East Lancashire Hospitals NHS
NHS Trust

Annual Report & Accounts
2009/10

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Chairman's Report

I was immensely proud and honoured to be appointed Chairman of the East Lancashire Hospitals NHS Trust in July 2009 and have found my first year in the post to be both challenging and rewarding.

Hazel Harding

Hazel Harding
Chairman
June 2010

The calibre and enthusiasm of staff at all levels of the organisation to provide the very best possible service to our local communities never fails to inspire me and I continue to be impressed on a daily basis by the professionalism and dedication to quality I find throughout the Trust.

This year has been a time of change in the management of the Trust at a senior level and I would like to thank the former Chairman, Alan Green, and the former Director of Finance, Stephen Brookfield, for their hard work and dedication to the Trust over a number of years and wish them the very best for the future. On behalf of the Trust I would also like to take the opportunity to thank the former Chief Executive, Marie Burnham, for her service to our local communities as she leaves the NHS to pursue other interests.

I am confident that Diane Whittingham in her role as Interim Chief Executive will continue to bring the energy, drive, determination and leadership to our strengthened Executive team which will ensure we continue to develop and provide the best possible services to the people of East Lancashire during a time of economic constraint across the public sector.

09/10

Chief Executive's Report

Each year presents the NHS and the staff who deliver services with new and different challenges and 2009/10 was no exception.

In the Summer of 2009 the Trust was facing difficulties in meeting the tough national standards on waiting times for emergency treatment, stroke treatment, hospital associated infections, cancer targets and an increasingly difficult economic position. I am delighted to report at the end of the year progress has been made in each of these areas with the Trust having significantly improved its performance in all these areas.

It has been an exceptional year where every challenge we have been set has been met by our dedicated staff working together to improve the patients' experience of our services and I am proud to represent our staff and celebrate their achievements in this annual report.

Our vision is not only to meet national standards but to seek to exceed those standards to enhance the health care of our local communities. The Women and Newborn Centre at the Burnley General Hospital site which will open later in 2010 will provide a centre of excellence in the region and along with the further development of our cardiology services which we have seen during this year, demonstrates our commitment to increasingly provide specialist services closer to our local communities.

There is no doubt that the coming years will be difficult for the public sector as well as the private sector. Careful management of our resources will be essential in the current economic climate as will our role as a local employer and buyer of local goods and services. We will continue to engage with our service users to ensure we play our part in building a stronger community during the course of the year.

In conclusion I would like to thank our staff, volunteers, partners, members and patients for their continued help and support.

Diane Whittingham

Diane Whittingham
Chief Executive
June 2010

A Brief History of the Trust

The Trust was formed on the 1st April 2003, following the merger of Blackburn, Hyndburn and Ribble Valley Health Care NHS Trust and Burnley Health Care NHS Trust.

East Lancashire Hospitals NHS Trust is a major acute Trust serving a local catchment area of approximately 520,000 people.

In 2007 we opened two major Private Finance Initiative schemes, the new Royal Blackburn Hospital and the Phase 5 development (on the Burnley General Hospital Site).

Location and Services Provided

We provide a full range of acute hospital services predominantly from our two main hospital sites: Burnley General Hospital and Royal Blackburn Hospital. We also provide some services from our smaller Pendle Community and Rossendale Hospitals.

In addition to a full range of acute hospital services we are a growing centre for emergency hospital services, Hepato Biliary, Head and Neck and Urological Cancer services, a growing centre for Cardiology services and a network provider of Level III Neonatal Intensive Care.

Our Trust has a total of 258 beds at Burnley General Hospital and 700 at the Royal Blackburn Hospital. This currently includes Obstetric and Paediatric Units at both sites, including Neonatal cots. Inpatient rehabilitation services are also provided at Pendle Community Hospital and the Rakehead Unit at Burnley General Hospital, which specialises in neurological rehabilitation. Outpatient and diagnostic services are also provided at the Rossendale and Accrington Victoria hospitals.

Our services are currently organised within four clinical divisions, the Surgical Division, the Medical Division, the Family Care Division and the Diagnostics and Treatment Division. These divisions with their areas of clinical focus are outlined in the table below:

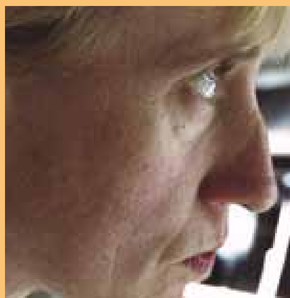
Division	Specialities
Surgery	General Surgery
	Urology
	Trauma & Orthopaedics
	ENT
	Urology
	Opthalmology
	Oral and Maxillo Facial Surgery
	Plastic Surgery
Medicine	Cardiology, Respiratory& Gastroenterology
	Diabetes, Dermatology, Chronic Pain, Rheumatology & Nephrology
	Elderly Care, Rehabilitation, Stroke & Neurology
	Acute Medicine, Emergency and Acute Care & Medical Assessment Unit
Family Care	Obstetrics, Gynaecology & Sexual Health Services
	Paediatric & Neonatal Services
	Child & Adolescent Mental Health Services
Diagnostic & Treatment	Day Surgery, Endoscopy
	Pharmacy
	Radiology
	Clinical Laboratory Medicine
	Theatres
	Outpatients
	Bed Management
	Therapies

Last year more than 60,500 members of our local community were cared for as day case patients or inpatients and almost 526,000 outpatient clinic appointments were taken up. Emergency care was provided to over 59,500 people through our emergency department at the Royal Blackburn Hospital and our urgent care centres at the two main sites.

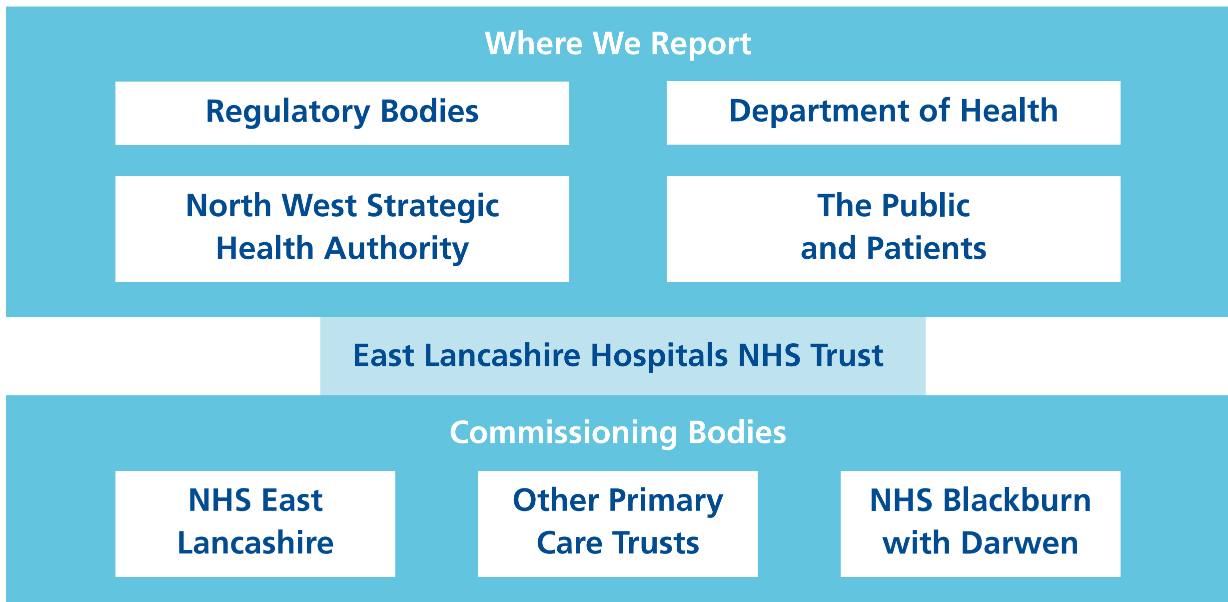
The services we provide are predominantly commissioned by NHS East Lancashire and NHS Blackburn with Darwen which each incorporate locality Practice Based Commissioning Groups.

