inpatients services for which the Crisis Resolution Home Treatment Team acted as a gatekeeper (MR07)	95%	96.4%	97.7%	Yes	98.45%	Not available at time of publication	Achieved
Data source: LCFT internal information system (eCPA and IPM). Data is governed by NHSI standard definitions							

<u>Care Programme Approach Seven Day Follow Up</u>

Lancashire Care NHS Foundation Trust achieved compliance in 2016/17. The target for this measure is 95% and the Trust achieved 97.09%.

Following the annual Standard Operating Procedures audit in June 2016 the method for extracting the denominator was revised in August 2016 and reporting adjusted from this point accordingly. As a result the trust has supplied two figures, the first is what the trust has reported reflecting the change to the Standard Operating Procedures from August onwards. The second represents the full year position had the new logic been applied from April 2016.

Lancashire Care NHS Foundation Trust considers that this data is as described for the following reasons:

- 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 taking the following actions to maintain the percentage and so the quality of its services in relation to people using our services on the Care Programme Approach who are followed up within seven days of discharge from psychiatric inpatient care by:

- Undertaking regular data quality reviews – These are undertaken using the validation process locally, Network and function wide, to ensure data quality at all levels.
- Continuing the enhancements of internal Standard Operating Procedures - which include a flow diagram for managing discharges, end to end process and prioritisation processes.
- Ensuring all people about to be discharged have a confirmed follow up appointment with date, time, venue and name of the practitioner who will see them.
- Ensuring that where a person is thought to be unlikely to engage, Lancashire Care NHS Foundation Trust will negotiate a telephone follow-up and record this as part of the follow up plan
- Ensuring if a person is arrested, Lancashire Care NHS Foundation Trust will liaise with the Criminal Justice Liaison service and try to secure information to support follow up. If the person is in custody Lancashire Care NHS Foundation Trust will request follow up by the Prison Mental Health In-reach team.
- Facilitating a pre discharge meeting with people to secure better engagement and higher potential for attendance at scheduled meetings.
- Ensuring robust reporting of whether a person is on the Care Programme Approach or not, which enables validation within the Networks.
- Daily monitoring - Access to Monitor Dashboard allows teams to monitor all people due for 7 day Follow up.
- Continuing the monthly Operational Delivery group with Chief Operating Officer, Network Heads of Operations, Head of Delivery and Head of Performance ensure high level focus on 7 day follow up.

<u>Crisis Resolution</u>

The Trust was compliant for Q3 of 2016/17. The target for the measure is 95% and the Trust achieved 99.50%.

Lancashire Care NHS Foundation Trust considers that this data is as described for the following reasons:

- The data is reported from our local system to the Health and Social Care Information Centre.
- Robust Standard Operating Procedures (SOP's) 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 to maintain the percentage and so the quality of its services in relation to Admissions to inpatients services for which the Crisis Resolution Home Treatment Team act as a gatekeeper:

- Undertaking regular data quality reviews to be undertaken using the validation process locally, Network and function wide, to ensure data quality at all levels.
- Undertaking regular audits of Standard Operating Procedures in particular whenever National Guidance is updated.
- 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.
- Ensuring that crisis teams are to be reminded on the correct procedure to follow to accurately record gatekeeping on Lancashire Care's clinical systems.

Domain 1: Preventing people from dying prematurely **Domain 2: Enhancing quality of life for people with long conditions**				
Indicator	**Target**	**15/16 Outcome**	**16.17 Outcome**	**16/17 Targets achieved**
Patients on Care Programme Approach who have a formal follow-up within 12 months (MR02)	95%	96.4%	97.20%	Yes
Data source: LCFT internal information system (eCPA and IPM). Data is governed by standard definitions No national average percentage benchmark is published for this indicator by NHS England				

Patients on Care Programme Approach who have a formal follow-up within 12 months

The Trust was compliant for 2016/17. The target for this measure is 95% and the Trust achieved 97.20%.

Lancashire Care NHS Foundation Trust considers that this data is as described for the following reasons:

- 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 to maintain this percentage and so the quality of its services, by:

- Undertaking regular data quality reviews to be undertaken using the validation process locally, Network and function wide, to ensure data quality at all levels.
- Continuing the development of internal Standard Operating Procedures which include a flow diagram for managing discharges, end to end process and prioritisation processes.

- 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.
- Ensuring robust reporting of whether a person is on the Care Programme Approach or not, which enables validation within the Networks.
- Ensuring access to the Monitor Dashboard allowing teams to monitor and validate all people due for 12 month follow up.
- Holding weekly meetings to allow all people coming up for their Care Programme Approach review to be appointed within timescales.

Domain 2: Enhancing quality of life for people with long conditions				
Indicator	**Target**	**15/16 Outcome**	**16/17 Outcome**	**16/17 Targets Achieved**
Minimising mental health delayed transfers of care (MR03)	<=7.5%	7.1%	3.47%	Yes
Meeting commitment to serve new psychosis cases by early intervention teams (MR04)	95%	134.6%	112.3% Only reported for Q1	Yes
2 week wait for Treatment for Early intervention in Psychosis Programme (MR13)	50.00%		76.43%	Yes
Data source: LCFT internal information system (eCPA and IPM). Data is governed by standard definitions				

Minimising mental health delayed transfers of care:

The Trust was compliant for 2016/17. The target for this measure is < 7.5% and the Trust achieved 3.47%.

Meeting commitment to serve new psychosis cases by early intervention team:

The Trust was compliant for of 2016/17. The target for this measure is 95% and the Trust achieved 112.3%. As of July 2016 this measure is no longer reported NHS Improvement as it has now been superseded by 2 week wait for Treatment for Early intervention in Psychosis Programme (MR13). 2016/17 is complaint with the new measure, achieving 76.43% against a 50% target.

Lancashire Care NHS Foundation Trust considers that this data is as described for the following reasons:

- 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.
- In relation to minimising mental health delayed transfers of care, through the year, coding of “medically fit” on the case note as well as on the patient information system has resulted in more accurate reporting as well as increases in reports of delayed discharges, including those people receiving inpatient care outside of Lancashire Care NHS Foundation Trust.
- The target relating to meeting the commitment to serve new psychosis cases by early intervention teams refers to 95% of the commissioned caseload. More than the commissioned caseload was seen by the Early Intervention Team, which resulted in the target being exceeded.

Lancashire Care NHS Foundation Trust is undertaking the following actions to minimise mental health delayed transfers of care by:

- Continuing the development of internal Standard Operating Procedures which include a flow diagram for managing discharges, end to end process and prioritisation processes.
- Ensuring consistency in recording of data.
- Ensuring Ward Managers and Modern Matrons correctly input the “medically fit” date based on the Monitor definitions. Focus includes both current delays, and better/earlier planning for complex delays.
- Developing better information on current delays and performance tracking for operational staff.
- Continuing the monthly Operational Delivery group with Chief Operating Officer, Network Heads of Operations, Head of Delivery and Head of Performance to ensure high level focus on Delayed Transfers of Care.
- Undertaking weekly telephone conference calls with commissioners to discuss people whose transfer of care is delayed to facilitate discharge. The impact of people’s transfer of care being delayed is shared with commissioners in the form of the number of additional bed days involved.
- Continuing the development of key performance indicators to support discharge co-ordinators. Internal; key performance indicators have been developed supporting actions to expedite discharges. These key performance indicators are discussed weekly and shared with managers to enable proactive interventions.

Domain 2: Enhancing quality of life for people with long term conditions Increasing Access to Psychological Therapies (IAPT)							
The % of people who are moving to recovery as a proportion of those who have completed a course of psychological treatment	**Target**	**15/16 Outcome**	**Variance between 15/16 and Target**		**16/17 Outcome**	**Variance between 16/17 and Target**	
NHS Blackburn with Darwen CCG	50.0%	37.7%	↓	-12.3%	51.47%	↑	+1.47%
NHS East Lancashire CCG	50.0%	39.2%	↓	-10.8%	53.72%	↑	+3.72%
NHS Chorley and South Ribble CCG	50.0%	42.2%	↓	-7.8%	56.98%	↑	+6.98%
NHS Greater Preston CCG	50.0%	36.9%	↓	-13.1%	46.29%	↓	-3.71%
NHS West Lancashire CCG	50.0%	41.9%	↓	-8.1%	51.70%	↑	+1.70%
NHS Fylde & Wyre CCG	50.0%	37.0%	↓	-13%	58.89%	↑	+8.89%
NHS Lancashire North CCG	50.0%	34.3%	↓	-15.7%	47.64%	↓	-2.36%
NHS St Helen's CCG	50.0%	33.7%	↓	-16.3%	47.48%	↓	-2.52%
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.

Lancashire Care NHS Foundation Trust considers that this data is as described for the following reasons:

- The data is reported from our local system to the Health and Social Care Information Centre.
- Data is validated prior to submission.
- All data submissions use a single data source.
- There is no data reported for Blackpool as primary care mental health services are provided by the Acute Trust in Blackpool.
- St Helen's CCG – IAPT service moved to Lancashire Care NHS Foundation Trust November 2015

Lancashire Care NHS Foundation Trust is undertaking the following actions to improve this percentage, and so the quality of its services, by:

- Undertaking monthly reviews at internal Minds Matter performance group reporting in to Network Performance Meeting chaired by the Deputy Clinical Director with support from the Network Director.

- Developing service led plans on reducing waits
- Embedding clinical supervision focusing on ensuring that:
  - Step up care happens when required
  - The most appropriate treatment path is taken
  - The number of treatments is extended if indicated
- Continuing staff training and development focused on improving recovery
- Continuing to share clear written guidance with staff around reporting.
- Monitoring dropout rates to identify are there patterns which can be influenced.
- Checking data quality combined with feedback to staff where errors have been made requiring correction.
- Ensuring robustness of current data systems

Domain 2: Enhancing quality of life for people with long conditions
Domain 3: Helping people to recover from episodes of ill health or following injury
Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways

Indicator	Target	15/16 Targets Achieved	15/16 Outcome	16/17 Outcome	16/17 Targets Achieved
MR05 – Referral to treatment time (RTT) - Consultant Led (Completed Pathway)	95.0%	Yes	98.9%	96.56%	Yes
MR06 - RTT - Consultant Led (Incomplete Pathway)	92.0%	Yes	99.7%	97.10%	Yes
MR14 – RTT – IAPT 6 Weeks	75.0%	N/A	N/A	91.36%	Yes
MR15 – RTT – IAPT 18 Weeks	95.0%	N/A	N/A	99.15%	Yes

Data source: LCFT Information Systems using standard definitions
This measure only applies to the Lancashire Care NHS Foundation Trust provided consultant led rheumatology service. The national benchmarks included here cover all acute consultant led activity. For this reason it is felt the average does not provide a good benchmark for the organisation.

Referral to treatment time – Completed:
The Trust was compliant for 2016/17. The target for this measure is 95% and the Trust achieved 96.56%.
Referral to treatment time – Incomplete:
The Trust was compliant for 2016/17. The target for this measure is 92% and the Trust achieved 97.10%.
Referral to treatment time – IAPT 6 Weeks
The Trust was compliant for 2016/17. The target for this measure is 75% and the Trust achieved 91.36%.
Referral to treatment time – IAPT 18 Weeks
The Trust was compliant for 2016/17. The target for this measure is 95% and the Trust achieved 99.15%.
Lancashire Care NHS Foundation Trust considers that this data is as described for the following reasons:

- 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 to maintain this percentage, and so the quality of its services, by:

- Undertaking regular data quality reviews undertaken using the validation process locally, Network and function wide, to ensure data quality at all levels.
- Continuing the development of internal Standard Operating Procedures which include a flow diagram for managing discharges, end to end process and prioritisation processes.
- 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.
- Continuing to adhere to the Standard Operating Procedures for both complete and incomplete RTT pathways to maintain and improve access to services ensuring a reduction in clinical risk and improvement in people's experiences.
- Continuing the monthly Operational Delivery group with Chief Operating Officer, Network Heads of Operations, Head of Delivery and Head of Performance to ensure high level of focus on 18 week RTT.

28 day readmission rate

28 day readmissions rate			
Indicator	**Target**	**16/17 Outcome**	**16/17 Targets Achieved**
28 day re-admission rate	8.7%	7.7%	Yes
Data source: LCFT Information Systems using standard definitions Includes Patients 0-15, 16 and over			

The target for this measure is less than 8.7% and the Trust achieved 7.7%.

Lancashire Care NHS Foundation Trust considers that this data is as described for the following reasons:

- 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 to maintain this percentage, and so the quality of its services, by:

- 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.
- Continuing the monthly Operational Delivery group with Chief Operating Officer, Network Heads of Operations, Head of Delivery and Head of Performance to ensure high level of focus on the 28 day readmission rate.

Risk Assessment Framework / Single Oversight Framework

Risk Assessment				
Indicator	**Target**	**15/16 Outcome**	**16/17 Outcome**	**16/17 Targets Achieved**
Data completeness: Identifiers (MR08)	97.0%	99.6%	99.61%%	Yes
Data completeness: Outcomes (MR09)	50.0%	84.8%	81.63%%	Yes
Data source: LCFT internal Monitor compliance dashboard				

Data completeness – Identifiers:

The Trust was compliant for 2016/17. The target for this measure is 97% and the Trust achieved 99.61%.

Data completeness – Outcomes:

The Trust was compliant for 2016/17. The target for this measure is 50% and the Trust achieved 81.63%.

Lancashire Care NHS Foundation Trust continues to perform well against these indicators and will continue to undertake regular data quality reviews.

Domain 4: Ensuring that people have a positive experience of care							
Indicator	**2015 Outcome**	**2016 Outcome**	**National Average 2016**	**Comparison to National Average**		**Comparison to organisational 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	8.0	7.5	n/a	Performing about the same as other trusts	=	-0.5	↓
Date Source: National Community Mental Health Survey CQC website Data is governed by standard definitions ***http://www.cqc.org.uk/provider/RW5/survey/6#undefined***							

Lancashire Care NHS Foundation Trust considers that the Community Mental Health survey data is as described for the following reasons:

- This data has been taken from the national survey data
- 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 10 sections (health and social care workers, organising care, planning care, reviewing care, changes in who people see, crisis care, 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 but one question where the Trust performed better than most other Trusts
    - Changes in people you see: Q19 relates to continuity of care for those who the people they see for their care changed in the last 12 months, that their care stayed the same or got better.

Lancashire Care NHS Foundation Trust is taking the following actions to continue the programme of improvement:

- Using the results to inform network Quality Improvement Framework (QIF) plans. A Quality Improvement thinking space was facilitated by Picker Europe in September 2016 with network colleagues, Experts by Experience and the Quality Team. Two main themes were identified as QIF opportunities:
    - A perception that people using services did not always feel that professionals understood and therefore, took account adequately, of the issues that were important to them.
    - Professionals need to communicate in a more effective way, part of that is about listening more and taking account of the wishes and views of those using the service.
- Co-designing quality improvements with people using our services and staff with and testing these in two community settings using the Always Event® methodology.

Peoples experiences of inpatient services

Lancashire Care NHS Foundation Trust has chosen not to participate in the voluntary Inpatient Mental Health Survey this year as we are able to gain feedback form people across our inpatient settings through the real time feedback system. Work is underway to both maximise the feedback via the Friends and Family test survey and to expand on this with bespoke questions co-designed with people who use our services.