We continue to work closely with our primary care colleagues to develop services and clinical care pathways to address the prevailing healthcare needs of the local population and the priorities identified within the joint strategic needs assessments which include the need to:

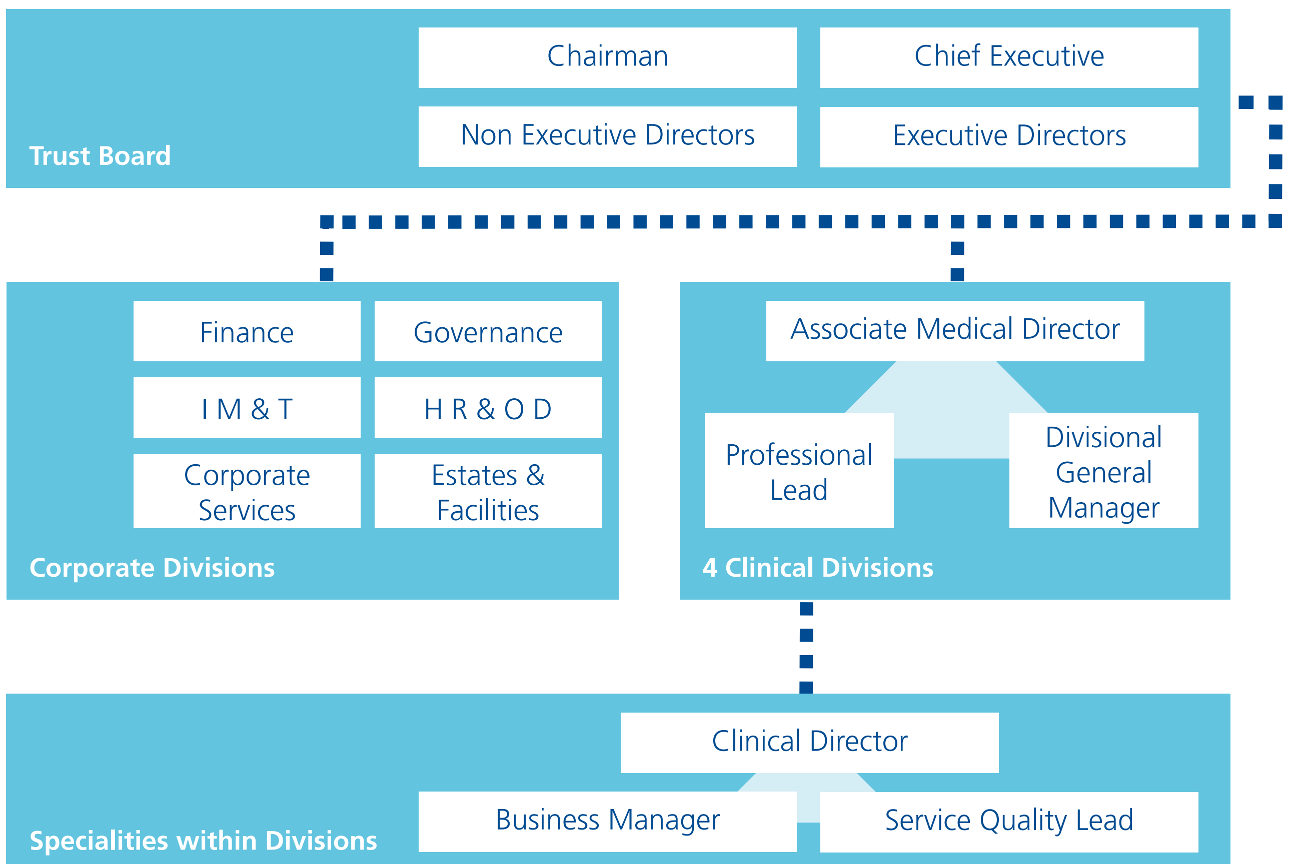
- Improve life expectancy and life quality;
- Address health inequalities by deprivation, gender and ethnicity;
- Reduce smoking in pregnancy;
- Improve the health of children and young people;
- Reduce rates of heart disease and cancer; and
- Address the needs of an ageing population, with increasing numbers of people with long term conditions.



Reporting and Commissioning Relationships



Internal Management Structure



09/10

Trust Board and Senior Management

The purpose of an NHS Board is to govern effectively and in doing so to build public and stakeholder confidence that their health and healthcare is in safe hands.

East Lancashire Hospitals NHS Trust Board is supported in carrying out this function by a sub committee structure that facilitates and enables the delegation of responsibility through a robust accountability and reporting framework from the Board to the wards.

Our Senior Managers also attend Trust Board meetings as appropriate in order to present reports and provide advice on their areas of expertise. The Trust Board has authority and responsibility for directing and controlling the major activities of the Trust.

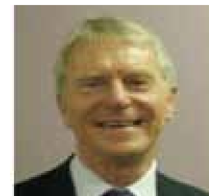
The day-to-day management of the Trust rests with the Chief Executive and Executive Directors who are responsible for taking decisions, particularly with regard to financial and performance issues and day-to-day quality matters, subject to the Trust's Scheme of Delegation and Standing Financial Instructions. The Trust Board members for the period 1 April 2009 to 31 March 2010 are as follows:

Non Executive Directors of the Trust Board

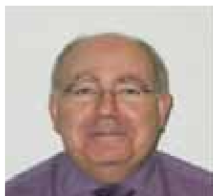
Mr Alan Green
Chairman
April 2007 to April 2009

Mr Ken Morris
Interim Chairman
May 2009 to July 2009

Mrs Hazel Harding
Chairman
July 2009 to Present

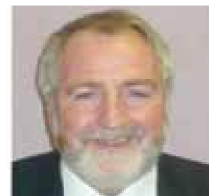


Mr Martin Hill
Vice Chairman / Audit Committee Chair
January 2007 to Present



Mr George Boyer
Charitable Funds Committee Chair
December 2006 to Present

Mr Paul Fletcher
November 2006 to Present



Mr Roger Duckworth
December 2008 to Present

Mrs Elizabeth Sedgley
January 2009 to Present

Executive Directors of the Trust Board

Ms Marie Burnham
Chief Executive
September 2009 to March 2010

Mrs Diane Whittingham
Interim Chief Executive
August 2009 to Present

Mrs Lynn Wissett
Deputy Chief Executive
Director of Clinical Care & Governance
January 2006 to Present

Mr Stephen Brookfield
Director of Finance
January 2005 to September 2009

Mr Jonathan Wood
Director of Finance
September 2009 to Present

Mrs Michelle Brown
Acting Director of Finance
April 2009 to September 2009

Mrs Val Bertenshaw
Director of Operations
September 2008 to Present

Mrs Catherina Schram
Medical Director
Governance & Education
January 2006 to Present

Dr Geraint Jones
Medical Director Clinical Operations
July 2007 to Present

Register of Directors' Interests

In accordance with the NHS Code of Accountability and the Code of Conduct for NHS Boards and the Trust's Standing Orders and Standing Financial Instructions, the Trust maintains a register of the interests declared by Board members which is updated as additional declarations are made throughout the year and confirmed on an annual basis. This document sets out the declared interests of the Board of Directors for East Lancashire Hospitals NHS Trust for the year 2010/11 and is published on our website at www.elht.nhs.uk.

Name	Post	Position / Interest	Organisation	Tenure
Mrs D Whittingham	Chief Executive	Chief Executive	Calderdale & Huddersfield Foundation Trust	Ongoing
Mrs L Wissett	Deputy Chief Executive/ Director of Clinical Care and Governance	Trustee	East Blackburn Learning Community Trust	From March 2010
Mr J Wood	Director of Finance, Capital, Planning & Information	No Declared Interests		
Mrs V Bertenshaw	Director of Operations	No Declared Interests		
Mrs C Schram	Medical Director Governance & Education	No Declared Interests		
Dr G Jones	Medical Director Clinical Services	No Declared Interests		
Mrs H Harding	Chairman	No Declared Interests		
Mr P Fletcher	Non Executive Director	No Declared Interests		
Mr G Boyer	Non Executive Director	Partner	VMG Associates (Lancashire)	Ongoing
Mr M Hill	Non Executive Director	Director	Marsden Building Society	Ongoing
		Director	Ribble Valley Enterprise Agency	Ongoing
		Trustee	Brathay Hall Trust	Ongoing
Mr R Duckworth	Non Executive Director	Chairman	Ribble & Craven NADFAS	Ongoing
		Walk Leader	Stepping Out	Ongoing
		Trustee	Brian Mercer Charity Trust	Ongoing
		Trustee	Lancashire Family Mediation Trust	Ongoing
Mrs E Sedgley	Non Executive Director	Company Secretary	TDK Architectural Hardware Ltd	Ongoing
		Company Secretary	The Mark A Taylor Organisation Ltd	Ongoing
		Accountancy Services	Elite Econoloft Ltd	Ongoing
		Accountancy Services	Mark A Taylor Demolition	Ongoing
		Accountancy Services	Beechwood Garden Centre Ltd	Ongoing
		Accountancy Services	Hickey's Plant Hire Ltd	Ongoing
		Accountancy Services	Rosney Joinery Contractors Ltd	Ongoing
		Accountancy Services	P Shipstons & Sons	Ongoing
		Accountancy Services	Broomhill Equestrian Centre	Ongoing
		Accountancy Services	H&I Chemicals Ltd	Ongoing
		Accountancy Services	Ask & Co	Ongoing

Our Directors confirm that as far as each individual director is aware there is no relevant audit information of which the Trust's Auditors are unaware and that they have each taken all the steps they ought to as Directors to make themselves aware of any relevant audit information and to establish that the Trust's Auditors are aware of that information.