Domain 4: Ensuring that people have a positive experience of care				
Indicator	**2015 Outcome**	**2016 Outcome**	**National 2016 average for combined mental health/ learning disabilities and community Trusts**	**Comparison to National Average for combined mental health/ learning disabilities and community Trusts**
% of staff employed by Lancashire Care NHS Foundation Trust, who: ' if a friend or relative needed treatment, I would be happy with the standard of care provided by Lancashire Care NHS Foundation Trust'	67%	63%	66%	
Percentage of staff experiencing harassment, bullying or abuse from staff in the last 12 months	20%	17%	21%	
Percentage believing that trust provides equal opportunities for career progression or promotion	90%	88%	88%	
Date Source: National NHS Staff Survey Co-ordination Centre *Data is governed by standard definitions* http://www.nhsstaffsurveys.com/Caches/Files/NHS_staff_survey_2016_RW5_full.pdf				

Lancashire Care NHS Foundation Trust considers that this data is as described for the following reason:

- The data has been taken from the 2016 national staff survey

Lancashire Care NHS Foundation Trust is taking the following actions to improve this percentage, and so the quality of its services, by:

- Supporting the ongoing work of the People Plan (see page 51 for more details)
- Adding questions to the staff friends and family test in order to provide information on levels of engagement throughout the year. This will be used to inform improvements in 2017/18.

- Supporting line managers in further developing skills in relation to managing conflict and working relationships. Further work to be undertaken to develop an internal organisational wide mediation scheme in order to resolve workplace conflict at the earliest possible opportunity.
- Continuing to develop initiatives to support equal opportunities for career progression or promotion, these include:
    - Work currently underway to improve the reporting around training and development opportunities which will enable accurate publication of figures about staff uptake of training and development by demographic group
    - Equality Impact Assessments take place for organisational change activity
    - Targeted advertising of Black, Minority Ethnic (BME) specific leadership programmes for staff at band 5 and above. This has resulted in a number of applications for the NHS Leadership Academy programmes
    - Sharing the stories of BME staff members at all levels in the organisation and this will include some experiences of development and promotion
    - Programmes of support targeted at staff with Dyslexia and other learning difficulties has potential to improve the equality of opportunity for career advancement

Certification against requirements regarding access to healthcare for people with a learning disability

This is reported on a quarterly basis to the Health Equalities Group (HEG - a sub-group of the Quality and Safety subcommittee), to ensure compliance with the six criteria reflected in the Monitor Risk Assessment Framework. Quarterly reports have noted compliance against the requirements and this has been reported to NHS Improvement during 2016/17 as part of the quarterly return. The HEG will continue to coordinate and oversee service improvements where opportunities for development have been identified.

Safety Incidents:

	Domain 5: Treating and caring for people in a safe environment and protecting them from avoidable harm								
	01 April 2015 – 30 September 2015			01 October 2015 – 31 March 2016			01 April 2016 – 30 September 2016		
Indicator	LCFT	National Average	Comparison to National Average (median)	LCFT	National Average	Comparison to National Average (median)	LCFT	National Average	Comparison to National Average (median)
Rate of patient safety incidents	54.51	38.62	↑	57.42	37.54	↑	59.18	42.45	↑
Percentage resulting in severe harm	0.2	0.3	↓	0.4	0.3	↑	0.6	0.3	↑
Percentage resulting in death	0.1	0.7	↓	0.1	0.8	↓	0.1	0.8	↓
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:

- The data has been taken from the National Reporting and Learning System (NRLS)
- The latest data available from the NRLS reports is for 1 April 2016 to September 2016
- Data reports are made available six months in arrears
- NRLS[1] encourage high reporting of safety incidents. "Scrupulous reporting and analysis of safety related incidents, particularly incidents resulting in no or low harm, provides an opportunity to reduce the risk of future incidents. Research shows that organisations which report more usually have a stronger learning culture where patient safety is a high priority. Through high reporting the whole of the NHS can learn from the experiences of individual organisations"
- The reporting rate is higher than average which represents a maturing safety culture. The incident reporting data is reviewed alongside a six monthly report of serious incidents and a quarterly report of all incidents both of which are shared with commissioners
- Due to the judgemental nature of this indicator it is difficult to be certain that all incidents are identified and reported and that all incidents are classified consistently within the organisation and nationally. One individual's view of what constitutes severe harm can differ from another's substantially. Lancashire Care NHS Foundation Trust aims to ensure all our staff are aware of and comply with internal policies on incident reporting and standardisation in clinical judgements
- The period to period comparison highlights a decrease in the actual number of deaths which is also reflected in our serious incident reporting data through the STEIS system and for the last reporting period a slightly higher than average rate of severe harm which has been explored and is attributed to improved reporting of pressure ulcers through our improvement work in that domain
- 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:

- Implementing the updated incident policy and process in light of changes to the national Serious Incident Framework published by NHS England
- Embedding the dedicated Investigations and Learning Team who undertake serious incident investigations and inform the development of improvement actions
- Continuing development of the Datix quality governance system
- Continuing to develop team level dashboards within the Datix quality governance system to provide real-time information to front line managers on safety performance with coaching and training for service and team managers
- Reviewing relevant national reports to identify any relevant learning
- Continuing to deliver a number of *Dare to Share* and *Time to Shine* events to promote learning from incidents.

[1] NRLS Frequently asked questions (FAQs) about the data https://report.nrls.nhs.uk/nrlsreporting/

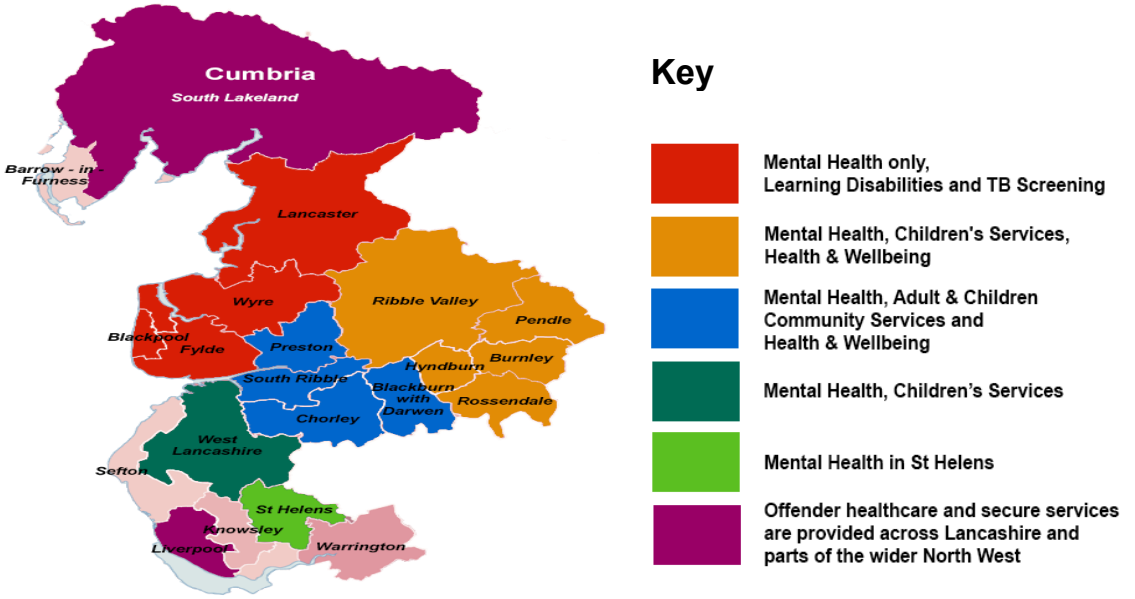
Part 3: Review of Quality Performance 2016/17

This section of the document reports on the quality performance across Lancashire Care NHS Foundation Trust in the past year. Quality is reported using a combination of measurable indicators and best practice examples from our services.

Overview of Services Provided

Lancashire Care NHS Foundation Trust provides health and wellbeing services for a population of around 1.4 million people. The organisation covers the whole of the county and employs around 7,000 members of staff across more than 400 sites. Lancashire Care NHS Foundation Trust also has some provision outside of the county.

Lancashire Care NHS Foundation Trust geographical map of service provision.



Lancashire Care NHS Foundation Trust geographical footprint map

A range of clinical services are currently delivered through four Networks as in the table below. This is not an exhaustive list but gives a flavour of the services provided. A comprehensive list can be found at http://www.lancashirecare.nhs.uk/services

Adult Community	Specialist Services	Adult Mental Health	Children and Families
• District Nursing • Treatment Rooms • Longridge Hospital • Rapid Assessment • Occupational Therapy • Physiotherapy • Speech and Language Therapy • Podiatry	• Criminal Justice liaison Service • Forensic Community Mental Health Team • Forensic In-Reach Team • Low Secure Inpatient Units	• Mindsmatters • Community Mental Health Teams (CMHT) • Access and Treatment Teams (ATT) • Clinical Treatment	• Child and Adolescent Mental Health Services (includes inpatient, community and learning disability services) • Children and Family Psychological Services

Adult Community	Specialist Services	Adult Mental Health	Children and Families
• Rheumatology • Health Improvement • Stop Smoking Services • Diabetes • DESMOND (Diabetes Education programme) • Stroke and Rehabilitation • Cardiorespiratory Services • Adult Learning Disabilities • Dental Services • Dietetics • IV therapy (BwD) • CHESS-Care Home Effective Support Services • Community Matrons • Complex case management • Tissue Viability	• Medium Secure Inpatient Units • Step Down • Health and Justice services including physical health, mental health and substance misuse services within prisons	Team • Personality Disorder Managed Clinical Network (PDMCN) • Psychoses and Bipolar Psychological Care Network (PBPCN) • Acute Therapy Service (ATS) • Lancashire Traumatic Stress Service (LTSS) • Mental Health Response Service (MHRS) • Crisis Support Unit • Adult Mental Health Inpatient Care • Eating Disorder Services • Mental Health Liaison Teams • Restart Social Inclusion and Day Services • Specialist Psychological Interventions • Supported accommodation and group homes • Veterans Mental Health • Community Older Adult Mental Health Teams • Older Adult Mental Health Wards • Memory Assessment Services • Inpatient Dementia beds	• Children's Integrated Therapy and Nursing Services • Complex Packages of Care • Early Intervention for Psychosis Service • Health Visiting and School Nursing • Immunisation and Vaccination Services • Family Nurse Partnership • Sexual Health Services
Support Services includes the following functions: Nursing and Quality, Human Resources, Finance, Performance, Medicines Management, Transformation and Innovation, Research and Development, Clinical Audit, Communication and Engagement.			

In part 3 we will report against the quality priorities for 2016/17.

Effectiveness

This section of the document explains the effectiveness of treatment or care provided by services. This is demonstrated using clinical measures or people's feedback, this may also include people's wellbeing and ability to live independent lives.

Other quality indicators relating to the domain of effectiveness have been reported in section 2.3 and include:

- Patients on Care Programme Approach (CPA) who are followed up within seven days of discharge from psychiatric inpatient care
- Admissions to inpatient services for which the Crisis Resolution Home Treatment Team acted as a gatekeeper
- Patients on Care Programme Approach (CPA) who have a formal review within 12 months
- Minimising mental health delayed transfers of care
- Meeting commitment to serve new psychosis cases by early intervention teams (reported until the end of quarter 1)
- Two week wait for Treatment for Early intervention in Psychosis Programme
- Increasing access to psychological therapies – the percentage of people who are moving to recovery as a proportion of those who have completed a course of psychological treatment
- Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways
- Risk assessment framework and Single Oversight Framework

Quality Priority 1 - People who deliver and support the delivery of services are motivated, engaged and proud of the service they provide	
Target	**Progress**
• The quality improvement framework will be implemented by all teams reflecting the use of quality improvement methodologies and enablers. • Quality improvements are driven by quality challenges from serious incident and complaint investigations, CQC MHA visits, feedback from people who use services, quality assurance visits with 5 improvement aims established and testing begun each quarter.	 The QIF roll out continues across additional teams. A bite size quality improvement learning package is being developed for 2017/18 to enable more team engagement. 

Quality Improvement

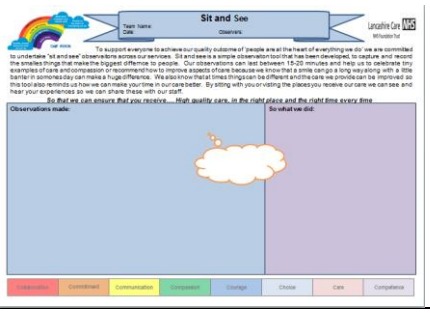
The Quality Improvement Framework (QIF) programme, informed by the Q initiative (an initiative, led by the Health Foundation and supported and co-funded by NHS England, connecting people skilled in improvement across the UK), and AQUA, is enabling and empowering teams across the organisation to generate, design and test improvement ideas.

The Quality Improvement Framework methodology is informing the development of the responses to the recommendations following the CQC inspection in September. Examples include:

Introducing Safety Huddles	Developing and testing daily safety huddles in inpatient settings
Co-designing best principles and systems to support seclusion	Developing and testing a new therapeutic model to the use of seclusion in inpatient mental health settings.
Co-designing best principles and systems to support rehabilitation	Developing and testing a new therapy and nursing model on the community hospital ward.
Co-designing innovative approaches to clinical supervision and personal development reviews.	Developing and testing a new supervision and personal development review model.
Developing new approaches to Core Skills training.	To test a range of accessible ways for people to achieve competencies in Core Skills to ensure the provision of safe, effective services.

The outcomes of these initiatives will be reported in 2017/18.

Additional examples include:

Developing volunteering in Lancashire Care	To expand the volunteering portfolio of roles to support person centred care and self-management a celebration event and thinking space will be held with volunteers on 28th January 2017 to inform the QIF
'Sit and See'© observations	Testing the 'sit and see'© approach. Fifteen people have been trained to undertake "sit and see" observations. Sit and see is a simple observation tool that has been developed, to capture and record the smallest things that make the biggest different to people's care, kindness and compassion to inform quality improvements. During quarter 4 the sit and see approach was tested in seven reception areas across the organisation. Real time verbal feedback was given following each observation which was really welcomed by the reception staff who valued the recognition of 

	the important part they play. A visual poster style report has been developed for teams to display their feedback including how they have responded to suggestions for improvement.
Developing professional standards	To establish clear local professional standards and competencies for Nurses and Allied Health Professionals.
Dining Buddy Volunteering role	Dining Buddies are volunteers who provide extra support during mealtimes and help complete menus and diet/fluid charts. Dining buddies provide companionship and help make mealtimes a more enjoyable and sociable experience.
Wellbeing and Mental Health Helpline	To strengthen and streamline the helpline systems and processes
Safe Wards programme	To implement the evidence based model to ensure that everyone works together to keep people as safe as possible across all inpatient mental health wards.
The spread of the successful district nurse triage QIF in central to all district nurse teams	Ensuring people receive timely access to expert advice and support.
Development of a one stop shop for nail surgery	Timely intervention, better outcomes and experiences for people using the services
Development of a web page for families using the Children's Integrated Therapies and Nursing service	Providing easily accessible information for families

The QIF programme is driving innovative ideas with positive impacts for people who use our services bringing Our Vision to life. The range of quality improvements will be showcased at Lancashire Care NHS Foundation Trust's Quality Improvement Conference on 12th May 2017, to which members of the Board, Council of Governors and commissioners have been invited to attend.

Research and Development

Lancashire Care NHS Foundation Trust is dedicated to improving the health of people who use our services, their carers and stakeholders by providing its staff with the most current research findings in the country and by continuing to actively take part and lead high quality research. Lancashire Care NHS Foundation Trust supports the Research & Development Department to work closely with clinicians along with internal and external researchers to develop and deliver a range of research studies. The department ensures that all regulatory requirements are met in relation to NHS research governance and the conduct of clinical trials.

A number of collaborative projects with local Universities have facilitated researchers at different stages of their research careers (from novice to post doctorate study) to develop their research skills further. The Trust has also participated in more industry clinical trials than previous years.

The Research and Development Department have built upon the close partnership working with Lancashire Teaching Hospitals NHS Foundation Trust and Lancaster University to develop a shared Clinical Research Facility (CRF). The CRF is within a Lancashire Care building but based upon the Lancashire Teaching Hospital's Royal Preston site. The CRF partnership has secured £750,000 of National Institute for Health Research funding to deliver further experimental medicine research there. This enables both Trusts to increase their participation in complex clinical trials.

Outcomes:

- Participation in clinical research demonstrates 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
- Lancashire Care NHS Foundation Trust's Research and Development team have set up the national ROSHNI-2 trial – a study of a group intervention for postnatal depression with mothers of a South Asian origin – as well as the research evaluation of the Routine Enquiry about Adversity in Childhood (REACh) programme. This has enhanced the organisation's profile as leader in research.
- More participants have been recruited to interventional studies, i.e. those having a direct impact upon the types of treatment they receive.
- The portfolio of research projects has increased in 2016/17, with participation in a higher number and wider range of studies.
- Research in rheumatology has continued to develop rapidly with three new industry commercial trials in set-up.

Patient Experience

This section of the document aims to demonstrate the experience of people who are using or have used our services.

Lancashire Care NHS Foundation Trust utilises a number of ways in which to receive feedback and welcomes it in all forms. These include the Community Mental Health Survey and real time data collection including the Friends and Family test and hearing feedback from complaints and compliments.

Other quality indicators relating to the domain of experience have been reported in section 2.3 and include:

- Community Mental Health Service National Survey Results.
- The percentage of staff employed by Lancashire Care NHS Foundation Trust, who would recommend Lancashire Care NHS Foundation Trust as a provider of care to their family or friends
- Percentage of staff experiencing harassment, bullying or abuse from staff in the last 12 months
- Percentage believing that trust provides equal opportunities for career progression or promotion

Lancashire Care NHS Foundation Trust values the contribution of people who use our services to inform continuous quality improvements at an individual service level and at a strategic level and this is reflected in Our Vision, Quality Plan and People Plan with “people at the heart of everything we do”

Quality Priority 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	
Target	**Progress**
• All teams will use information feedback from people who use their services to inform quality improvements and will share feedback in the form of ‘you said we did’ messages. • Lancashire Care NHS Foundation Trust will identify ‘always events’ to be implemented in line with the ’always events plan’ across the organisation. • On completion of the Always Events pilot with the Learning Disability Service as part of the National Programme Always Events will be co-produced with 4 clinical teams encompassing a focus on care plans being the best they can be.	 To build upon this work in 2017/18   7 Always Events are in progress and will continue into 2017/18

Hearing feedback

Lancashire Care NHS Foundation Trust welcomes and actively encourages feedback from people who use our services and carers and shares this information with the clinical teams to support quality improvement.

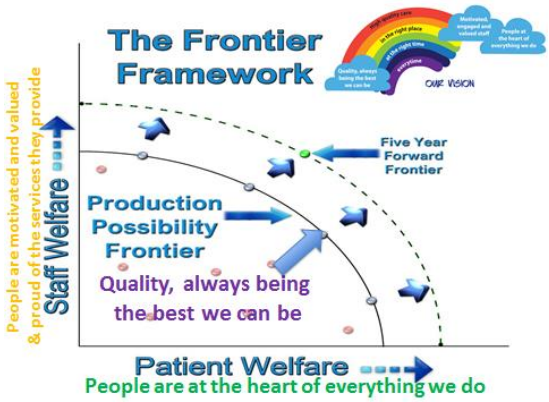
Feedback in the form of complaints:

Examples of improvements include:

- Continuing to embed the opportunity to address feedback in the form of complaints quickly and appropriately using a rapid resolution process. This is resulting in fewer people being dissatisfied with their responses and a correlation can be seen between the increased use of the rapid resolution opportunity and the decreasing rate of complaint responses needing to be reviewed or complaints needing to be reopened. This is reflective of the findings of the Clywd Hart Report.

- A case management approach has been tested to support a person centred approach to complaints handling and management. The approach is having a positive impact for both people who have shared feedback in the form of a complaint and the person investigating the compliant and developing a response. Implementation of this approach will be spread in 2017/18 with process, balancing and outcome measure in place.

- Lancashire Care NHS Foundation Trust has been successful in an application to participate in a national pilot with NHS England called the Frontier Framework.



The pilot is looking at improving quality by focusing on the experiences of people who use services and people who provide and support service provision. We believe that The Frontier Framework will support the achievement of Our Vision, the Quality Plan, and People Plan, and believe the Production Possibility Frontier (PPF) relates to our outcome - to always be the best that we can be. Testing of this approach began in January 2017 and will continue into 2017/18.

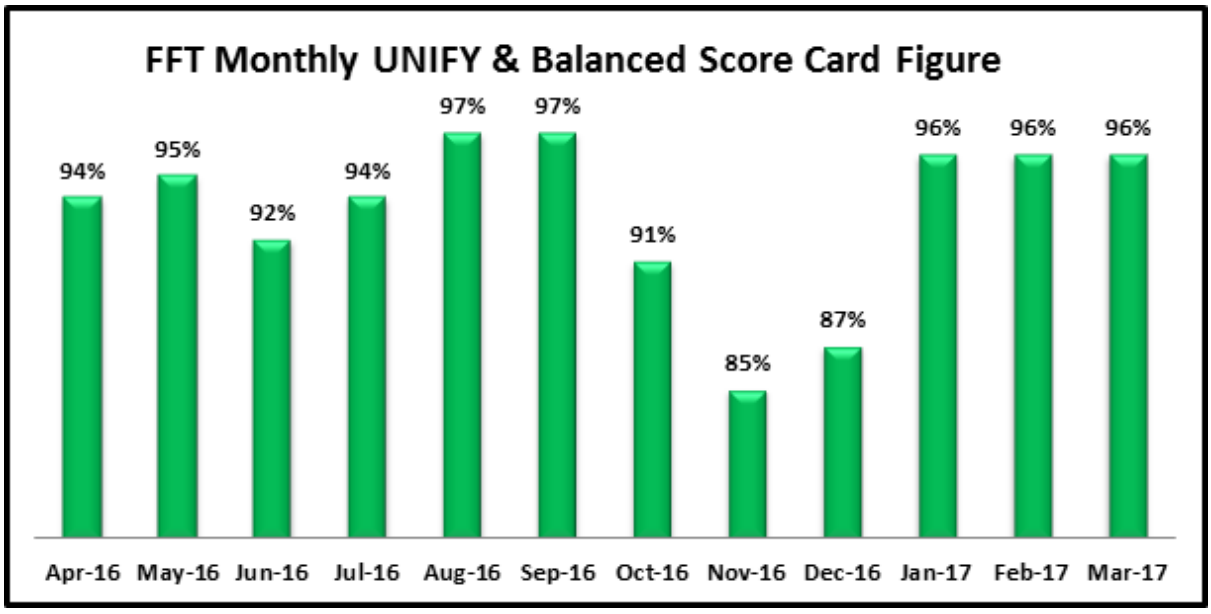
Real Time feedback and the Friends and Family Test (FFT)

Lancashire Care NHS Foundation Trust has been collecting FFT feedback in line with the national guidelines since January 2015, with services asking the question either at the point of discharge, at a point in the care pathway or quarterly. Alternatively a person can choose to give feedback at any time through Lancashire Care NHS Foundation Trust's website

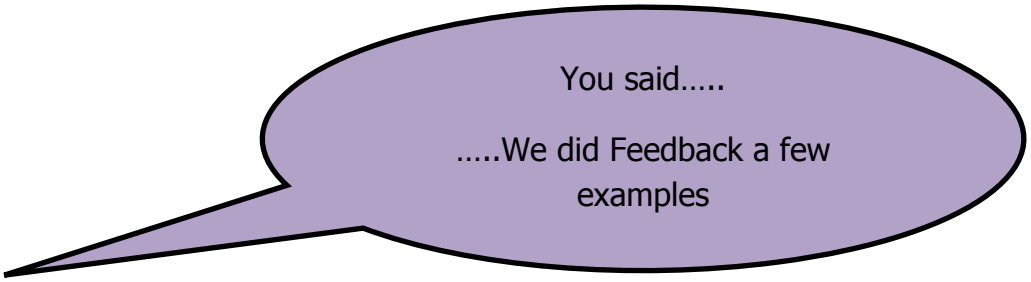
https://www.lancashirecare.nhs.uk/How-We-Are-Doing In addition to the FFT question people are asked four questions in relation to involvement in care planning, courtesy and respect, access to staff, and confidence in future treatment by the team. Two free text questions are also asked giving people the opportunity to feedback on the best aspect of care and ideas for improvement. The feedback received is welcomed as an opportunity to celebrate success and inform team quality improvement plans.

All feedback is collated in a single software package which enables team to Board level reporting. The FFT question is included in the monthly Balance Score Card report. The Unify national reporting timetable requires lock down of the data at a given point in the month, and this position is reflected on the Balance Score Card. However, as all feedback is valued, returns received after this date are subsequently inputted to enable teams to utilise the information to inform quality improvements. The Friends and Family test returns are uploaded to the national reporting system in line with requirements, reported to the Board and Commissioners, and are displayed on Lancashire Care NHS Foundation Trust's website https://www.lancashirecare.nhs.uk/How-We-Are-Doing

The monthly FFT figure of those extremely likely / likely to recommend services is:



Work has progressed with children and young people across the year to enable them to access and respond to the FFT questions themselves. This has impacted on the FFT positive percentage as there has been an increase in the number of 'don't know' responses. This has been identified as a quality improvement opportunity to co-design and test different approaches to hear feedback from children and young people whilst continuing to meet the mandated requirements.



Service	You said…	We did…
CITNS	The option to 'opt in' to select an appointment time is not effective as out of school hour appointments were not available.	The clinic schedule has been revised and after school appointment times are now available.
Sexual Health under 25 services	People requested testing and treatment for sexually transmitted infections at the same visit as they attend for their contraception.	All contraception staff have been increasing their competencies and skills and now asymptomatic screening for Chlamydia, Gonorrhoea, HIV and syphilis can be offered at every venue and we are starting to offer symptomatic testing at central clinics. This will be rolled out to other sites over the next few months.
Dental - Ringway	The directions for one of our dental sites on the website sent you somewhere else and resulted in you being late for your appointment	We have now included the postcode for Sat-Nav users on our website and on the appointment letters

Involving people in co-designing 'Always Events'

Lancashire Care NHS Foundation Trust are proud to be part of the national Always Event (AE) pilot which was funded as part of the Compassion in Practice Strategy by NHS England working in partnership with Picker (Europe) and the Institute for Healthcare Improvement (IHI) - Always Events® is registered trademark and 'owned' by IHI.

Always Events (AEs) are defined as those aspects of the care experience that should always occur when people and family members interact with healthcare professionals and the health care delivery system. IHI's Always Events framework provides a strategy to help health care providers identify, develop, and achieve reliability in a person- and family-centered approach to improve individual's experiences of care. An Always Event is a clear, action-oriented, and pervasive practice or set of behaviours that:

- Provides a foundation for partnering with people and their families
- Ensures optimal experience and improved outcomes
- Provides a common platform for all that demonstrates a continuing commitment to person and family centred care

The opportunity to be part of the national pilot was timely as Lancashire Care NHS Foundation Trust had committed to developing AEs as part of Our Vision and Quality Plan. The pilot enabled us to access the support and guidance from experts and raise the profile of the importance of involving people wo use services, families and carers in understanding their experiences and what will these experiences better.

Lancashire Care continues to participate in the national Always Event pilot with NHS England, Institute for Health Care Improvement and Picker Europe

During 2016/17 Lancashire Care NHS Foundation Trust have continued to support the national roll out of the Always Event Programme and have shared experiences and learning at the National Patient Safety Congress in July with NHS England, and at a National Always Event Summit in London in November with NHS England, NHS Improvement, IHI and Picker Europe.

During 2016/17 more teams have engaged in co-designing Always Events with people who use services, families and carers. The national pilot continues to expand and in January 2017 a number of new Trusts will join the pilot. As part of their commitment to the pilot, and to support teams to engage and implement their Always Event, coaching telephone calls with NHS England, the IHI and Picker Europe are being facilitated. This invitation has been extended to all our wave 2 teams. All engaged teams have committed to the calls and provide regular update reports as part of the national pilot.

Wave	Always Event Team	Focus of the QI
Initial Wave	BwD ALD – “I’ll always be supported in moving on in care”	Transitions
Wave 2	Lancaster ALD	
Wave 2	East ALD	Transitions
Wave 2	Guild – “My voice always matters”	Hearing Feedback/ Communication
Wave 2	Wordsworth Ward	Involvement of family and carers/ Communication
Wave 2	CITINS Ashton	Transitions
Wave 2	HMP Liverpool	Hearing Feedback/ Communication
Wave 2	Community Mental Health (feedback from national survey – 2 Always Events)	Collaborative Care Planning &and Communication

All engaged Always Event Teams will showcase their co-design at the Quality Improvement Conference in May 2017. Lancashire Care NHS Foundation Trust is committed to the rollout of the Always Events in line with Our Vision and Quality Plan. In addition the Head of Quality Improvement and Experience is working with the IHI as a faculty member to support the national roll out.

Mixed-sex Accommodation Breaches

During the Care Quality Commission (CQC) inspection of the Lancashire Care NHS Foundation Trust in April 2015, it was identified that a ward breached the same sex accommodation standards. This ward provided a mix sex environment for dementia patients. Immediate action was taken to ensure the ward became compliant with mixed sex accommodation standards and this was validated by an internal quality assurance visit and an external quality assurance visit by our lead commissioner for mental health services. As part of a longer-term plan to improve the quality of the environment, the ward itself was relocated from Burnley to Blackburn in Autumn of 2016 providing an improved care environment that fully meets the mixed sex accommodation standards.

Lancashire Care NHS Foundation Trust is compliant with the Government's requirement to eliminate mixed sex accommodation, except when it is in the person's overall best interest, or reflects their personal choice. If Lancashire Care NHS Foundation Trust should fall short of the required standard it will report it to the Department of Health and Commissioners. Lancashire Care NHS Foundation Trust's declaration of compliance is located on the website: http://www.lancashirecare.nhs.uk/privacy-and-dignity-single-sex-accomodation

Safety

This section of the document shows the measures Lancashire Care NHS Foundation Trust is taking to reduce harm to people who use services and staff.

Other quality indicators relating to the domain of safety have been reported in section 2.3 and include:

- Rate of patient safety incidents
- Percentage resulting in severe harm
- Percentage resulting in death

Quality Priority 3 - People who use our services are at the heart of everything we do: care will be safe and harm free	
Target	**Progress**
• Implementation of Mental Health Harm Free Care Programme across inpatient mental health Services. • Implementation of the reducing restrictive practices programme in line with the Lancashire Care NHS Foundation Trust's plan. • Implementation of harm free quality improvement initiatives to achieve the sign up to safety plan with a focus on: violence reduction, falls prevention, skin care/pressure ulcer prevention, medication omissions, self-harm.	  Quality improvements to continue into 2017/18

Lancashire Care NHS Foundation Trust's aspiration is to achieve harm free care. To support this agenda a new interactive forum has been established which will:

- Collectively explore the story the data is telling using a range of data presentations.
- Enable clinical teams in person or via skype to share any quality improvement initiatives and any challenges

This new approach will be tested during 2017/18.

The table below demonstrates the number of people surveyed as part of the physical health safety thermometer during 2016/17 across Lancashire Care NHS Foundation Trust and the percentage of people who are measured as harm free.