09/10

Managing Risk

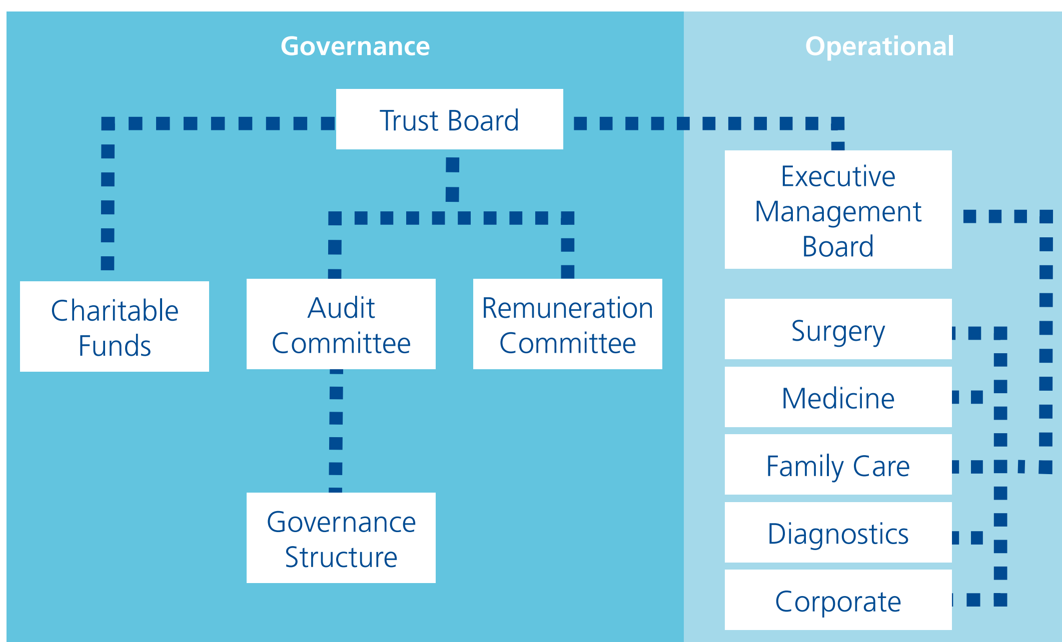
Senior Management and Corporate Governance Structures

Our Executive Directors are supported by a team of professional and clinical leaders who facilitate the delivery of services throughout the Trust. The Senior Management Team supports the Trust Board in the development and implementation of strategy and the monitoring of all spheres of the Trust's activities through the Executive Management Board.

The members of the Executive Management Board are the Executive Directors , the Associate Medical Directors for each Clinical Division, the Director of Human Resources and Organisational Development, the Director of Service Development and the Director of Planning and Strategic Development. Other members may be co-opted onto the Board as required.

During the course of this year we have undertaken a review of our corporate governance structures in line with best practice and taking into account the recommendations of the Francis Report, the Audit Commission's report "Taking It On Trust", the National Leadership Council's report "The Healthy NHS Board" and other national guidance. As a result of the review we have amended our corporate meeting structure to streamline reporting of performance and quality information and ensure increasingly robust accountability arrangements form the Board to the ward.

Our Trust Board's Committee Structure



Our Audit Committee

The Committee ensures that an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives is maintained.

It also ensures that appropriate relationships are established and maintained between the Trust, its internal and external auditors and the local Counter Fraud Service. The primary role of the Audit Committee is to judge and report upon the adequacy and effective operation of the overall control systems of the organisation. The committee's work focuses on the framework of risks, controls and related assurances that underpin the delivery of the organisation's objectives. The Audit Committee has approved Terms of Reference which are available on request and are regularly reviewed.

The Committee met on a six weekly basis during the course of the year and its members and their attendance for meetings is detailed below:

Mr Martin Hill	– Chair	100%
Mr George Boyer	- Non Executive Director	75%
Mr Paul Fletcher	– Non Executive Director	75%
Mr Roger Duckworth	– Non Executive Director	75%
Mrs Elizabeth Sedgley	– Non Executive Director	100%

Mrs Sedgley and Mr Duckworth have relevant recent financial experience being fully qualified accountants.

The annual report of our Audit Committee was presented to Trust Board at its meeting on 14th April 2010 and is available on our website at www.elht.nhs.uk

The Assurance Framework

The Assurance Framework is the main tool by which the Trust Board monitors the risks to the organisation in relation to achieving the strategic objectives. The framework maps the organisations objectives to principal and subordinate risks, controls and assurances.

Trust Board members and senior managers within the organisation are instrumental in identifying the key risks related to the organisation delivering its objectives. It is an iterative framework populated with risks associated with corporate objectives as they are identified and as actions are taken through the operational management of the organisation the mitigating factors are reviewed alongside the current risk score.

A revised framework for the 2010/11 financial year has been formulated. The revised framework has been mapped to the requirements of the NHS Operating Framework and CQC registration obligations and regulations. The risks have all been reviewed by the risk owners and responsible directors

The key risks have been mapped across the framework and risk rated in accordance with the Trust scoring matrix. Examples of positive assurances and controls are highlighted within the framework, as are areas where further controls and assurances are required.

The Assurance Framework has been in place continuously throughout this financial year. The Framework highlights the controls and assurances in place and where further actions are required to reduce the risk. Implementation of the actions will reduce the impact on non-delivery of the strategic objectives.

Risk Treatment Plans are in place against the risks identified and are continuously monitored to ensure actions take place to reduce risk.

An updated version of the Assurance Framework is presented to the Trust Board throughout the year and is available in the Trust Board papers section of our website at www.elht.nhs.uk.

The Major Incident Plan

The Trust has in place a Major Incident Plan that is fully compliant with the requirements of the NHS Emergency Planning Guidance 2005 and all associated guidance. During the course of the year the Trust has worked in partnership with other local agencies to undertake major incident planning activities.

In addition this year the Trust along with the rest of the National Health Service undertook significant planning in order to prepare for the anticipated influenza pandemic. The Trust was able to comply with all guidance and report itself at green status throughout the period and also took part in the regional flu pandemic exercise "Peak Practice". In addition in October 2009 the Trust took part in exercise "Fair Snape" which was designed to test the surge management plan. Learning from each of the exercises was disseminated through the Trust's Governance structures.

Information Governance

There have been no serious untoward incidents during the reporting period involving data loss or confidentiality breaches.

The Trust participates in the completion of the NHS Information Governance Toolkit and has an Information Governance Group which monitors progress against action plans to improve the security of information and its use within the Trust and the way in which information is shared with appropriate partners.

The Director of Finance is the Trust's Senior Information Risk Owner who reports to and advises the Board on the way in which information security is maintained across the scope of the Trust's activities and he is supported in this role through the work of information asset owners.

Principles for Remedy

The Parliamentary and Health Ombudsman has published six principles for remedy to guide organisations in circumstances where maladministration or poor service has resulted in hardship or injustice.

The principles are:

- Getting it right
- Being customer focussed
- Being open and accountable
- Acting fairly and proportionately
- Putting things right
- Seeking continuous improvement

The Trust believes that these principles are encapsulated in its complaints handling policy and in the processes it has in place to receive and act upon feedback from all stakeholders. The Trust's Governance Committee receives an annual report summarising the key themes arising from formal and informal complaints and health and safety incidents to identify and act upon issues on a trust wide basis to further support the work that is done at ward, specialty and divisional level to continuously improve our service to users and to take prompt action where our service falls below the high levels we pride ourselves on achieving.

Users & Stakeholders

"The health of people in Lancashire is poorer than the English average and people living here are more likely to die early from heart disease, cancer or stroke and are more likely to smoke or drink excessive levels of alcohol.