Monthly Harm Free Care Data for 2016/17												
Month	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Number of teams submitting	42	43	43	43	42	43	42	43	42	41	41	41
Number of patients surveyed	1,115	1,164	1,159	1,029	1,117	1,014	1,016	1,020	1,085	1,252	1,099	1,158
%Harm Free reported on BSC	93%	92%	95%	96%	94%	94%	94%	93%	94%	95%	95%	93%
Data Source: LCFT Master Safety Thermometer Dashboard Report												

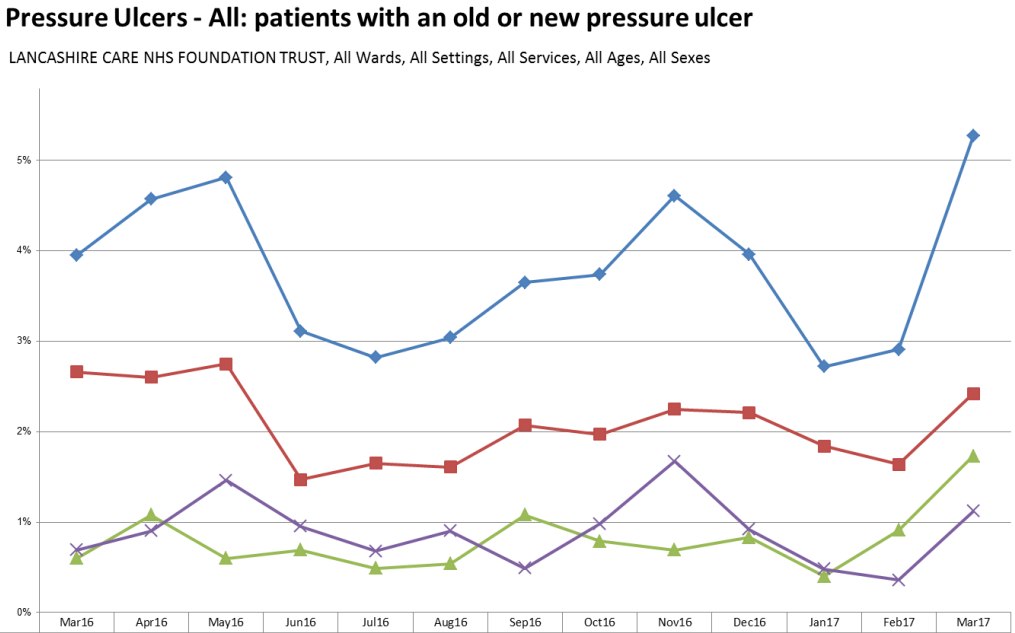
The Harm Free Care[1] initiative focuses on thinking about complications for people using services, aiming as far as is possible for the absence of all four harms for each and every person. The initiative supports best practice and quality improvement across physical health care focused community services, Longridge community hospitals, physical and mental healthcare services in secure settings, mental health inpatient and community services for people over 65 and learning disability community services for people over 65. The Harm Free Care programme relates to all applicable clinical teams whether these harm factors are a key part of the teams role or form part of an increased awareness / holistic assessment of factors which may be impacting on a person's health and well-being and as such their clinical presentation.

Fluctuations in the number of teams submitting data reflects the closure and opening of some wards, amalgamations of teams and that some teams provide nil returns some months. As can be seen from the data the 95% harm free care aspirational national target has been achieved on 4 of the 12 months reported.

Between April–September 2013 baseline data for pressure ulcers was established and an improvement target has been agreed with commissioners. This relates to the median position of 5% and the maintenance of this position across five consecutive months in subsequent years. Lancashire Care Foundation Trust has achieved this for 11 consecutive months from April 2016 – February 2017. In March 2017 this rose to 5.27% and the data is currently being reviewed to understand the reason for this.

[1] http://harmfreecare.org/

The chart below reflects the point prevalence of all pressure ulceration as monitored by the Safety Thermometer



	Mar16	Apr16	May16	Jun16	Jul16	Aug16	Sep16	Oct16	Nov16	Dec16	Jan17	Feb17	Mar17
Pressure Ulcers - All	3.95	4.57	4.81	3.11	2.82	3.04	3.65	3.74	4.61	3.96	2.72	2.91	5.27
Category 2	2.66	2.6	2.75	1.47	1.65	1.61	2.07	1.97	2.25	2.21	1.84	1.64	2.42
Category 3	0.6	1.08	0.6	0.69	0.49	0.54	1.08	0.79	0.69	0.83	0.4	0.91	1.73
Category 4	0.69	0.9	1.46	0.95	0.68	0.9	0.49	0.98	1.67	0.92	0.48	0.36	1.12
Patients	1166	1115	1164	1159	1029	1117	1014	1016	1020	1085	1252	1099	1158

Lancashire Care NHS Foundation Trust continues to investigate all incidents where pressure ulcers are acquired in our care and lessons learnt are shared widely within the organisation. Quality improvement work continues with case studies relating to people who have developed pressure ulcers that could potentially have been avoided even though all care was in place being presented to inform learning.

Mental health harm free care programme

The Mental Health Safety Thermometer is a national tool that has been designed to measure commonly occurring harms in people that engage with mental health services. It is a point of care survey that is carried out on one day per month which supports improvements in care and experience, prompts actions by healthcare staff and integrates measurement for improvement into daily routines.

It enables teams to measure harm and the proportion of people that are 'harm free' from self-harm, psychological safety, violence and aggression, omissions of medication and restraint. The aspirational target is '*Organisationally Lancashire Care will achieve 90% Harm Free Care for inpatient mental health wards by March 2017". This* target has not been achieved however, Lancashire Care NHS Foundation Trust is committed to promoting health and preventing harm and as such has set a challenging aspirational target and quality improvement work will continue to ensure successful achievement. Individual wards are being supported to identify their local quality improvement aim to support this, using quality improvement methodologies as part of the Quality Improvement Framework (QIF) programme utilising the 'Safe Wards' approach.

The Mental Health Harm Free Care percentages for 2016/17 can be seen below:

Monthly Harm Free Care Data for 2016/17												
Month	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Number of teams submitting	38	38	38	38	38	38	39	40	40	40	40	39
Number of patients surveyed	479	478	488	479	474	467	471	488	477	495	479	466
% Harm Free as per HSCIC definition (without medicines omissions)	80%	80%	77%	82%	82%	83%	81%	82%	83%	86%	84%	85%
Reported on Balance Score Card	80%	80%	77%	82%	82%	83%	81%	82%	83%	86%	84%	85%

Data Source: LCFT submissions to HSCIC Mental Health Safety Thermometer https://www.safetythermometer.nhs.uk/index.php?option=com_content&view=article&id=4&Itemid=109 and LCFT Balance Score Card

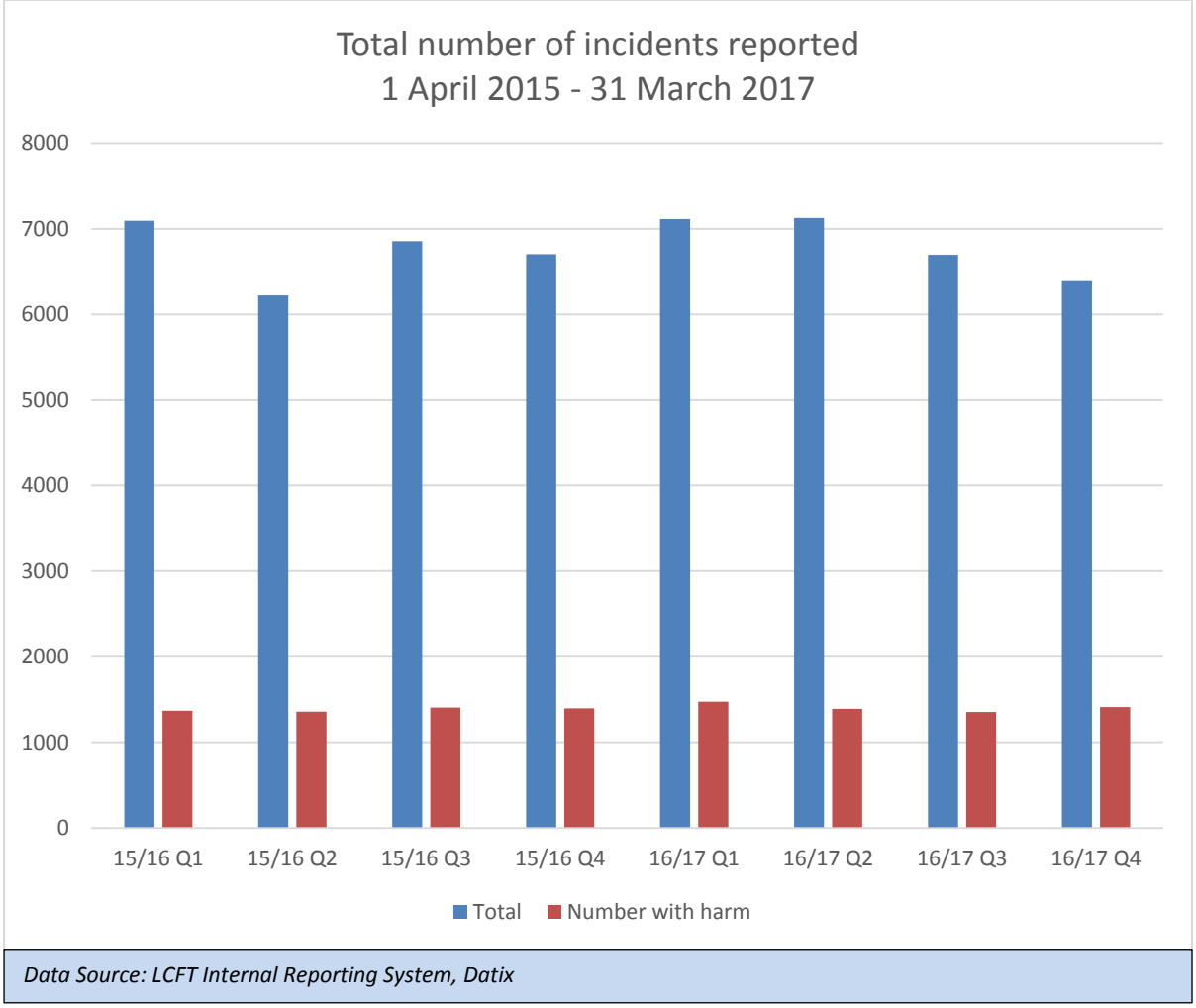
Reducing Restrictive Practices

Lancashire Care NHS Foundation Trust has continued its reducing restrictive practices programme and this was transitioned into everyday clinical practice in 2016. The monitoring and assurance of continued improvements is through the Clinical Risk and Restrictive Practice Steering Group. The programme had delivered a number of improvements over the two year period including:

- Elimination of prone restraint from clinical practice.
- Improvements in the content and approach to violence reduction and restraint training.
- Enhancements to seclusion rooms and extra care areas.
- Revised policies and procedures for restrictive practices, violence reduction, observations in mental health services and seclusion.

Reporting of Incidents

The chart below shows the number of incidents throughout 2015/16 and 2016/17. The number of incidents reported with harm includes all incidents where the result reported included allergic reaction, ill-health, injury or death.

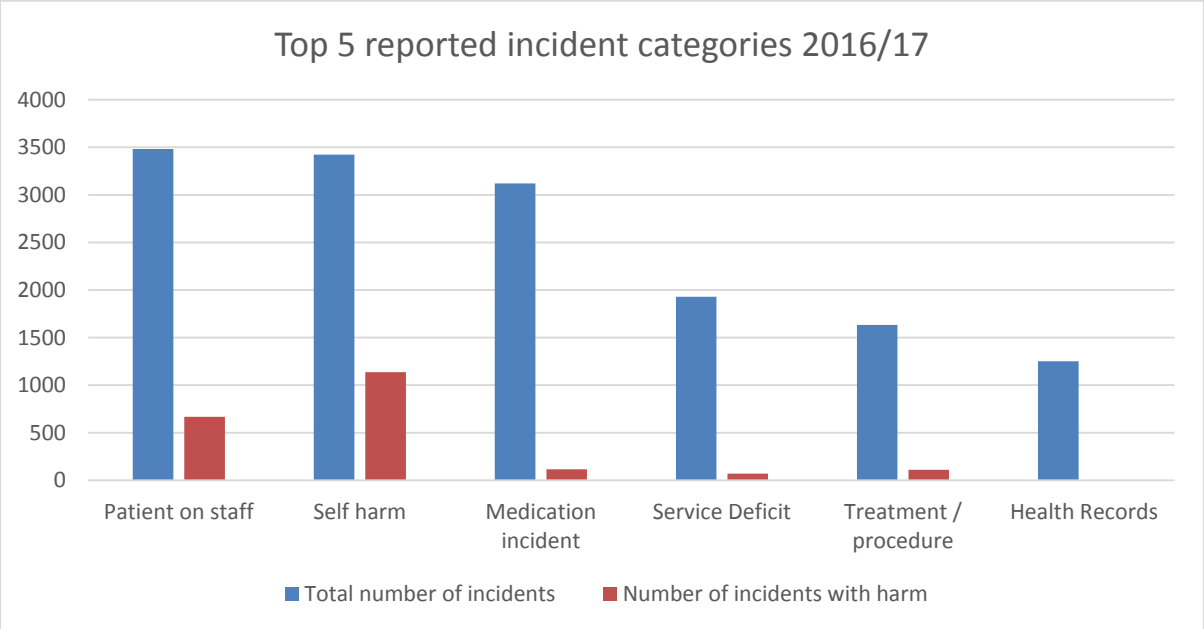


Data Source: LCFT Internal Reporting System, Datix

The chart above shows a consistent pattern of incident reporting which demonstrates the continued reporting culture.

Top 5 Reported Safety Incidents (Patient Safety and Staff Safety)

The top 5 reported patient safety incidents are shown in the table below:



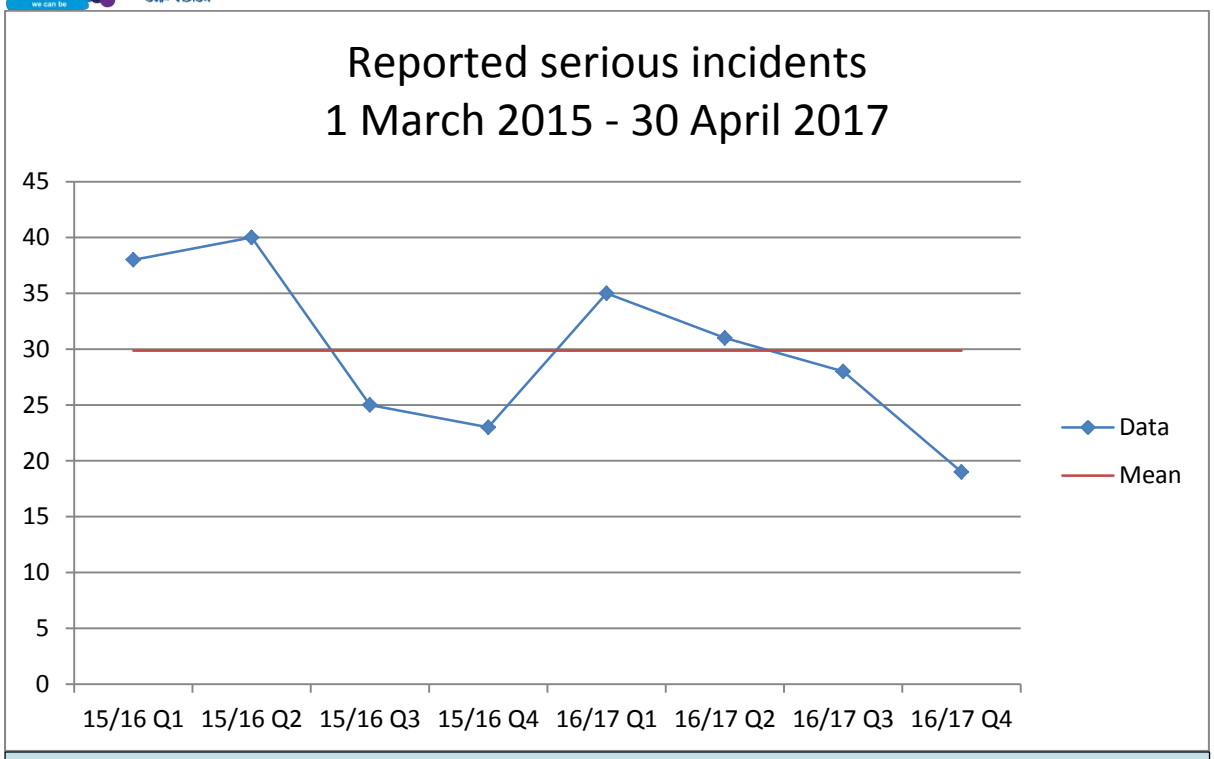
Data Source: LCFT Internal Reporting System, Datix

The categories of incident identified are actively monitored through various thematic analysis and reports. Within the context of being a mental health provider, the categories of self-harm, medication and violence are expected and remain as key quality priorities. Improvement work is ongoing in all areas. The category of service deficit includes a variety of sub-categories including staffing related incidents. The category of treatment/procedure is also broad and includes a range of sub-categories including cancellations and access delays.

Serious Incidents

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 post incident review investigation which includes the development of recommendations and quality improvements.

The number of serious incidents occurring is reported to the Board on a monthly basis and to the Quality and Safety Sub-committee and Quality Committee of the Board on a six monthly basis through a thematic report prepared by the Medical Director and Associate Director of Safety and Quality Governance. A continued downward trend of serious incidents has been seen year on year. The following chart is part of the report mentioned above showing a long term view of serious incidents.



Data Source: LCFT Internal Reporting System, Datix

Mandatory Training

Mandatory Training						
Indicator	**2015/16 Target**	**2015/16 Outcome**	**2015/16 Target Achievement**	**2016/17 Target**	**2016/17**	**2016/17 Target Achievement At month 12**
Staff Mandatory Training	**85%**	**76.16%**	**x**	**85%**	**90.68%**	✓
Data Source: LCFT Internal System (Quality Academy)						

Lancashire Care NHS Foundation Trust has taken the following actions to achieve and maintain this percentage, and so the quality of its services, by;

- Ensuring that all Core Skills (mandatory) training is streamlined and delivered effectively via innovative methods to engage with staff and provide Core Skill assurance in line with national and legal requirements. The Quality Academy is supporting the organisation to deliver the plans in a timely and effective way whilst ensuring staff are receiving a positive training experience. Training opportunities are being reviewed on an ongoing basis by the Quality Academy to ensure that there is availability of the following:

- Flexible timings / central venues and bespoke training
- Blended approach to learning
- Additional trainers

- Course availability and compliance reports are made available to the Networks on a weekly basis to enable the networks to future plan for core skills training requirements.
- Core Skills Training Passport: Lancashire Care is working closely with the North West Streamlining Programme Team to enable data to be shared with other aligned organisations regarding training of staff moving to and from other partner aligned organisations thus avoiding potential duplication whilst providing an assurance of quality of prior training.
- Induction is offered as standard on the first day of employment to ensure staff, are appropriately introduced to the organisation. Enabling induction to take place on an employee's first day of work ensures that all staff are welcomed and introduced to the vision and values of Lancashire Care NHS Foundation Trust. The new induction schedule contains Core Skill training to ensuring that staff are fully prepared for their roles.

Well – Led

This section of the document aims to demonstrate how we know our care is well-led proving assurance of the delivery of high-quality care for people, supporting learning and innovation whilst promoting an open and fair culture.

Quality Priority 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	
Target	**Progress**
• We are recognised as an organisation that provides outstanding experiences and achieves excellence in safe and effective care with no Care Quality Commission (CQC) enforcement actions. • Internal Quality Assurance Visits will be driven by intelligence from quality surveillance and a revised Quality SEEL tool for Networks and Support services will be launched	  To continue to develop quality surveillance to inform quality improvements

Lancashire Care NHS Foundation Trust's approach to quality surveillance enables team to Board assurance. The system called the Quality SEEL has been refreshed during 2016 to provide real time quality dashboards for each team with aggregated quality surveillance reports at Network and Trust levels. The quality surveillance system will continue to develop further integrating additional quality measures and indicators.

The People Plan

Lancashire Care NHS Foundation Trust continues to work hard to successfully embed values to ensure the delivery of high quality care: Teamwork, Compassion, Integrity, Respect, Excellence, Accountability.

These values are the foundation stones for everything Lancashire Care NHS Foundation Trust does and the behaviours of each and every member of staff.

Lancashire Care NHS Foundation Trust recognises the relationship between positive staff experience and the positive impact this has for people using services. In particular we have embraced the research by Borrill and West et al which demonstrates that well led, highly engaged, appropriately trained and developed staff working in effective teams reduces both mortality and morbidity.

During 2016, Lancashire Care NHS Foundation developed a comprehensive 'People Plan' (Organisational Development Plan). The plan was finalised at the end of the summer 2016 and the 'foundation year' activity of the plan is being delivered in 2016 and early 2017. From April 2017 to March 2018 (year one of the plan) the plan sets out an ambitious set of actions in each of the six areas of the plan.

The plan has the following high level 'domains' of focus and activity:

The People Plan actions will build on our current activity and continue to increase our levels of staff engagement. The activity has been grouped as below and the progress in the foundation year is described under each domain:

1. Ensuring People have a clear shared vision and shared values

Continuing to communicate Our Vision and supporting strategic narrative, based on high quality compassionate care

A snapshot of foundation year activity:

There was a fantastic response to the internal communications survey with over 500 responses. The feedback will be discussed at local People Groups and team meetings, with a view to re-launching our communications, engagement and feedback channels from Spring 2017, including new opportunities for colleagues' views to be heard; local team news to be shared more widely across Networks; and new ways of connecting colleagues to other teams. A thank you card was launched featuring a design by a member of staff, who won the competition to design the card, to recognise colleagues for a job well done and a healthy attitude.

2. Ensuring People have clear plans, objectives and tasks

Ensuring that individual objectives are aligned with Our Vision and flow through the organisation.

A snapshot of foundation year activity:

One of our networks has taken up the offer of an away day for every team. The Organisational Development team has so far delivered around 20 such full day workshops, each resulting in a vision for the team, agreed behaviours, an action plan and much more.

3. Ensuring People are well supported and well managed

Continuing to manage people in a supportive and compassionate manner; ensuring best Human Resources management practice is in place. Engaging people through appreciative and authentic conversations giving a true voice to employees, allowing influence and contribution and a greater emphasis to the health and wellbeing of the people.

A snapshot of foundation year activity:

Human Resources have introduced values-based recruitment and reviewed recruitment documents, for example to include the organization's values. The Equality and Diversity team are embedding diversity and inclusion work into everyday activity including a values-based recruitment toolkit, participating in the Allied Health Professionals research network and celebrating inclusive practice.

4. Providing learning, development and training for people

Ensuring that high quality learning, education and development activities are available, especially ensuring line managers have the skills to deliver great people management and continuing to develop people to confidently use quality improvement methodologies and a range of enablers building on the Appreciative Leadership learning.

A snapshot of foundation year activity:

Much progress has been made in Information Technology training and delivery, including Health Informatics drop-in sessions and clinical shadowing to better understand the business and how people work in different teams. The Quality Academy is working to ensure that our on-boarding and inductions prepare new colleagues to understand the structure, services and values. The Compliance and Assurance team launched KnowLA (Knowledge and Legal Advice Centre) in March 2017: this is a place on Trustnet to share internal knowledge and legal advice across teams and networks, helping people access the information that they need at the touch of a button.

5. Ensuring People are working well in teams

Ensuring teams have shared objectives and work together regularly reviewing their performance.

A snapshot of foundation year activity:

Property Services have embraced the People Plan and it has become integral to everyday operations, with two Cultural Ambassadors who champion the People Plan. More Team Talks are being delivered through live streaming from senior leaders utilising Skype.

6. Developing People Leaders and People Managers

Continuing to develop a culture of leadership by enabling the collective actions of formal and informal leaders to act together and drive organisational success.

A snapshot of foundation year activity:

The leadership competencies that we expect every leader to demonstrate have been refreshed to better reflect our values, we have developed ways of identifying talent in leadership and management at all levels and we have promoted coaching as a way of people getting support and development

Staff Engagement

Engage Events

The Chief Executive's Engage events take place each quarter for 300 leaders to provide an update on the current priorities, progress against them and to enable attendees to feedback their thoughts to the Executive team. The events are led by the Chief Executive and time for networking and questions from the floor are built into each event. A similar event is held on a biannual basis for Aspiring Leaders to support their development and engagement in the future plans and from January 2017 the decision has been made to bring the two events together on selected dates. This will increase networking and development opportunities for aspirant leaders and also achieve efficiencies in terms of cost and time.

Health and Wellbeing

Lancashire Care NHS Foundation Trust recognises that the health and wellbeing of its people is vital to drive the delivery of high quality care. Lancashire Care NHS Foundation Trust is a Mindful Employer and has a Health and Wellbeing programme in place to ensure that wellbeing is integral to the employment experience, with one of our quality outcomes stating 'People are at the heart of everything we do'.

Our Quality Plan outlines the commitment of Lancashire Care NHS Foundation Trust achieving the Workplace Wellbeing Charter and this work commenced in December 2016. Partnership working with Lancashire Sport has been established to support the generation of workplace physical activity initiatives. A Workplace Challenge online resource promoted a Walk to Rio! Challenge in August 2016. Other activity includes 'Back to Netball' taster sessions, funding for run leader training, table tennis resources and support to skill up Champions around coaching and activating others.

Activity includes the development and dissemination of an organisational Statement of Intent for Physical Activity, 'Time for Change' sign up, organisational pledge and action planning, and wider network engagement. The commitment to identify Health and Wellbeing Champions in all networks and incrementally increase from 60 to 160 has been achieved. Health and Wellbeing Champions continue receiving monthly newsletters and promotional information, more recently the focus has been on people across the organisation showcasing their activity and support for each other. Three Health and Wellbeing Fairs took place in November 2016 which where predominantly planned and delivered by Champions, these Fairs where well attended and well received.

Health and Wellbeing is a golden thread that runs throughout our People Plan, and more specifically within Domain 3 'Managing People effectively so they feel well supported with improved health and wellbeing'. Collaborative working is in place with those involved in implementation of the plan to ensure Health and Wellbeing is considered and that the plan supports the views of our people as collated from the Big Engage events in 2016.

Awards/Achievements

Lancashire Care NHS Foundation Trust is proud of the awards received and achievements made over the last year, below are examples:

Specialist Services

Soapy Suds, a car wash and valeting business based at Guild Lodge in Preston and led by people living at Guild Lodge, was a winner at the National Service User Awards held on 27 April 2016 at Silverstone Race Course.

The National Service User Awards celebrate the various service user led initiatives and achievements within a secure care setting. This year Soapy Suds were winners of the 'Community, Social or Vocational Initiative'. This was set up by service users at Guild Lodge supported by the Service User and Carer Lead and Occupational Therapy staff.

National awards ceremony

The project provided people the opportunity to gain skills and experience in business; from the financial side to customer service and all about how to run a business.

People living at Guild Lodge were also finalists in the 'Breaking Down Barriers' category for a workshop aimed at fourth year medical students which provides perspective from people living at Guild Lodge regarding their care to help the interaction and highlight the importance of developing good listening skills and a person centre approach.

Children and Families

The Blackburn with Darwen Health Visiting Service won an accreditation award from UNICEF Baby Friendly Initiative (BFI) designation committee.

The UNICEF Baby Friendly Initiative was introduced to the UK in 1995 and is based on a global accreditation programme of UNICEF and the World Health Organisation.

The Baby Friendly Initiative is designed to support breastfeeding and parent infant relationships. Working with public services the aim is to improve standards of care.

The Blackburn with Darwen Health Visiting Service maintained their excellent history of results and percentages. The Infant Feeding Coordinator reported that 'the assessors could not fault'. With the assessors reflecting how well embedded BFI standards are in Blackburn with Darwen. The assessor said that the joint working between Health Visiting and Children Centre's illustrated 'a very cohesive area'. The assessor also commented 'you don't realise how good you are in Blackburn with Darwen, outstanding'.

The Contraception and Sexual Health Service was a winner at the Lancashire Lesbian, Gay, Bisexual and Transgender (LGBT) Quality Mark.

The Lancashire LGBT Quality Mark is part of a quality assurance programme for service providers first introduced in 2015. The programme is designed to assist service providers to measure how well the needs of LGBT people using services, volunteers and staff are being met, whilst also reducing barriers.

Adult Mental Health

One of our Professors won the Royal College Psychiatrists Researcher of the year at the Royal College of Psychiatrists Awards ceremony in 2016.

This award recognises the critically important role that clinical academics play in conducting scientific research that improves the understanding of, and treatment and care of people with, mental illness.

Receiving the award ceremony

Adult Community

Lancashire Care NHS Foundation Trust's Diabetes Education and Self-Management for Ongoing and Newly Diagnosed (DESMOND) team won in the Innovation Award and Educator Award categories of the Celebrating DESMOND Annual Awards Programme, on World Diabetes Day. The awards are a national initiative that celebrates good practice in the delivery of DESMOND and the positive contributions to people with Type 2 diabetes.

The Diabetes Educator innovation award

Educator of the Year

Blackburn with Darwen Always Event

Penguin Teamwork Award

Winners of the October Academy of Fabulous Stuff Penguin Teamwork Award
http://fabnhsstuff.net/2016/10/25/october-award-winners-congratulations/
http://fabnhsstuff.net/2016/09/14/always-events-co-designing-improvements-together/

Shortlisted for the national 2016 Penguin Teamwork award and received a scroll acknowledging their great work at a national event in London in November 2016.

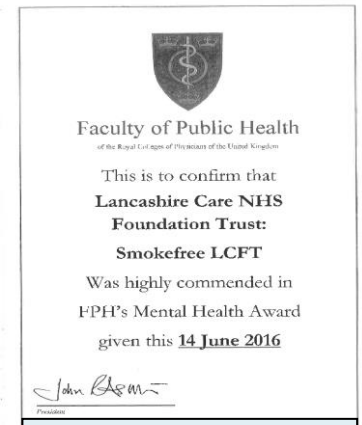
Highly Commended Positive Practice Experience Award 13th October 2016

Highly Commended by the Positive Practice Collaborative

Support Services

Public mental health is a priority for the Faculty of Public Health (FPH), and to help share good practice, FPH launched a new Public Mental Health Award 2016.

Lancashire Care NHS Foundation Trust was highly commended by the Faculty of Public Health for its continuing work around Smokefree.



Certificate awarded to LCFT

Lancashire Care NHS Foundation Trust implemented a nicotine management policy across all health services in January 2015. This was prompted by NICE guidance PH48 which advocates smoking cessation, temporary abstinence from smoking and smokefree policies in all secondary care settings.

INNOVATION AGENCY
Academic Health Science Network for the North West Coast

Proudly displaying his certificate

The Innovation Programme Manager, won the Innovation Scout, Silver Award in December 2016. The Innovation Agency has a crucial role in the spread and adoption of innovation across the region and the criteria for winning this award included:

- Adoption of innovation and spread to more than one department or organisation
- Partnership working with other companies or public bodies on

innovations

- Sharing stories of innovation success on platforms out with their own organisation
- Added project/innovation to the Innovation Agency innovation exchange for adoption

Lancashire Care NHS Foundation Trust's Clinical Systems IT Training Team were awarded Informatics Skills Development Network (ISDN) North West Team of the Year at the North West Connect Conference in September 2016.

Clinical Systems IT Training Team at the North West Conference

The National Education & Training standards were re-launched by NHS Digital in the summer of 2014 and Lancashire Care Foundation Trust achieved Gold Training Service Accreditation and became a top three IT Training Team nationally.

The team demonstrated teamwork and excellence to achieve Gold accreditation. This led to the mainstreaming of best practice across the delivery of training from needs assessment, administrative process improvement, to high quality training delivery and assessment. The team apply real challenge to other areas of Health Informatics to ensure that they are focussed on the clinical services and what is good for our staff and our service users

Over 350 members of staff attended this year's Staff Awards Ceremony at the Dunkenhalgh Hotel in Accrington to celebrate the past year's successes and achievements.

Congratulations to all of the teams and individuals who received award and well done to everyone who received a nomination!