The number of people who are 65 and older is increasing fast across our health economy although the borough of Blackburn with Darwen has a high proportion of young people with nearly a third of the population being under 19 years of age. There continues to be a significant gap between the richest and poorest parts of our community with the attendant differences in life expectancy and life opportunities which have a consequent effect on the health of the local population."

These indicators, as detailed in the local comprehensive area assessments', mean that the health needs of the communities we serve are complex and continue to provide a challenge to the Trust and its commissioning partners to develop services to improve the health and well being of local people on an ongoing basis. During the course of the year the Trust has in particular improved its coronary services and has started to see sustained improvements in the provision of stroke and cancer services.

Stakeholder Map

An overview of our stakeholders would include:

Sector	Organisation/ Entity
Local people and their representatives	The public
	Patients
	Patient relatives and carers
	Community and faith representatives
	MPs
	Local Involvement Networks
	Special interest groups
Health Sector	ELHT employees and volunteers
	Commissioning PCTs and provider arms
	GPs and Practice Based Commissioners
	Other frontline healthcare providers
	Strategic Health Authority (NHS North West)
	Government - Department of Health
	Regulators - Including Care Quality Commission
	Specialist Commissioners
	Royal Colleges
	Voluntary Sector
Media	Local newspapers
	Regional and national press, TV and radio
	Web news providers
	Specialist health/ public sector publications
Public Sector Partners	Local strategic partnerships
	Health Overview and Scrutiny Committees
	Lancashire County Council and District Councils
	Universities and FE colleges
	Emergency Services
Private Sector	Major employers
	Local businesses
	Chamber of Commerce
Regional, National and International Stakeholders	Government Office - North West
	Regional Assembly
	Northwest Development Agency
	Government (Wide range of departments)

Each of these stakeholder groups has a range of power and influencing factors that shape the relationship we have with them, this includes their interest in the Trust and health; their motivation towards the Trust and health; their information needs; their current opinion/status and the people and things that influence them. We also consider the people that each of our stakeholders may influence and the way in which they do so.

The people who use our services have higher expectations than ever before. They want to make informed choices about their care and the treatment they receive.

The Trust will respond to rising expectations by empowering patients and listening to their views. The Trust will continue to be pro-active in seeking these views in 2010/11 and will continue to work in partnership with our Commissioners and Blackburn with Darwen and Lancashire County Council Local Involvement Networks (LINKs), Health Overview and Scrutiny Committees and other key stakeholders to ensure full delivery of the 'vital signs' identified through the joint strategic needs assessments and Local Area Agreements.

09/10

Private/ Commercial Work

The Trust works with a variety of private sector partners to deliver services to our communities.

In addition to our Private Finance Initiative partners, Consort and Catalyst, who maintain our two main hospital sites this year has seen the pilot of a partnership with Lloyds Pharmacy to dispense out patient prescriptions on the Royal Blackburn Hospital site which has enabled hospital based pharmacy staff to spend increasing amounts of time on wards and so improve the discharge experience for our patients.

Our capital spend this year has focused on the provision of a Womens and Newborn Unit at our Burnley General Hospital site and the Trust appointed Laing O' Rourke as its principal supply chain partner through the Procure21 contracting process. It was a stipulation of our contract with Laing O' Rourke that preference should be given to local suppliers and services who could meet the specifications when awarding sub contracts to undertaken the work on this project.

Our parking facilities are managed by Vita Lend Lease and Meteor.

The Trust has partnered with Diaverum to provide kidney dialysis services on the Burnley General Hospital site as part of a collaborative working arrangement with Lancashire Teaching Hospitals Foundation Trust.

Strategic Alliances

The Trust has contractual relations with a number of local NHS and Foundation Trusts for the delivery of services and products.

These include Bolton Hospitals NHS Trust, the NHS Blood and Transplant Service, Central Manchester and Manchester Children's University Hospitals NHS Trust, Christie Hospitals NHS Foundation Trust, Lancashire Teaching Hospitals NHS Foundation Trust, Abbey Gisburne Park Hospital and BMI Healthcare.

The Trust has also taken the opportunity during the course of the year to forge a close alliance with Calderdale and Huddersfield NHS Foundation Trust to the mutual benefit of the organisations. The Calderdale and Huddersfield Trust has a similar service and patient base and has successfully undertaken major service reconfigurations and functions successfully within the Foundation Trust framework.

09/10

Our Staff

Consultation

The Trust is committed to improving engagement between staff and managers throughout the organisation and across all staff groups. The Trust enjoys a positive relationship with its recognised Trade Unions and uses formal and informal channels to ensure appropriate consultation and communication takes place. Staff have selected approximately 100 Staff Champions to represent them in consultations with senior managers. Formal union negotiation and consultation takes place through the Joint Negotiating Consultative Council (For staff under Agenda for Change Conditions of Service) and Joint Local Negotiating Committee (for Medical Staff). The Trust employs a full time Partnership Officer to provide a specific link between the Trust and the recognised Trade Unions.

As part of its commitment to engagement, the Trust takes part in the national NHS Staff Survey on an annual basis. The results of the 2009 survey indicate a very significant improvement when compared to the previous year. Of the 40 key findings the trust is in the top 20% of Trusts nationwide in 14 of the key findings. There were a number of very positive scores particularly in relation to line management support, stress, learning and development and appraisal.

The Trust made a key commitment to improve the engagement process with staff at all levels throughout the last year. We recognise our responsibility to care for and support our staff who provide excellent service to our local communities on a daily basis and we will continue to develop a more effective and efficient engagement processes over the course of the next year to ensure that the progress made to date is sustained.

Communication

The Trust has taken steps during the course of the year to strengthen personal and team accountability from Board to Ward and improve communication and feedback to staff. All staff members receive an appraisal with their immediate line manager on at least an annual basis and as part of their personal development will receive further regular feedback on their performance throughout the year. This provides an opportunity for staff to discuss any issues of concern. Regular staff meetings are encouraged.

A monthly staff brief publication is produced to advise staff of events, key developments, good practice and management or service changes and decisions and to provide all staff with an opportunity to contribute news and other items. In addition a daily "Message of the Day" is provided electronically to ensure ongoing communication of important events and to distribute information quickly and efficiently to all staff.

The Divisions and Specialties also have embedded communications to ensure information specific to an individuals area of work are cascaded appropriately.

Learning and Development

There are Learning and Development facilities including libraries on both our Burnley and Blackburn sites supported by enthusiastic and committed staff. The teams have been successful in securing extra funding through bids to external sources to maximise training opportunities for our staff.

There are many opportunities for all our staff to develop or gain new knowledge and skills as well as maintain mandatory requirements. A wide range of training is provided from resuscitation to advanced IT skills.

The Trust has signed up to the Skills Pledge which enables our staff who may not have obtained formal educational qualifications to reach adult level 2 education through a range of learning methods including NVQ's. As well as in house provision for this we work closely with local colleges and ensure that we offer learning opportunities for our local communities. We want to encourage our local people to consider careers in the NHS.

The clinical education teams work closely with local Universities and the Medical Deanery to provide clinical placements for nurses, allied health professionals and doctors. There are currently over 400 nurses in training and we have the largest Foundation Programme for junior doctors in the North West with 138 in post. The Trust also commissions post registration clinical development for nurses with the Universities, over 400 modules were provided this year. Many other types of learning have also been commissioned from Masters Degrees to conferences.

Disability and Equal Opportunities

The Trust is committed to providing equality of opportunity both in its employment practices and the services it delivers. During the last financial year the Trust appointed a new Diversity Manager in order to give increased emphasis on these issues. A specific responsibility during the course of the next financial year will be to produce a Single Equality Scheme on behalf of the Trust.

The Trust already has robust policies in place to ensure it meets its statutory requirements in relation to diversity and an annual report is produced to the Trust Board to advise on the work undertaken in relation to its commitments to diversity. The new single equality scheme will strengthen those commitments.

Sickness Absence

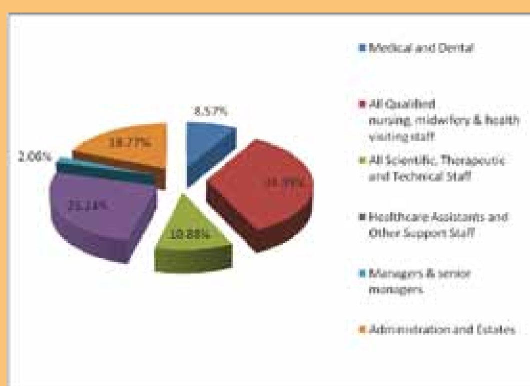
The Trust has reviewed and implemented an amended Sickness Absence policy in consultation with staff representatives during the course of the year recognising that the underlying causes of staff absence need to be addressed at an individual and corporate level and that any absence can cause additional stress and work for colleagues during any period of absence. The Trust continues to offer support to staff during periods of sickness through the Occupational Health Service and has also introduced an independent counselling service which is free for staff to access.