TEAMWORK

Front Line Team of the Year Award. This team also won the Chief Executive's Award for Excellence!

Winner – The Acute Therapy Service (Central and North) was nominated for the work that they do to prevent acute inpatient admission to mental health wards. Despite the high risk nature of the job, the staff promote a calm and relaxing atmosphere where compassionate care and respect is at the heart of care delivery. The service has helped to change people's lives and left a positive impact on them.

Highly Commended – The Fylde Coast Memory Assessment Service offers assessment, pre-diagnostic counselling, diagnosis, treatment and after care for all patients and carers living with dementia. The service has a track record of working with partners on initiatives and is the highest recruiter of patients living with dementia in research within the Trust. The service strives to keep the patient at the centre of everything it does and has been described as a real credit to the Trust.

Support Team of the Year Award

Winner – The EPMA Project Team has successfully rolled out the electronic prescribing and medicines administration system across the Trust's inpatient units. Described as dynamic, the team has worked tirelessly to deliver the project on time, training healthcare professionals from the Trust's Medical Director through to Healthcare Support Workers. The success of this project was also acknowledged by the CQC during its recent inspection.

Highly Commended – The Clinical Systems IT Training Team has shown consistent support in empowering clinical teams to maximise the use of technology. It was through their hard work that the Trust secured Gold accreditation in NHS Digital's National Education and Training Standards in 2016. This was achieved through a constant drive to improve standards, streamline processes and ensure quality is at the heart of the Trust's learning experience. The team has achieved and maintained a 100 percent satisfaction rate when deploying clinical systems training over the last 12 months.

COMPASSION

Service User and Carer Involvement Award

Winner – The CAMHS Central Lancashire Learning Disabilities Team has exhibited immense compassion through a group that it runs for parents and carers who have primary-school aged children with a disability or autism. The group, called Riding the Rapids, lasts for 10 weeks and is always well attended with lots of interesting activities. The feedback the team receives is phenomenal with parents sharing their experiences on how the course has made a difference to them, how they are now able to positively manage their children and about the support and care they receive from staff.

Highly Commended – As a senior member of the Assessment and Treatment Team, this persons hard work has left a huge impression on her colleagues. Despite happily taking on roles that can be stressful such as being on-call, she consistently exhibits calmness in her work and communicates in an excellent manner with professionals, agencies, patients and relatives. Her colleagues also note how she always provides a high level of support to all of her team and embodies quality at all times.

Compassionate Care Award

Winner – As an important member of staff on Calder Ward, the winner has a track record of interacting with service users in a positive and compassionate

way, developing good therapeutic relationships along the way. This was especially the case in her interactions with a challenging service user with complex needs. Despite being assaulted by the service user, she demonstrated outstanding compassionate care. She has also led on implementing the least restrictive interventions and assisting in the education of other team members to make Calder Ward a more compassionate and caring environment.

There were two Highly Commended in this category – When a young man who was suffering a mental health crisis had his bike stolen from outside West Strand House on his 21st birthday while seeing a member of the Preston Home Treatment Team, the team exhibited exceptional care, compassion and excellence by donating money to buy him a new bike, a birthday cake and some small gifts. This gesture, though small, meant a lot to this young man, and shows how this team went that extra mile to make a difference to a service user in his road to recovery.

The Bryon Psychiatric Intensive Care Unit (PICU) Ward Team showed extreme compassionate care that ma de a huge difference to the life of a Romanian service user who had been trafficked into the country, was extremely mentally unwell and spoke no English. In spite of the woman presenting an extreme challenge, the PICU team were able to provide her with support to improve her mental health. The lady was eventually handed over to the care of health professionals in her home country. However, on her last day on the unit, she realised the dangerous situation she had been in, how unwell she had been and that she would be forever grateful and never forget what they did for her.

ACCOUNTABILITY

Partnership Working Award

Winner – STEADY On! provides key messages on falls prevention, self-care tips, advice and signposting into relevant services. During the 12 months that the Steady On! project has been in place since October 2015, the team has exceeded the key performance indicators set by its commissioner, Lancashire County Council, and developed a track record of building rapport with other organisations. The team's proactive approach in marketing the project and visiting organisations in person has helped to engage and build positive relationships and help spread the STEADY On! message.

Highly Commended – This person has impressed his colleagues in forming strong partnerships with local businesses and organisations to secure donations in goods and services worth £7,000 to develop and run an allotment for the Open Door Centre in Colne that started off with very little financial backing. Using his own initiative, powers of persuasion, persistence and negotiating skills, his hard work has led to a sustainable and stable project providing somewhere where local people can learn and enjoy gardening helping to alleviate mental health issues, promote healthy eating, tackle social isolation, provide individuals with skills, improve quality of life and enable vulnerable individuals to develop their full potential.

RESPECT

Patient Quality Award

Winner – The Learning Disability Complex Needs Service has constantly delivered high quality care. Evidence gathered from the

Sheffield Learning Disability Outcome Measure (SLDOM), NICE guidance benchmarks, and audit and service user evaluations have all been positive about both the quality and the impact of the service. People who use services and their families benefit from a team with clinical expertise, experience, relevant qualifications and specialisms. This high performance has driven forward practice and is clearly related to the appropriate combination of professionals.

Highly Commended – This person has exemplified Trust values in her work to embed the nicotine management policy in the Adult Mental Health network. She has passionately, positively and persistently worked to deliver excellent services for service users in all aspects of her work and has strived to describe and demonstrate to colleagues how a smokefree hospital supports excellent care for service users. She uses her experience as a nurse to show how supporting a person with a nicotine addiction can be done respectfully and compassionately, and has spent lots of time listening to concerns from staff and service users and then responding respectfully and compassionately to find joint solutions to challenges.

INTEGRITY

Emerging Leader Award

Winner – This person is passionate and committed to nursing and the care of her service users. Her colleagues say she absolutely oozes all the elements you would expect in an emerging leader. She is committed, kind and compassionate, and acts openly, honestly and with integrity at all times. She is massively energised and energising, demonstrates passion and commitment to developing and progressing nursing and the services we provide to achieve excellence. She is also the driving force behind the emerging #lcftnightingales, a key player in the Network Health and Wellbeing events and a Schwarz round facilitator.

Highly Commended– This person is a committed and enthusiastic team leader who works in a way that ensures excellent outcomes for service users whilst supporting and valuing the staff on the ward. She has a very approachable management style which allows staff to discuss concerns in an open, informal way. She is extremely competent and understands her ward's vision and has excellent clinical skills, something that her teams says allows them to feel supported and secure. She also has an 'open door' supervision approach that allows staff to request supervision as and when required.

Unsung Hero Award

Winner – This person continues to work full time in her role despite having a terminal diagnosis. Her commitment to her work despite the severity of her illness goes above and beyond the call of duty. She has worked for the Trust for a long time and has always upheld the Trust values. Colleagues describe her as an inspiration, a font of knowledge, empathetic and compassionate to the core. She is currently raising funds through her charity work and is selfless in this. Her values represent everything that is good within a caring profession. Her colleagues say she is truly an unsung hero and deserves recognition from her peers and employers.

Highly Commended – This person has worked for local mental health services for over 35 years and remains as motivated and driven as ever.

She never fails to deliver excellent quality care, going above and beyond her role to ensure service users have the best possible outcome. She is professional and incredibly human in her approach to others. This includes accompanying people to appointments that they would not attend if she did not, arriving at work early or staying late to facilitate this. Feedback from service users that work with her is that they feel very valued and cared about.

EXCELLENCE

People's Choice Award

Winner – This person from the District Nursing Team was voted in by members of the public for the People's Choice Award. As a community practice teacher and Team Leader, Tracey is an excellent role model for district nursing. She exhibits passion and gives her fullest to the staff she manages and the student practitioners undertaking the specialist practitioner course in district nursing (degree course). In addition to her role as Team Leader, she gives up her free time as well as work time to ensure student practitioners get a quality placement and enhanced learning environment.

Highly Commended – The Bronte Ward, situated in the Dementia Unit at The Harbour in Blackpool, has ma de a huge impact on service users and their families with families of loved ones at the ward touched by the compassion, attention to detail and professionalism shown by everyone on the ward. The daughter of one service user felt that staff on the ward reacted beyond their expectations and treated her mother with love, dignity and respect. "What I saw within the Bronte team was an inspirational, dedicated, skilful and caring group of people, doing something that was more than just a job for them," she wrote.

Innovation Award

Winner – In the face of significant challenges and increased caseload, these people from the Speech and Language Therapy section of the Children's Integrated Therapy and Nursing Services (CITNS) Greater Preston introduced a few innovative changes that made some astounding results, positively impacting the lives of children with impaired speech and their families. Their work has benefitted services users, their families and the clinical team. As a result of the changes, the positive feedback from families has been overwhelming with clinics buzzing with energy and enthusiasm.

Highly Commended – Driven by a vision to empower care staff to identify and help patients who are at risk of dehydration, the Specialist Practitioner for Care Homes at the Trust, developed a practical piece of resource, the hydration tool kit that has made a huge difference to elderly residents in care homes. Through the kit, she has been instrumental in care homes proactively supporting their residents' hydration needs. One care home manager said that the toolkit has reduced urinary tract infections and hospital admissions and that her care staff are more engaged in supporting residents with their hydration needs. She is now sharing her work across the Trust.

Annex: Statements from Healthwatch, Overview and Scrutiny Committees and Clinical Commissioning Groups

Healthwatch (Lancashire)

Thank you for inviting Healthwatch Lancashire to comment on your Quality Account. Whilst we are grateful for the opportunity to do so, we have some difficulty in responding to such a huge document, especially when we are asked to do the same for all the NHS Trusts in our area.

At the same time, we appreciate that the content is to a large extent dictated by the requirements of the NHS nationally. As we did last year we would make a plea that a much shorter version be made available for stakeholders (which we think would be of value for others too) which would highlight the key points in an easy-to-read manner. This is indispensable if there is to be any reality to your stated desire to obtain feedback from us.

We would like to congratulate the Trust on its award of a 'Good' rating from the Care Quality Commission, and we have noted, through our attendance at the Quality Summit, the commitment of the Trust to continuous improvement. Such an award is testament to the great work by Trust staff, and excellent leadership, even in the context of tightening finances and the national workforce problem.

We note that there are still areas that require improvement, especially in the field of Community Mental Health, and we hope these will be given special attention in the near future.

We are pleased to note the steps the Trust is taking to 'refresh' and 'reorganise' its work in light of the Lancashire and South Cumbria Transformation Plans.

We would like to raise a specific point about the Friends and Family Test. We have some hesitation about how reliable such a Test is, especially in the mental health context, where friends and family may be so relieved to (at last) get their loved one into a place where they can be treated, that the Test may be as much about gauging that relief as assessing the quality of treatment. Our experience suggests that conversation with an independent person rather than filing in forms is more likely to elicit what people really think.

Although the question of dealing with serious incidents is highly complex, and we have confidence that the Trust treats them with equal seriousness, a particular case has been drawn to our attention by a member of the public which we have passed on to the Trust, where we must record our unease about whether appropriate care was available.

Finally, we would wish to state that if the process of consulting stakeholders is genuinely intended it surely must be the case that the Trust would not just receive our comments, but find some way of responding to them.

We hope we can assist the Trust in enabling patients and service users in experiencing the best care possible

Sheralee Turner-Birchall, Chief Executive
Mike Wedgeworth, Chairman
Healthwatch Lancashire, 26/04/2017

Overview and Scrutiny Committees

Blackburn with Darwen Borough Council

Although we are unable to comment on this year's Quality Account we are keen to engage and maintain an ongoing dialogue throughout 2017-18.

Blackpool Council
Blackpool Health Scrutiny Committee

Blackpool Health Scrutiny Committee welcomed the opportunity to comment on the Lancashire Care Foundation Trust's (LCFT) Quality Accounts (QA) which Members found interesting to read albeit quite long and wordy. The Committee recognises the importance of involving the public and other stakeholders in helping promote health improvement through delivering safe, quality clinical services which involve patients ('patient experience').

Due to the General Election Purdah, it is not possible to comment specifically on the QA content in terms of quality, progress etc but general comments are provided on report format (readability etc).

1. The Committee recognised that whilst Francis advocated QAs as an important improvement format, Scrutiny has to balance priorities against what are long reports. An executive summary (in so far as this is possible) would be welcome for Scrutiny and particularly the public.

    - Listing key priorities, exceptional performance highlights (poor but also very good practice) linking to the improvement plan, proposed major improvements / plans, i.e. highlighting shortfalls, trends and proposed actions (detailed statistics in appendices).

    - How the public/patients have been involved throughout the year, e.g. not too clear to what extent patients (as opposed to health staff / researchers) had been involved in helping design the 'Always Events' framework of what patients should always expect.

        - Page one - version control - refers to which each version has been shared with whom. Healthwatch Lancashire are mentioned but otherwise no reference to patients etc. Healthwatch Blackpool should have been consulted although the two Healthwatch bodies now have a shared Chief Executive so should hopefully be able to respond appropriately.

        - Within Part Two is a reference to organisational 'resets' (not explained simply as a restructure) which also refers to engagement with all groups expect patients/public. Part Two also refers to all support services being involved with developing the Quality Plan 2017-2018 which is good but there is no reference to patient/public involvement.

- The QA includes feedback from Scrutiny, commissioners and Healthwatch bodies there is no feedback section for the public.

- There also needs to be consistency with terminology within the QA, e.g. Monitor the economic regulator of NHS foundation trusts is referred to but then later there are references to its successor body NHS Improvement without an explanatory link between the two given. Perhaps the glossary and key terms could be at the start of the QA and also be fully informative, e.g. RAG is explained as 'Red', 'Amber', 'Green' (RAG) ratings but this might be meaningless to some readers.

- It is recognised that the LCFT has to complete its QA using NHS Improvement's template so it would be welcome if NHS Improvement took on board Scrutiny feedback in developing a simpler QA format. Scrutiny also recognises the challenge of having to produce the QA within 30 days of the end of the financial year for comment meaning that first circulated drafts for comment will contain less information than evolving drafts. Again feedback for NHS Improvement to consider.

An executive summary was also requested in the 2016 response.

2. LCFT works with patients with mental health / learning difficulties so a QA with pictures and language that patients can easily follow would be welcome, e.g. more of the 'you said, we did' style bubbles used in the QA. The priority headings in Part Two (black text on dark blue shading) may be difficult for some people to read and some other sections (light green on yellow). The priority tables themselves are relatively digestible. However, the QA - as a whole - has a slightly (inevitably) corporate, performance slant to it suitable for executive management and inspectorates.

    - Part Two refers to 'networks' but does not explain these are simply clinical services grouped together as four networks (Adult Community, Specialist Services, Adult Mental Health, Children and Families). A services structure chart outlining key service areas may be useful. Timelines outlining 'vision' targets would be simpler to follow than long paragraphs. The circular 'quality' diagram used is a good simple, effective approach as is the 'principles' table for learning from serious incidents and also the 'People Plan' hexagon later on in the QA. However, the numerous lists of tables and sections in Part 2.3 may be difficult for many people to follow easily although not all the tables/sections are too long.

    - Perhaps some of the more detailed information could be grouped together as separate appendices should someone want to review in detail.

3. LCFT covers a wide county. The QA needs to be easy to follow and relevant to Scrutiny and the public so making them as concise as possible is necessary. Furthermore the QA needs to be structured so that it cover services (which it does) but also importantly, localised.

- LCFT's key sites need to be specifically listed alongside the services provided and performance for each, e.g. in Blackpool, Scrutiny and the public need to be able to comment on The Harbour.

- It is not possible for Scrutiny let alone the public to comment on the QA as a whole covering Lancashire. Ideally there would be locality specific chapters although it is accepted that pragmatic, practical approaches need to be adopted. However, the proposed approach of listing locality alongside service area should be easy to do.

- The locality/service area colour map is quite useful as is the table of main services for the four networks.

A local approach was also requested in 2016.

4. The QA submitted by Blackpool Teaching Hospitals is well structured (bite-size for each service area) albeit still long, worth looking at for potential public friendly formats.

Although Purdah has limited comments on this occasion, it is good that the LCFT has not limited the number of comments allowed. Scrutiny has also welcomed the opportunities for regular in-year engagement with the LCFT which Scrutiny has appreciated as a more effective real-time approach to assurance / health improvement than simply an annual report. It may be useful to provide a link to minutes of meetings held during 2015 and 2016 where improvement has been sought at The Harbour. The progress item on 26 April 2017 was deferred but the report provides a trail to current progress and links to Scrutiny comments from previous meetings.

http://democracy.blackpool.gov.uk/ieListDocuments.aspx?CId=139&MId=4503.

The Committee also hopes to make use of the QA information to help inform its next meeting concerning The Harbour.

On a general point, Members hoped staff are fully supported in their roles including good support networks to turn to. This is important in terms of staff being fully able to support vulnerable people and keep staff illness and turnover to a minimum. Members will be reviewing the deferred staff survey item (for The Harbour) at their next meeting.

The Committee looks forward to continuing to work constructively with LCFT for the benefit of patients.

Sandip Mahajan, on behalf of the Blackpool Health Scrutiny Committee

Lancashire County Council
Although we are unable to comment on this year's Quality Account we are keen to engage and maintain an ongoing dialogue throughout 2017-18.

Clinical Commissioning Group (CCG)

NHS Blackburn with Darwen Clinical Commissioning Group Blackburn with Darwen and East Lancashire Clinical Commissioning Groups (CCGs) welcome the opportunity to comment on the 2016/17 Quality Account for Lancashire Care Foundation Trust (LCFT).The Quality Account provides a detailed report of the Trust's achievements and challenges throughout 2016/17 and LCFT has demonstrated its continued commitment to making improvements to quality and safety.

Quality Priorities for 2016/17

Within the 2015/16 Quality Account the Trust identified four quality improvement priorities for 2016/17.

1. People who deliver and support the delivery of services are motivated, engaged and proud of the service they provide
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
3. People who use our services are at the heart of everything we do: care will be safe and harm free
4. A quality focussed culture is embedded across the organisation: services are well-led and we are all working together to always be the best we can be

It is acknowledged that the Trust have undertaken a number of wide ranging initiatives and strategy developments to support these priorities throughout 2016/17. In particular, the CCGs recognise the progression of the Quality Improvement Framework, which the CCGs have again supported in 2016/17 via a local Commissioning for Quality and Innovation (CQUIN) scheme, and welcome the Trust's aspiration of being recognised as a national leader in Quality Improvement.

The Trust's organisational reset, establishment of a central investigation team, development of its People Plan and Always Events programme are also welcomed and the CCGs are keen to support the advancement of these initiatives in 2017/18. The CCGs would welcome specific, measurable, attainable, relevant and time-bound process, outcome and balancing measures in future to evidence that these initiatives deliver against the improvement priorities outlined within the Quality Account.

Indicators and CQUIN 2016/17

Although Month 12 and Quarter 4 CQUIN information was not available at the time of receiving the 2016/17 Quality Account, the CCGs commend LCFT on the current (Month 11) year-to-date achievement of all national quality indicators, as well as the progress made to date against the 3 local CQUIN schemes included within the contract for 2016/17. The achievement of the three new national Mental Health referral-to-treatment targets introduced in 2016/17 relating to Early Intervention Psychosis (EIS) and Increasing Access to Psychological Therapies (IAPT) is particularly recognised.

The CCGs also commend LCFT on the result of its Care Quality Commission (CQC) re-inspection in September 2016, following which the Trust received a formal rating of Good. The CCGs are committed to working with the Trust to address the outstanding areas for improvement highlighted by the CQC, particularly around the domain of Safety, which was rated as Requires Improvement. The CCGs look forward to receiving the Trust's Quality Plan for 2017/18 which is expected to outline the specific details of this work.

The CCGs are aware that LCFT continues to encourage the receipt of patient feedback via national surveys, the Trust's real time feedback system, Patient-led assessments of the care environment (PLACE), the Friends and Family Test (FFT), and complaints and compliments via the Hearing Feedback Team. The Trust's development of a person centred approach to complaint handling is commended and the CCGs are pleased to note the increase in the proportion of complaints being handled via the Trust's Rapid Review Process and a subsequent decline in follow-up complaint letters being received from service users. The CCGs have also noted that the Trust has not reported any mixed sex accommodation breaches in year and that the Trust's FFT recommended rate has remained above 85% since April 2016. The CCGs would however welcome the inclusion of compliance against national complaint response timescales within the Quality Account.

Relating to patient safety the CCGs are pleased to recognise that LCFT was rated in year as having "good levels of openness and transparency", ranking 23rd out of 230 NHS Trusts in NHS Improvement's Learning From Mistakes League. LCFT's commitment to the Harm Free Care agenda is also welcomed, in particular the Trust's commitment to violence and suicide reduction, and eliminating prone restraint from clinical practice. The CCGs are concerned to note however, the increased percentage of incidents resulting in severe harm and supports the Trust's efforts to ensure that a consistent approach to grading incidents is reinforced via the Trust's policy. The CCGs also acknowledge the improvement in Mandatory Training compliance across the year, from 76.16% in 2015/16 to 89%, as at Month 10 in 2016/17, which was also recognised by the CQC. It is also recognised that the Trust has not reported any cases of Clostridium Difficile or Methicillin-resistant Staphylococcus aureus (MRSA) infections, or Never Events in 2016/17. Furthermore the CCGs are pleased to note that the Trust has reviewed its Being Open policy to take into account the statutory Duty of Candour and the CCGs are committed to continuing to support LCFT to ensure that the Trust is compliant with the regulatory requirements of the Duty of Candour.

LCFT has participated in 100% of National Clinical Audits and 100% of National Confidential Enquiries and this is a clear indication of an organisation with a commitment to delivery of evidence based safe care.

The reduction in the number of Out of Area Treatments (OATs) and the associated success of the innovative admission avoidance schemes implemented over the course of the year is also recognised and the CCGs would welcome the inclusion of this area of work within the Quality Account. The marked improvement seen in 2016/17 in take up of the flu vaccination amongst front-line staff is also worthy of highlighting, with 81.5% of front line Mental Health staff vaccinated in 2016/17.

Priorities for 2017/18

The CCGs support the clear priorities set out for 2017/18 within the Quality Account. Having worked closely with the Trust on the quality agenda throughout 2016/17, 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, effective and person centred care.

Malcolm Ridgway Medical Director BwD CCG

Mrs Jackie Hanson Deputy Chief Officer Chief Nurse and Director of Quality East Lancashire CCG

NHS Chorley and South Ribble Clinical Commissioning Group

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 2016/17.

The CCG congratulates LCFT in the achievement of their "good" Care Quality Commission (CQC) rating, following the CQC Inspection in September 2016. The CCG also recognises that there are still challenges ahead, specifically the provision of safe and effective community health services for adults being areas from the CQC report that require improvement. The Trust has developed improvement plans and will share these with the CCG. The CCG is pleased to acknowledge the proposed improvement plans with the proviso that actions relating to the remaining areas for improvement should have some defined timescales for implementation. The CCG will continue to work in partnership with the Trust in order to ensure the implementation of the CQC recommendations. This will be monitored through the LCFT Joint Mental Health and Community Quality and Performance meetings which the CCG feels has been a positive development throughout 2016/17.

There are a number of commendable quality initiatives which the Trust has implemented, including the establishment in 2016 of a dedicated Investigation and Learning Team. The CCG welcomes LCFT prioritising learning from serious incidents being used to improve patient care. Other commendable quality initiatives include the continuation of Schwartz Rounds, Dare to Share and Time to Shine events, and the ongoing development and use of the Quality SEEL system (Quality, Safety, Experience, Effectiveness and Leadership). The CCG also recognises the wide range of quality improvement initiatives that are being planned, including safety huddles, co-designing of systems, and the development of the Safe Ward programme. These, as well as having received a number of local and national awards for good practice, are evidence of an organisation that is seeking to put quality and innovation at the heart of service provision.

Harm free care is at the heart of quality service provision. A reduction in pressure ulcers has been achieved in 2016/17. The CCG would expect that this reduction is sustained and continued improvements made. It is encouraging to see that there will be a particular focus on reducing pressure ulcers in 2017/18. The CCG would like to thank the Trust for the support they have given, and continue to give, to the health economy wide React to Red pressure ulcer reduction initiative.

Workforce issues, in particular; peripheral workforce reliance, sickness absence, vacancy rate, turnover rate, appraisal performance and induction within 3 months of starting, have been and remain a significant challenge. Of particular concern is the impact of vacancies on the functioning of the Integrated Neighbourhood Teams. The CCG notes the plans the Trust has put in place to try to address this which includes ongoing recruitment campaigns, and in particular, the introduction of the Nursing Associate role and involvement in the apprenticeship scheme which offers the opportunity to build the future workforce.

Mandatory and statutory training compliance remains an area of concern, especially in basic life support. The CCG recognises the effort to improve core skills training through their

Quality Academy and the significant improvements that have been made in this area. The CCG would expect that this improvement is sustained and built upon in the coming year.

The Trust has failed to achieve the Referral To Treatment (RTT) 18 week 92% target for the Children's Integrated Therapy and nursing Services (CITNS) Occupational Therapy (OT) (all commissioners) from April 2016. However, it should be noted that performance has improved since October 2016 and the Trust was compliant in January. The Trust has failed to achieve the 92% target for CITNS Speech and Language Therapy (SALT) (all commissioners) throughout 2016/17. Performance has shown an increasing trend and the target was achieved in November, however, a reduction has been seen in the preceding months. It should be noted that 92% is a local target agreed between CCG and Provider. This is not a national constitutional measure. The Trust updates the CCG in terms of plans to improve performance at the monthly LCFT Joint Mental Health and Community Quality and Performance Meetings. The Trust has highlighted issues around staffing, in particular, staff vacancies and maternity leave. The CCG recognises the work the Trust has done and continues to do in order to try to improve the waiting times and to reduce the impact on the children waiting. The CCG has requested additional assurances that we will continue to see an improving and sustainable position going forward.

The Trust recognises the importance of the staff experience in the provision of high quality care and has developed a People Plan aimed at improving staff engagement, development and satisfaction. This, alongside the already well developed staff engagement and health and wellbeing Commissioning for Quality and Innovation (CQUIN) schemes, should aid staff retention and recruitment. However, the CCG notes the worsening areas in the 2016 National staff survey and would expect the Trust to do an action plan to improve this position.

The CCG welcomes the efforts being made by the Trust to improve the patient experience through obtaining feedback and responding accordingly, and that a priority for improvement is to co-design improvements with people who use their services, carers and families in order to understand what matters to them.

The CCG looks forward to working with the Trust over the coming year to realise the planned quality outcomes.

Jan Ledward

Chief Officer

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. All comments received have been reviewed with, where possible, immediate additions and updates to the narrative made. Examples include: Providing clarification that in conjunction with our Annual Report, the Quality Account will gives an overview of the work we do, the range of our activities and current performance and that in addition we are hosting our first Quality Improvement conference in May 2017 which will inform the development of "Our Quality Story". This will be shared in a variety of public friendly styles and will complement

the Quality Account. As in previous years a summary of the Quality Account will be included in the summer 2017 edition of our VOICE news publication which is our newsletter developed with and for people who use services, families and carers and is available on our website. Review has been made of the Hearing Feedback section in part 3 to ensure that it provides an overview of a variety of ways in which we hear about people's experiences and involve people in co-designing quality improvements across the organisation.
The remaining comments will be considered as part of the review process in 2017/18. Lancashire Care NHS Foundation Trust welcomes the invitations to work collaboratively with stakeholders during 2017/2018 to provide feedback on the quality priorities and the development of the 2017/2018 Quality Account.

External Audit Statement
Independent Auditor's Report to the Council of Governors of Lancashire Care NHS Foundation Trust on the Quality Report

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 2016/17 and supporting guidance
- 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 2016 to 30/05/17
  - papers relating to Quality reported to the board over the period April 2016 to 30/05/17
  - feedback from commissioners dated 28/04/17 and 05/05/16
  - feedback from governors dated 09/03/17
  - feedback from local Healthwatch organisations dated 27/04/17
  - feedback from Overview and Scrutiny Committee dated 03/05/17
  - the Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, date May 2017
  - the 2016 national community mental health patient survey
  - the 2016 national staff survey
  - the Head of Internal Audit's annual opinion over the trust's control environment dated 30/05/2017
  - CQC Inspection Report dated January 2017

- 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 and
- 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

30 May 2017  Chair

30 May 2017  Chief Executive

Appendix 1: Mandated Indicator Definitions in accordance with the Quality Accounts Data Dictionary 2015/16.

7 day follow-ups

Aim:	
To reduce the overall rate of death by suicide through effective support arrangements for all those with mental ill health.	
Definition:	
Numerator	The number of people under adult mental illness specialties on CPA who were followed up (either by face-to-face contact or by phone discussion) within seven days of discharge from psychiatric inpatient care
Denominator	The total number of people under adult mental illness specialties on CPA, who were discharged from psychiatric inpatient care.

CPA review within 12 months

Aim:	
To ensure that the CPA review takes place at least once a year.	
Definition:	
Numerator	The number of adults in the denominator who have had at least one formal review in the last 12 months.
Denominator	The total number of adults who have received secondary mental health services and who had been on CPA for at least 12 months at the end of the reporting period.

Mental Health Delayed Transfer of Care

Aim:	
To ensure patients are not delayed when they are medically fit. Delayed discharges are a significant factor with negative consequences for the effectiveness and quality of care received by service users in psychiatric inpatient wards. They also contribute to significant additional direct and indirect costs of inpatient care.	
Definition:	
Numerator	The number of non-acute patients (aged 18 and over on admission) per day under consultant and non-consultant-led care whose transfer of care was delayed during the quarter. For example, one patient delayed for five days counts as five.
Denominator	The total number of occupied bed days (consultant-led and non-consultant-led) during the quarter. Delayed transfers of care attributable to social care services are included.

EIS in place for New Psychosis Cases

Aim:	
Meeting the commitment to support the identification of new psychosis cases in young people by early intervention teams.	
Definition:	
Numerator	At the census date all those who have been diagnosed and been accepted

	into the Psychosis group since the start of the year.
Denominator	At the census date the number that should have been accepted into the Psychosis group according to the plan.

RTT – Consultant-led (Completed Pathway)

Aim:	
To ensure that people who need it are able to access services quickly reducing clinical risk and improve patient experience.	
Definition:	
Numerator	Number of patients on a consultant-led pathway (admitted and non-admitted) waiting under 18 weeks where the clock has been stopped.
Denominator	Total number of patients on a consultant-led pathway (admitted and non-admitted) waiting where the clock has been stopped.

RTT – Consultant-led (Incomplete Pathway)

Aim:	
To ensure that people who need it are able to access services quickly reducing clinical risk and improve patient experience.	
Definition:	
Numerator	Number of patients (admitted and non-admitted) waiting under 18 weeks where the clock is still ticking.
Denominator	Total number of patients (admitted and non-admitted) waiting where the clock is still ticking.

IP Access to Crisis Resolution Home Treatment

Aim:	
To admit people to hospital only when they need to be.	
Definition:	
Numerator	The number of admissions to the Trust's acute wards that were gate kept by the crisis resolution home treatment teams.
Denominator	The number of admissions to the Trust's acute wards.

MH Data Completeness – Identifiers

Aim:	
To ensure that demographic identification data recorded about a patient within the electronic record system is complete.	
Definition:	
Numerator	Count of valid entries for each data item: •NHS number •Date of birth •Postcode (normal residence) •Current gender

	•Registered General Medical Practice Org. code •Commissioner Org. code)
Denominator	Total number of (all) entries.