Division	2008-9	2009-10	Change
	% Absence	% Absence	
435 Chief Executive L3	1.36	1.65	0.29
435 Clinical Care & Governance L3	4.72	3.97	-0.75
435 Diagnostics & Treatment Services	5.22	4.69	-0.53
435 Facilities Division	5.63	6.8	1.17
435 Family Care	4.06	3.9	-0.16
435 Finance, Info, Plan, IT & Cap	4.92	3.85	-1.07
435 Medicine Division	5.16	5.38	0.22
435 Organisation & Development	4.13	2.47	-1.66
435 Surgery Division	5.57	5.44	-0.13
435 East Lancashire Hospitals NHS Trust	5.07	4.94	-0.13

Workforce Profile

Over the last 12 months there has been an increase in the number of staff employed to reduce reliance on agency and temporary staff. The table below show the changes in the number of staff employed and the proportions of staff within each staff group.

Staff Group	Apr-10		Apr-09		Change
	FTE		FTE		
Medical and Dental	457.03	8.57%	430.29	8.27%	26.75
All Qualified nursing, midwifery & health visiting staff	1834.41	34.39%	1778.94	34.18%	55.48
All Scientific, Therapeutic and Technical Staff	580.14	10.88%	554.64	10.66%	25.5
Healthcare Assistants and Other Support Staff	1346.18	25.24%	1345.42	25.85%	0.76
Managers & senior managers	109.8	2.06%	108.34	2.08%	1.46
Administration and Estates	1001.28	18.77%	979.52	18.82%	21.77
Others	1.2	0.02%	1.5	0.03%	-0.3
Locum staff	4.3	0.08%	5.6	0.11%	-1.3
Grand Total	**5334.35**		**5204.23**		**130.12**



Our External Environment

Local Health Economy and Market Position

East Lancashire Hospitals NHS Trust is located in the heart of the North West of England, within Lancashire but juxtaposed with Bolton and Manchester to the south, Preston to the west and the Pennines to the east forming a natural boundary with Yorkshire.

The Trust's sites are well located for easy access to the M65 which provides the main artery to the M6, M62, M61 and M55.

The Trust's core market is served by two Primary Care Trusts (PCT's); NHS Blackburn with Darwen and NHS East Lancashire serving a total of 520,000 people.

However, the Trust's peripheral market (within 1 hour travel) provide an additional population of 1,375,900 people served by a further five PCTs.

The Trust's core market yields on average an 88.5% market share. However, peripheral market activity is much lower than could reasonably be expected considering the travel corridor created by the M65 spans almost four PCT areas and brings a further two within easy reach of one of the main sites (although it must be remembered that easy travel can encourage outward as well as inward patient flow).

Current indicative market data suggests that key competitors on the Trust's boundaries are conversely increasing their market share by a small proportion per year. Although this is considered a key threat it should be more than compensated for by planned marketing activity within the next 12 month period.

The introduction of plurality into the healthcare sector has resulted in a marked change in the competitive environment with NHS and independent providers now moving from almost peripheral competition into a direct and visible competition via patient choice. This has created active competition within a number of key market areas.

The Trust has reviewed the plans of neighbouring providers to understand and assess the impact on our own plans. Over the next twelve months the Trust will continue to refine its business plans to take account of changes in commissioning organisations and boundaries, the development of integrated care organisations and the opportunity to work with other hospitals collaboratively to provide services.

Competitive Position

East Lancashire Hospitals NHS trust provides acute secondary care services to a population of approximately 520,000 people predominately from its main hospital sites in Burnley and Blackburn (Royal Blackburn Hospital and Burnley General Hospital). The hospitals are 14 miles apart and the Trust is a specialist centre for Hepatobiliary/ Pancreatic Surgery, Head and Neck and Urological cancer services, Cardiology, whilst being a network provider of Level III Neonatal Intensive Care for the region.

The Trust contracts with 11 Primary Care Trusts and the lead commissioner is NHS East Lancashire. There are 10 associate Primary Care Trusts including NHS Blackburn with Darwen. Approximately 97% of the Trusts services are commissioned by NHS East Lancashire and NHS Blackburn with Darwen each incorporating locality Practice Based Commissioning Groups.

The nearest alternative providers of acute care from our nearest main site are the Royal Preston Hospital (10.5 miles), the Royal Bolton Hospital (13.6 miles), Fairfield General Hospital (13.3 miles) and Airedale General Hospital (15.7 miles). For elective procedures patients can also access a range of independent sector providers including major NHS contracts for orthopaedics, general surgery and ophthalmology. Additionally our patients access a range of specialist hospitals predominantly in Manchester and Liverpool.

Legal & Regulatory Influences

There are over thirty organisations that regulate the activities of the Trust and its staff from the Department of Health to professional staff bodies to the Health and Safety Executive and local Councils. The Trust through its Governance Unit maintains links with all regulators and collates evidence of compliance with their requirements on an ongoing basis. The main influences on the Trust come from the following organisations:

The Care Quality Commission is to be the independent regulator of health and social care providers in England and to improve standards of care and protect those who use the services.

The Department of Health is responsible for assisting in the development of and implementing health and social care policy through the North West Strategic Health Authority, NHS North West, in this region.

In Year Performance

The Trust's key strategic aims are set out each year in the Annual Business Plan for the Trust. In 2009/10 we had seven aims:

1. **Maintain high quality patient experience by achieving all Care Quality Commission standards and targets**
2. **Maintain focus on patient safety and achieve acute NHSLA level 3, maintaining level 2 for maternity services**
3. **To improve staff satisfaction through a programme of staff engagement initiatives**
4. **Strive for clinical excellence - achieving University Hospital status and establishing international links**
5. **Pursue Foundation Trust status**
6. **Improve public confidence and attract new patients**
7. **Deliver sustainable financial balance**

The Trust has had a challenging year in delivering against these strategic objectives and reports mixed success due to changing priorities and changing circumstances. Progress against each of the criteria is reported below.

Maintain high quality patient experience by achieving all Care Quality Commission standards and targets.

The Trust has in place a performance dashboard containing national and local priority indicators mapped against the Care Quality Commission standards and targets and local priorities agreed with our commissioning primary care trusts against which progress is reported to the Trust Board on a monthly basis. The performance dashboard includes the key performance indicators used by the Board to assess progress against these standards and targets. Progress against each of the indicators is measured using a red, amber, green analysis where red indicates that the Trust does not currently meet the standard and actions to remedy the situation are not yet effective, amber indicates that performance is not meeting the standard required but that the situation is improving as remedial action is taking effect and green indicates that the stated target is currently being met. The dashboard also enables members to track trends in performance against each indicator.

The national priority indicators measured over the course of the year were:

		2008/09		2009/10	
		Target	Actual	Target	Actual
18 week referral to treatment					
	Admitted patients	90%		90%	
	Non admitted patients	95%		95%	
Cancer wait times					
	14 day referral	NA		93%	
	31 day treatment			96%	
	62 day treatment			85%	
	31 day subsequent surgery	NA		94%	
	31 day subsequent drug treatment	NA		98%	
	62 day screening	NA		90%	
	14 day breast symptom referral	NA		93%	
Infant Health breastfeeding initiation			68.03%	68.03%	
Infant health smoking during pregnancy			18.47%	18.48%	
Experience of patients			4	7	8
Stroke care					
	% patients spending 90% of stay on stroke ward	NA		70%	
MRSA Bacteraemia rates		24	17	24	
Clostridium Difficile infection rates		264	200	252	
Access to GUM clinic within 48 hours				100%	100%
Data Quality on ethnic groups		90%		85%	
Thrombolysis					
	Call to needle	68%		68%	
	Door to needle	75%		75%	
Total time in A & E 4 hours or less		98%		98%	
Number of inpatients waiting more than 26 weeks				0%	
Number of outpatients waiting more than 13 weeks		0.03%		0%	
Rapid Access Chest Pain patients seen within 2 weeks				98%	
Cancelled operations					
	% cancelled	0.80%		1%	
	% not rebooked within 28 days	5%		5%	

Performance against each of these indicators is measured in line with the guidance provided by the Care Quality Commission and the data is gathered from our patient administration system which is used throughout the NHS to provide comparative data across all NHS Trusts.

The Trust has successfully maintained the access to treatment targets ensuring waiting lists are kept within the minimum levels required and that all patients referred to the Trust for treatment are treated within 18 weeks unless there are exceptional circumstances, the patient chooses to wait or the patient is unable to attend for treatment due to other factors. This standard has been maintained in spite of a 6% increase in elective activity, a 3% increase in emergency activity and increases in outpatient attendances and procedures above that agreed with the commissioners at the beginning of the year. The Trust is continuing to work with commissioning partners to ensure alternatives to hospital treatment are available to the local population as part of the "Care Closer To Home" initiatives. It is expected that as alternative arrangements for the management of patients' health, particularly long term conditions such as asthma and diabetes, are put into place across the health economy the need to admit patients to hospital for treatment will reduce.

Despite failing the overall target that stroke patients should spend 90% of their time on a stroke ward during their hospital spell the Trust has improved its performance against this target significantly over the course of the year. The Trust's stroke strategy is being implemented and the Trust fully expects to meet the national target early in the new financial year and maintain strong performance against this indicator. The Trust does identify and commence appropriate treatment for stroke patients at the earliest possible opportunity but recognises that there are specialist nursing, clinical and support skills that are more appropriately provided in a specialist treatment area and a specialist stroke ward has been established at the Royal Blackburn Hospital site.

The Trust has continued to maintain its strong commitment to reducing hospital associated infections again performing well below the maximum number of cases over the course of the year. This reflects the continuing efforts of our staff, patients and visitors to challenge each other on hygiene standards and the Trust's commitment to ensure any incidence of infection is detected and treated at the earliest opportunity. The Trust expects hospital acquired infection rates to continue to fall in the next year although community acquired MRSA detection rates are expected to increase as the full introduction of MRSA screening for all elective and non elective procedures is rolled out across the Trust. This will enable identification and treatment of patients for MRSA prior to entry into hospital and should ensure reduced complications and faster recovery for patients following their treatment.

There has been an increase this year in the number of cancer targets against which NHS Hospital Trusts have been measured and the Trust has improved its performance against last year's outturn meeting both of the main targets that cancer patients should be seen within 14 days of referral and should be treated within 31 or 62 days according to the type and severity of cancer detected. The Trust works with a number of specialist tertiary centres in relation to the treatment of patients with cancer for subsequent surgery and treatment and continues to work with all partners to ensure the

necessary standards of treatment and communication with regard to referrals and treatments are in place to enable our local patients to receive the right care at the right time from specialist teams.

The delivery of a number of targets depends on close working across the health economy between the Trust and its commissioning and other partners. This applies particularly to the standards for infant health and treatment on the emergency care pathway which are shared with commissioning primary care trusts and the thrombolysis targets which are shared with the North West Ambulance Service. The primary care trusts recognise the need to reduce smoking within families expecting a child and has a number of initiatives in place to promote healthier lifestyles and reduce smoking among the population at large and is committed to promoting breast feeding in partnership with the Trust. This commitment across the health economy has seen the area achieve some of the highest rates nationally for implementing breast feeding for new babies and their mothers.

The Trust experienced severe difficulties during the early part of the year in meeting the national standard that 98% of patients attending emergency departments should be treated or discharged within four hours. The Trust recognised that there was a need to rapidly improve the quality of this aspect of our service and worked extremely hard with the support of the commissioning primary care trusts and the Strategic Health Authority to improve its performance over the course of the year. The concentrated efforts of our staff have seen a radical redesign of the way in which our emergency care pathways are structured to enable rapid early assessment and triage, treatment and discharge or admission to an appropriate bed. This way of working has enabled the Trust to rapidly improve the service and performance against the target in a sustainable way since January 2010 despite the pressures from increased attendances. The Trust believes that this improvement is now embedded within the Trust and will be sustained in the future.

Maintain focus on patient safety and achieve acute NHSLA level 3, maintaining level 2 for maternity services

Most Healthcare organisations are regularly assessed against these risk management standards which have been specifically developed to reflect issues which arise in the negligence claims reported to the National Health Service Litigation Authority. There is a set of risk management standards for each type of healthcare organisation incorporating organisational, clinical, and health & safety risks. In addition, there is a separate set of clinical risk management standards for NHS maternity services. All the NHSLA Standards are divided into three "levels": one, two and three, with three being the highest level that can be achieved.

In November 2009 the Trust successfully undertook assessment against the level 3 NHSLA general standards against which the assessors noted there was an exceptionally high level of compliance and that the Trust has well embedded risk management systems and processes. The Trust is very pleased to have received this prestigious accolade as one of the highest scoring Trusts ever to have achieved this standard.

The Trust will undertake a further assessment against the level 2 maternity standards in the later part of the 2010/11 financial year following completion of the new Women and Newborn Centre at Burnley General Hospital. The Trust has in place an action plan which is monitored on an ongoing basis to ensure we meet all the safety and risk management standards that ensure the quality of the service we provide to the local community and expects to maintain the current level two accreditation at that time.

To improve staff satisfaction through a programme of staff engagement initiatives

The Trust takes part in the national NHS survey of staff on an annual basis. The results of the 2009 survey results indicate a very significant improvement when compared to last year. The survey analyses 40 key findings and for 14 of those key findings the Trust is in the top 20% of Trusts nationwide. The survey is designed to provide a summary of staff views on a number of indicators in relation to their satisfaction with the organisation and the roles they perform and this year was also specifically structured to assess a Trust's progress in embedding the four staff pledges which form part of the NHS Constitution. There are a number of very positive scores, particularly in relation to line management support, stress, learning and development and appraisal. The table below indicates those areas assessed where significant improvement has been made on the scores recorded for the previous year:

Question	2008/09	2009/10
Care of patients is my trust's top priority	44%	53%
Senior Managers are committed to patient care	40%	47%
I would recommend my trust as a place to work	39%	51%
There are enough staff in this trust for me to do my job properly	23%	33%
During the last 12 months, have you suffered from work related stress	29%	19%

The importance of employee engagement cannot be underestimated. The most recent authoritative research on this was the Government commissioned MacLeod Review, "Engaging for Success". The conclusion of that review was:

"that if employee engagement and the principles that lie behind it were more widely understood, if good practice was more widely shared, if the potential that resides in the country's workforce was more fully unleashed, we could see a step change in workplace performance and in employee well-being, for the considerable benefit of UK plc."

The Trust made a key commitment to improve the engagement process with staff at all levels throughout the last year through a series of engagement events, improved communications from ward to Board and implementing the findings of regular staff surveys on a departmental basis. The Trust recognises that its greatest asset is the staff who provide excellent service to our local communities on a daily basis and will continue to develop more effective and efficient communication and engagement processes over the course of the next year to ensure the progress made to date is sustained.

Strive for clinical excellence - achieving University Hospital status and establishing international links

During the course of the year the Trust's clinicians have maintained their international links providing a variety of services and collaboration with international colleagues on a wide range of teaching, research and other initiatives. Attendance at international study days for a variety of Specialties has been maintained ensuring that our clinicians and nurses remain at the forefront of developments in service delivery and treatments to enable the continued excellence in provision of care to our local communities.

The Trust has maintained links with a number of universities to provide placements for students undertaking training in health related occupations. The Trust has particularly close links with the University of Manchester, University of Central Lancashire and University of Liverpool. The Trust will continue to build on these links in the future but is not at this stage pursuing University Hospital status given the level of service development planned for the medium term.

Pursue Foundation Trust status

The Trust is currently exploring options to assist it in achieving Foundation Trust status at a time when the models of health care provision are changing rapidly. There is a level of uncertainty as to the future model of acute health care with an increasing emphasis from the centre on the need to divest services into the community and avoid hospital admissions. Primary Care Trusts are being required to separate into provider and commissioning entities representing a significant challenge to both the local and wider health economy. This year has seen a rapid increase in the number of integrated care organisations where former acute and primary care trusts and other organisations have worked together to provide or commission seamless care pathways for the future treatment of patients in a new organisation. This is exemplified by the establishment of the Care Trust Plus commissioning organisation in Blackburn with Darwen. The Trust Board believes it is right to continue to explore future models of health care provision for the Trust as it has done during the course of this year with the ultimate aim of establishing a Foundation Trust in East Lancashire at a point in the future.