MH Data Completeness – Outcomes

Definition for Employment Status:	
Numerator	The number of adults in the denominator whose employment status is known at the time of their most recent assessment, formal review or other multi-disciplinary care planning meeting, in a financial year.
Definition for Accommodation Status:	
Numerator	The number of adults in the denominator whose accommodation status (i.e., settled or non-settled accommodation) is known at the time of their most recent assessment, formal review or other multi-disciplinary care planning meeting.
Definition for HoNOS Assessment:	
Numerator	The number of adults in the denominator who have had at least one HoNOS assessment in the past 12 months.
Denominator for all:	The total number of adults (aged 18-69) who have received secondary mental health services and who were on the CPA at any point during the reported quarter.

Appendix 2: Glossary

Abbreviations

AQuA	Advancing Quality Alliance – NHS health and care quality improvement organisation
CCG	Clinical Commissioning Group – play a major role in achieving good health outcomes for the communities they serve
CQC	Care Quality Commission – An independent regulator of all health and social care services in England
CYP IAPT	Children & Young People Increasing Access to Psychological Therapies Programme – primary function to improve the psychological wellbeing of children and young people
FFT	Friends and Family Test – introduced to help service providers and commissioners understand whether their patients are happy with the service provided.
GP	General Practitioner
GPV	Good Practice Visit – a visit to a team/service to celebrate the good practice and quality improvements guided by a conversation around the content of their team information board
HES	Hospital Episode Statistics - a data warehouse containing details of all admissions, outpatient appointments and A&E attendances at NHS hospitals in England.
HMP	Her Majesty's Prison
HSCIC	NHS Digital – the national provider of information, data and IT systems for commissioners, analysts and clinicians in health and social care
IAPT	Increasing Access to Psychological Therapies
IHI	Institute for Healthcare Improvement (IHI) – IHI works with health systems to improve quality, safety and value in healthcare
KPMG	Management Consultants – a team of expert practitioners supporting Lancashire Care NHS Foundation Trust in the development of this year's Quality Account
NCISH	National Confidential Inquiry into Suicide and Homicide – the Inquiry produces a wide range of national reports, projects and papers providing health professionals evidence and practical suggestions to effectively implement change
NICE	National Institute for Health and Care Excellence (NICE) – provides national guidance and advice to improve health and social care
NRLS	National Reporting and Learning System National – a central database of patient safety incident reports
PDSA	Plan-Do-Study-Act methodology – is a systematic series of steps for gaining valuable learning and knowledge for the continual improvement of a process
PICU	Psychiatric Intensive Care Unit – a ward that creates a safe and controlled environment to look after acutely disturbed psychiatric patients
QA	Quality Assurance (visit programme) – provides assurance that particular actions have been completed following external inspection and a means by which commissioners could seek assurance that services were compliant with CQC regulations/standards
QI	Quality Improvement - systematic and continuous actions that lead to measurable improvements
QIA	Quality Impact Assessment – a tool used to identify a potential impact of our policies, services and functions on our patients and staff
QIF	Quality Improvement Framework – a framework for delivery of initiatives that will ultimately result in quality improvements for our patients and staff
Quality SEEL	Quality, Safety, Experience, Effectiveness and Leadership – an internal visual dashboard demonstrating key performance indicators; complaints, compliments, incidents and risks
RAG	Red Amber Green rating – a simple colour coding of the status of an action or step in a process.
RTT	Referral to Treatment – your waiting time starts from the point the hospital or service receives your referral letter
R & D	Research and Development

SPOA	Single Point of Access – provides a first point of contact for people wishing to access Lancashire Care NHS Foundation Trust services
SOP	Standard Operating Procedure – is a documented process in place to ensure services are delivered consistently every time
SUS	Secondary Uses Service – supplies accurate and consistent data to enable the NHS to plan, analyse and enhance performance
TIB	Team Information Board (TIB) – provides the facility for teams to support their conversations about quality, identifying areas of good practice and quality improvements which can be built on
UCLAN	University of Central Lancashire
VTE	Venous Thromboembolism – a blood clot that forms within a vein

Key Terms

A Being Open Policy	To promote an open culture of communication between staff, and people who use services and/or their relatives or carers.
Accreditation	A recognised scheme of approval for services
Always Events	Are defined as "those aspects of the patient and family experience that should always occur when patients interact with healthcare professionals and the delivery system." Lancashire Care are developing Always Events across all services.
Commissioners	The people who buy or fund our services to meet the needs of patients.
CQUIN	CQUIN means Commissioning for Quality and Innovation. A proportion of the income we receive from commissioners depends on achieving agreed quality improvement and innovation goals.
Dare to Share Event	The Dare to Share is a reflection of lessons learnt and how the service, team or individual have and continue to implement improvements in practice
Datix	Software package used to record incidents, complaints and risks.
Dear David	A system introduced in 2014 to enable all employees to raise concerns and good practice with the Chair of Lancashire Care NHS Foundation Trust (anonymously if they so wish)
Domains	The scope or areas which are included within a subject area.
Duty of Candour	Being honest and truthful when telling people if something goes wrong with their care and why, apologising and explaining what will be done to stop this happening again.
Engage Events	To provide an update on Trust's current priorities, progress against these priorities and enable attendees to feedback their thoughts.
Freedom to Speak Up	An independent review into creating an open and honest reporting culture in the NHS.
Good Practice Visit	An opportunity for clinical teams to talk with Executives, Non-Executive Directors and Governors about how they utilise their team information board within their clinical setting and to share how the information contained provides a picture of quality, continuous improvement and potential risks.
Harm Free Care	A national programme which measures "harms" to a patient whilst in the care of NHS services. The harms include: pressure ulcers, falls and urinary infections (in patients with a catheter).
"Huddle"	Informal team meeting held around a team information board.
Health and Social Care Information Centre	England's national source of health and social care information. They collect data, analyse it and convert it into useful information. This helps providers improve their services and supports academics, researchers, regulators and policy makers in their work.
King's Fund	The King's Fund is an English health charity that shapes health and social care policy and practice, providing NHS leadership development.
NHS Family and Friends Test (FFT)	The FFT is one of the ways we collect feedback from people who use our services. The FFT question asks how likely someone is to recommend the team / service / ward. This question is then followed by some follow up questions which will give the clinical team an indication of the reason for someone's response to the FFT question which they can then use to inform quality improvements. From January 2015 data has to be reported nationally.
NHS improvement	NHS Improvement brings together Monitor and NHS Trust Development Authority as the combined regulator of NHS Trusts
People Plan	A plan to increase staff engagement and improve staff experience.
Our Vision & Quality plan 2015-2019	Is the central plan for Lancashire Care NHS Foundation Trust which puts the experiences who use services at the heart of everything the organisation does, striving to provide "*High quality care, in the right place, at the right time, every time"* .

Quality	Quality is about giving people treatments that work (effectiveness), making sure that they have a good experience of care (patient experience), protecting them from harm (safety) with services that are well led (well-led)
Quality Academy	Supports the development of a highly skilled competent workforce, who appreciate and understand how and what they do in their everyday role contributes to the provision of a quality service and strive for excellence.
Quality Improvement Board	A Board, led by NHS England, where Lancashire Care NHS Foundation trust will report assurance on progress of actions following CQC inspection in April 2015. Lancashire Care NHS Foundation Trust will work through the Quality Improvement Board to drive and influence system wide quality improvement.
Quality Improvement Framework	A systematic approach to capturing and evidencing quality improvements.
Quality Pioneers	Staff/teams leading on progressive quality improvements to achieve 'excellence' in clinical areas.
Quality SEEL	Lancashire Care NHS Foundation Trust's internal self-assessment framework which enables leaders to review the Essential Standards of Quality and Safety.
Raising Concerns Guardian	Guardians have a key role in helping to raise the profile of raising concerns, providing confidential advice and support to staff in relation to concerns they have about patient safety and/or the way their concern has been handled.
Risk Register	A document that records risk to achievement of an objective, service or project and identifies the actions in place to reduce the likelihood of the risk.
SharePoint	Microsoft SharePoint is the web application used to manage the intranet site. This allows staff across the Trust to access documents and information.
Sign up to Safety Campaign	Sign up to Safety is a national initiative to help NHS organisations and their staff achieve their safety aspirations and care for people in the safest way possible.
Team Information Board	Team information boards support conversations by teams about the quality of care delivered. Teams meet around the board regularly to review quality and performance and agree actions to deliver improvements.
Well-led Framework	Supports Lancashire Care NHS Foundation Trust internal governance processes.

KPMG

Independent auditor's report

to the Council of Governors of Lancashire Care NHS Foundation Trust only

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Lancashire Care NHS Foundation Trust for the year ended 31 March 2017 set out on pages 142 to 176. In our opinion:

— the financial statements give a true and fair view of the state of the Trust's affairs as at 31 March 2017 and of the Trust's income and expenditure for the year then ended; and

— the Trust's financial statements have been properly prepared in accordance with the Department of Health's Group Accounting Manual 2016/17.

Overview		
Materiality: Financial statements as a whole	£5.9m (2015/16: £5.9m) 1.7% (2015/16: 1.8%) of total income from operations	
Risks of material misstatement		**vs 2015/16**
Event driven	Valuation of land and buildings	◀▶

2. Our assessment of risks of material misstatement

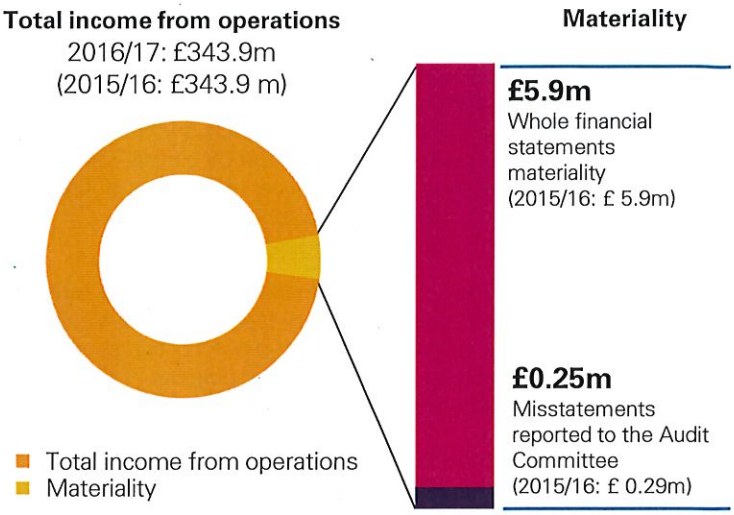
In arriving at our audit opinion above on the financial statements, the risk of material misstatement that had the greatest effect on our audit was as follows[(unchanged from 2015/16)]:

Account captions	The risk	Our response
Property, plant and equipment and impairments (2016/17: £208 million; 2015/16: £187 million) *Refer to the Audit Committee Report within the Board of Directors section (6.1) of the Annual Report, plus sections 1.5 and 1.20 of Note 1 (accounting policy) and Notes 12 and 13 of the Financial Statements.*	**Valuation of land and buildings** Land and buildings are required to be held at fair value. Assets which are held for their service potential and are in use should be measured at their current value in existing use. Specialised assets (such as hospitals) where a market value is not readily ascertainable, are subsequently recognised at the depreciated replacement cost (DRC) of a modern equivalent asset that has the same service potential as the existing property (MEAV). It is also necessary to consider whether there is any indication of impairment. Impairment could occur as a result of loss of market value due to conditions in the market or due to deterioration in the value in use of the asset, either because of its condition or because of obsolescence Valuations are completed by DVS, 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. Valuations are inherently judgmental, therefore our work focused on whether the valuer's methodology, assumptions and underlying data, were appropriate and correctly applied. The Trust had a full valuation undertaken in 2014/15, and a desktop valuation performed as at the 31 March 2017 resulting in a £19.3 million increase in the value of the property, plant and equipment balance compared to the prior year.	Our procedures included: — **Evaluation of external expert:** We assessed the competence, capability, objectivity and independence of the Trust's external valuer; — **Source information:** We agreed the information provided to the valuer by the Trust to underlying records of the estate held, including assessing whether the valuation basis used was appropriate to the description of the assets involved; — **Indexation process:** We considered the indices utilised by the independent valuer and agreed the benchmarks used to a separate assurance report produced for the National Audit Office. We also performed checks to ensure that indexation had been appropriately applied to individual assets; — **Impairments:** We critically assessed the Trust's formal consideration of indications of impairment and surplus assets within its estate, including the process undertaken and the adequacy of the formal, written decision document used in the process; — **Disclosures:** We considered the adequacy of the disclosures in the financial statements about the key judgements and degree of estimation involved in the revaluation exercise; and — **Revaluation movements:** We recalculated the movements in valuations, confirmed that they agreed to the valuer's report and confirmed that the movements were disclosed in line with the GAM.

3. Our application of materiality and an overview of the scope of our audit

The materiality for the financial statements was set at £5.9 million (2015/16: £5.9 million), determined with reference to a benchmark of income from operations (of which it represents approximately 1.7%). We consider income from operations to be more stable than a surplus-related benchmark.

We report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £250,000 (2015/16: £294,000), in addition to other identified misstatements that warrant reporting on qualitative grounds.



4. Our opinion on other matters prescribed by the Code of Audit Practice is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2016/17; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5. We have nothing to report in respect of the matters on which we are required to report by exception

We are required to report to you if, based on the knowledge we acquired during our audit, we have identified information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable; or
- the Audit Committee's commentary within the Annual Report does not appropriately address matters communicated by us to the Audit Committee.

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

- the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2016/17, 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.
- the Trust has not made proper arrangement for securing economy, efficiency and effectiveness in its use of resources.

In addition we are required 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 respect of the above responsibilities.

6. We have completed our 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.

KPMG

Scope and responsibilities

As described more fully in the Statement of Accounting Officer's Responsibilities, the accounting officer is responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the UK Ethical Standards for Auditors. A description of the scope of an audit of financial statements is provided on our website at www.kpmg.com/uk/auditscopeother2014.

This report is made subject to important explanations regarding our responsibilities, as published on that website, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

The Trust is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its 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 its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General, as to whether the Trust has 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. Based on our risk assessment, we undertook such work as we considered necessary.

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. 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 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.

Robert Jones, for and on behalf of KPMG LLP
Chartered Accountants and Statutory Auditor
1 St Peter's Square, Manchester, M2 3AE

31 May 2017

KPMG

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 2017 (the 'Quality Report') and certain performance indicators contained therein.

Scope and subject matter

The indicators for the year ended 31 March 2017 subject to limited assurance consist of the following two national priority indicators (the indicators):

- 100% enhanced Care Programme Approach patients receiving follow-up contact within seven days of discharge from hospital; and
- admissions to inpatient services had access to crisis resolution home treatment teams.

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 2016/17* ('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 *Detailed Requirements for external assurance for quality reports for foundation trusts 2016/17.*

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 2016 to May 2017;
- papers relating to quality reported to the board over the period April 2016 to May 2017;
- feedback from commissioners, dated 28 April and 5 May 2017;
- feedback from governors, dated 9 March 2017;
- feedback from local Healthwatch organisations, dated 26 April 2017;
- feedback from Overview and Scrutiny Committee, dated 3 May 2017;
- the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009;
- the 2016 national patient survey, dated 15 November 2016;
- the 2016 national staff survey, dated 7 March 2017;

- Care Quality Commission Inspection, dated 11 January 2017;
- the 2016/17 Head of Internal Audit's annual opinion over the trust's control environment, dated 30 May 2017; 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 2017, 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.

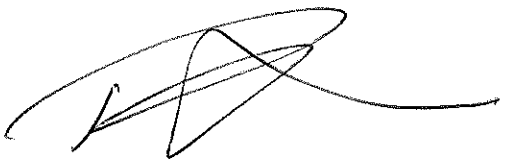
The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. 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 2017:

- 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 indicator in the Quality Report subject to limited assurance has 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.



KPMG LLP
Chartered Accountants
1 St Peter's Square, Manchester, M2 3AE

31 May 2017