Improve public confidence and attract new patients

We believe that in order to improve public confidence we need to demonstrate that we are able to deliver the highest quality standards to our patients and their families and enhance the way in which we deliver services. During the course of the year we have progressed our plans to open a new Women and Newborns unit on the Burnley General Hospital site to provide a centre of excellence in the provision of care in the locality and the wider region with further provision in the local community for those women who would prefer to have their babies outside a hospital environment where this is clinically appropriate. Our new centre is on schedule to open in the Autumn of 2010.

Confidence in our services is also affected by the way in which we are able to demonstrate the standards of our provision through continual improvement against national and local standards and targets. We have set out earlier in this report the progress we have made against the indicators we are required to meet. We have continued to demonstrate that our hospitals provide a clean and safe environment for our patients and their families with a continued reduction in hospital associated infections such as MRSA and Clostridium Difficile and continued improvement in our PEAT scores.

We believe that by working with our local communities and their representatives we can engage people in the way in which services are both developed and delivered. We have continued to work with our members during the course of the year holding quarterly member events and have over four hundred volunteers working in our hospitals who provide information and advice and practical assistance to staff and patients and act as advocates in the local community. We have continued to engage with statutory and representative groups to advise, report and consider representations from them during the course of the year.

Deliver sustainable financial balance

Details of the Trust's financial performance can be found in the summary financial statements provided as part of this report. As the summary financial statements may not contain sufficient information for a full understanding of the Trust's financial position and performance a full copy of the audited accounts for the year are available on request from the Company Secretary, Trust Headquarters, Royal Blackburn Hospital, Haslingden Road, Blackburn, BB2 3HH or through our website at www.elht.nhs.uk

Our Environment

Estates & Facilities

- Maintaining the momentum of the capital programme and making good progress on significant schemes including Women's and Newborn Centre, second catheter lab and single sex accommodation
- Embedding the new performance monitoring regime
- Making good progress on internally led service improvements e.g. abandoned call rates
- Receiving good feedback from the Care Quality Commission on Medical Admissions Unit cleanliness on the recent hygiene inspection
- Making good progress on the Patient Environment and Amenities Team (PEAT) plan
- Making significant progress on Cost Improvement Programmes, including receiving over £1.4 million from rates rebates
- Carrying out service delivery changes e.g. catering at Burnley General Hospital

PEAT Scores

The National Patient Safety Agency "leads and contributes to improved, safe patient care by informing, supporting and influencing the health sector". One of its key roles is to manage the PEAT programme which inspects every inpatient healthcare facility in England and provides an annual rating for each facility of excellent, good, acceptable, poor and unacceptable.

Burnley General Hospital		2008/09	2009/10
	Environment	Acceptable	Acceptable
	Food	Good	Good
	Privacy & Dignity	Good	Good
Royal Blackburn Hospital			
	Environment	Acceptable	Good
	Food	Good	Excellent
	Privacy & Dignity	Good	Good
Pendle Community Hospital			
	Environment	Acceptable	Good
	Food	Acceptable	Excellent
	Privacy & Dignity	Good	Good

There will be a drive throughout the forthcoming year to better understand the context of Facilities provision in the direct patient contact experience i.e. patient environment, availability of car parking etc.

We will work with the Lead Matron (Patient Experience) to develop more interactive and relevant patient experience tracker information that illustrates the impact of Facilities on the patient experience.

Sustainability and the links to the environment, both direct patient and public/ staff, are featured within the Estate Strategy (2008). Since the publication of the strategy, sustainability has become a key driver in the NHS and more concerted emphasis is being placed in this area.

A key test of an organisations commitment to the sustainability agenda is the Good Corporate Citizen (GCC) model. The GCC test for the Trust has been reviewed and the Trust continues to make progress towards the key objectives.

Success in 09/10

Travel/Transport

Reduced frequency of inter-site shuttle buses from 20 minutes to 30 minutes achieved on reduction of 159 tonnes of CO_2 per annum.

Introduced a tax free cycle to work scheme for all ELHT employees - 42 employees taken up the offer (first round).

Continue to offer the JD Sports Park and Ride (with gym membership to staff) – 80+ employees have taken up the offer.

Energy/Construction

On course to achieve a BREEAM excellent rating in the new Womens and Newborn Unit.

Completed detailed primary energy centre feasibility study at Burnley General Hospital.

Held an energy awareness day in the main restaurant with PFI out partners and NPower.

Procurement

Introduced whole life cycle costing approach to key equipment purchases with high energy requirement e.g. HSDU sterilizers.

E-procurement to reduce paper requisitions and transactions and adoption of innovation.

Plan for 10/11

Organisational

Develop a Trust wide carbon management action group within the organisation.

Travel/Transport

Complete independent review by Carbon Trust on impact of Trust internal fleet and grey transport fleet.

Introduce new cycle racks and cycle facilities at Burnley General Hospital, adjacent to Womens and Newborn Unit development.

Introduce permit restrictions for staff car parking at Royal Blackburn Hospital.

Energy/Construction

Introduce Combined heat and power unit for Womens and Newborn Unit.

Compete the feasibility study at Royal Blackburn Hospital with our PFI partners for funding energy reduction measures.

Achieve a BREEAM excellent rating in the Womens and Newborn Unit.

Procurement

Working with Trust Stakeholders to increase efficient use of print devices and networked solutions – alignment of contract and adoption of innovation.

Exploring opportunities to reduce carbon footprint via better utilization of Key carriers and consolidation of deliveries.

PROTI
09/10

Key Achievements 2009/10

April 2009

Innovative Vein Technique Pioneered in East Lancs

A radically new way of treating varicose veins is being carried out in East Lancashire Hospitals. The VNUS Closure System allows surgeons to treat patients more conveniently and speeds up recovery after the procedure. For around 100 years the traditional treatment for varicose veins was vein stripping, which is normally carried out under general anaesthesia in operating theatres, and sometimes involves an overnight stay in a hospital bed. This treatment involves the complete removal of the vein and a groin incision, it has a prolonged recovery profile with long return to normal activities - especially driving and walking. It is a very common condition and around 37,000 varicose vein treatments were performed last year

May 2009

Coronation Street star backs bowel cancer screening campaign

CORONATION Street actor Malcolm Hebden called for older people to take the bowel cancer screening test as he launched the scheme in East Lancashire. Malcolm, 69, who plays Norris Cole in the soap, was promoting the scheme at the Royal Blackburn Hospital as part of a campaign across Lancashire and Cumbria. Bowel cancer screening kits are being sent to everyone aged 60 to 69, and those aged 70 or over can request them. The completed home-testing kits are sent off to the laboratory to test for blood in the stool, and those with an abnormal result will be called for an appointment and further tests. More than 16,000 people die of bowel cancer in the UK each year, but if it is spotted early, it is one of the most treatable forms of the disease

June 2009

STAR Awards Winners Announced

More than 250 teams and individuals were nominated for awards, with the two finalists in all eight categories attending the Dunkenhalgh Hotel. The winners were:

- Best-Kept Environment – Franco Lapiano, Fracture Clinic Domestic
- Contribution to Patient Experience – Janet Lace, Genito-Urinary Medicine Health Advisor
- Rising Star – Sam Brindle, Domestic
- Achievement of the Year – Rakehead Rehabilitation Centre
- Outstanding Contribution – Robin Paton and Paediatric Orthopaedics Team
- Patient and Public Award – Janet Lace, Genito-Urinary Medicine Health Advisor
- Team of the Year – Peter Addison and Susan McLean, Pathology Domestic Team
- Unsung hero – Bill Clough, Volunteer, Phase V reception, Burnley General Hospital

All winners and runners-up received a trophy, along with Marks and Spencer gift cards, from sponsors Marketing for Health. The awards were sponsored by: CN Events, Consort Healthcare, University of Central Lancashire, Meteor UK, Laing O'Rourke, Gibson Freake Edge, North West Regional Development Agency, Wardhadaway, Hempsons and Deloitte. Alongside the eight nominated awards, at the discretion of the Chief Executive, a special Lifetime Achievement Award was given posthumously to Professor John Lowry CBE. Professor Lowry's wife and daughter, Valerie and Michelle attended the award ceremony to accept the trophy from Dr George Teturswamy, who paid tribute to the visionary Maxillo-Facial Surgeon

July 2009

UK "Kidney Tsar" visits Burnley General Hospital

THE UK's top kidney doctor praised the friendly staff and bright environment when he visited Burnley General Hospital's dialysis unit. Dr Donal O'Donoghue, National Clinical Director for Kidney Care, visited the haemodialysis unit in the hospital's Phase 5 development. The unit is part of the Cumbria and Lancashire Kidney Care Network, a group of healthcare professionals and patients in Cumbria and Lancashire working to improve care for people with kidney disease across the area. A second unit at Accrington Victoria Hospital also provides dialysis for patients across East Lancashire. The unit is run by specialist contractor Diaverum, which provides state-of-the-art equipment and training for nursing staff, and is linked through the network to every medical and social care provider involved in caring for people with kidney failure.

August 2009

Investment in Burnley General Hospital

BURNLEY General Hospital's High Dependency Unit will soon be open full-time, thanks to a £50,000 series of upgrades. Work is under way to create a unit dedicated to care of post-operative patients who need extra attention to ensure that they make a full recovery. Since November 2007, the High Dependency Unit has been open when necessary for patients expected to need extra support after planned operations, with places booked in advance by consultants. Under the Meeting Patients' Needs programme, more and more planned surgery is being carried out at Burnley General Hospital, and the unit will now be open to support all elective work, with additional support from an enhanced team of anaesthetists. Patients who have begun their recovery in the HDU will then be able to move into the next-door ward, which is being refurbished alongside the upgrade works and made fully single-sex.

September 2009

Hi-tech system gives nurses more time to care

NURSES can now spend more time with patients and slash the hours they spend on the phone, thanks to a hi-tech interactive bedboard system. Every in-patient in wards throughout the Royal Blackburn Hospital and Burnley General Hospital can now be electronically tracked throughout their stay on the ExtraMed CRIS (Clinical Real-time Information Solutions) system. All of the information stored is encrypted and password-protected to NHS standards, and the database is kept on the Trust's own server network, meaning it cannot be transferred to any unauthorised machines.

October 2009

Diabetes researchers shed light on their work

PEOPLE living with diabetes are being invited to find out more about the research into their condition being carried out in East Lancashire. East Lancashire Hospitals Trust is a well-established centre for research into new ways of reducing the effects of diabetes and treating the condition conveniently and effectively. The Department of Diabetes has taken part in a number of studies over the past 20 years, geared towards learning more about how the condition can be treated. These studies have been led over the years by Dr Geraint Jones, Consultant Physician and Medical Director, and Dr Shenaz Ramtoola, Consultant Physician and Clinical Lead for Diabetes and Endocrinology, with the support of the whole East Lancashire Diabetes Hospitals diabetes team, including dedicated diabetes research nurses Jacqueline Carey and Gillian Whalley, and diabetes research co-ordinator Jean Astin. GP practices throughout East Lancashire also collaborate in this research activity, and of course, over the years, many patients have helped by participating in research studies. Without patient participation, none of this would be possible. The East Lancashire Hospitals diabetes team have organised an open day to give patients, their families and healthcare workers across the East Lancashire health economy an insight into their research work and help them understand the latest discoveries and aims for diabetes research.

November 2009

Safety is the top priority at East Lancashire's hospitals

PATIENTS at East Lancashire's hospitals can be assured that their safety is everyone's top priority, following its latest assessments. East Lancashire Hospitals NHS Trust, which runs the Royal Blackburn Hospital, Burnley General Hospital, Pendle Community Hospital and the Rossendale Hospital, has been awarded Level 3 accreditation – the highest available – by the NHS Litigation Authority (NHSLA). The accreditation, awarded after inspectors visited last week, places the trust in the top 10% for patient safety. Just 6% of trusts were given Level 3 status last year.

December 2009

Donation to East Lancashire Hospitals

STUDENTS at Tauheedul Islam Girls' High School & Sixth Form College provided some welcome cheer with a visit to the Children's Medical Unit at Blackburn Royal Hospital. The students donated £1,200 to the unit to purchase new toys for the unit's playroom, and also brought gifts for each of the patients. The donation, part of Tauheedul's Humanities Specialism, came from activities in school to raise awareness of global issues such as climate change and poverty. Students attended school in non-uniform and donated their lunch money to a special fund to buy toys and gifts for children at the hospital. Members of the Student Council then visited the children at the hospital to donate the gifts and spend some time with patients.

January 2010

East Lancs Radiologist Gets Top Diploma

A Radiologist at East Lancashire Hospitals is one of the first in the country to get a prestigious diploma in Musculoskeletal Radiology. Mr Shah Khan, Consultant Radiologist worked for five years to get the Diploma of the European Society of Musculoskeletal Radiology. As only one of three radiologists in the entire country to receive this as well as being the only radiologist to obtain the diploma at a non-teaching hospital, Mr Khan can now offer even higher standards of care to his patients The strenuous process he underwent now means he can offer the same level of high radiological care usually only boasted by European and other international counterparts.

February 2010

Unannounced hygiene inspection finds no concerns – and infection rates keep falling

NATIONAL inspectors have given East Lancashire's hospitals a clean bill of health, reporting no concerns at all following an unannounced hygiene inspection. The Care Quality Commission's inspectors made a spot-check against nine different hygiene measures when they visited at the end of January. Its report found no breaches of any of the regulations. The nine areas of inspection cover the infection control procedures in place, including cleaning, handwashing and use of antibacterial gels, and policies on the use of antibiotics, which can leave patients susceptible to infections if they are not carefully prescribed. The inspectors also scrutinised staff uniforms, decontamination processes for instruments and equipment, and isolation facilities used to prevent infections spreading between patients. They checked that cleaning policies and schedules, along with other information on preventing infection, were available to patients and visitors.

March 2010

Heart patients make history in East Lancashire

HEART specialists have made history in East Lancashire, with the first life-saving angioplasty operations at the Royal Blackburn Hospital. Consultant cardiologists Dr Ravi Singh, Dr John McDonald and Dr Kanarath Balachandran carried out the procedures in the hospital's existing cardiac catheter laboratory, which opened in 2006. But the brand-new equipment used for angioplasty will soon be put in place in the brand-new £3 million laboratory, which will open within the next two months, providing the facilities to allow this technique to be carried out routinely in East Lancashire. Until now, all East Lancashire patients who needed the operation had to travel to either Blackpool or Manchester.

09/10

Objectives for 2010/11

OUR VISION AND VALUES

The Trust has undertaken a consultation exercise with our staff to review the values that underpin the Trust's overriding vision "To be a great Trust providing the best possible health care to the people of East Lancashire".

The values that will influence the way the Trust does business are:

- Putting patients and customers first
- Respecting the individual
- Promoting positive change
- Acting with integrity
- Serving the community

We have also reviewed the operation of the organisation and have place increased emphasis on clinicians leading the organisation and a number of principles have been developed to shape the way we work.

These principles are:

- Understand the world we live in and deal with it
- We are clinical led and management supported
- Support departments support the front line
- Everything is delivered by and through the divisions
- Compliance with standards and targets are a given
- Quality is our organising principle, driving quality up and costs down is not mutually exclusive
- We deliver what we say we need to

KEY CORPORATE COMMITMENTS - 2010/11

- Improved patient experience by putting quality at the centre of everything we do.
- Delivery of all national standards and targets.
- Improved productivity.
- Improved efficiency.
- Invest in and develop our workforce.

STRATEGIC OBJECTIVES FOR 2010/11

- To implement the next stages of the Meeting Patients' Needs clinical reconfiguration.
- Continue to make the changes necessary to the emergency care model and pathways to deliver sustainable performance against the four hour maximum wait target.
- To deliver our financial recovery plan and achieve a sustainable financial position within the Trust and our local health economy.

KEY THEMES THAT WILL INFORM TRUST PLANS:

- Renewed focus on quality.
- Emphasis on efficiency and productivity.
- Delivery of all key national standards and targets
- Responding to a changed financial environment.
- Effective use of benchmarking tools
- Devolved approach to delivery
- Closer working with commissioners.
- Investing in and developing our workforce.
- Developing commercial skills and competencies.

KEY CONSTRAINTS

The key constraints business plans will operate within in 2010/11 are as follows. They must:

- continue to improve quality and avoid any negative impact upon patient experience of our services;
- deliver against all core targets and standards (as set out in the revised performance management framework);
- be consistent with the agreed Meeting Patients' Needs model;
- be consistent with Trust and Divisional workforce plans;
- deliver financial balance;
- ensure all service developments are either self financing through additional income generated or explicitly cross subsidised from elsewhere within the division;
- live within available capital allocations.

MEETING PATIENTS' NEEDS SERVICE MODEL 2010/11

In partnership with commissioners we will deliver the next phase of the Meeting Patients' Needs changes in particular:

- Continuing the work necessary to fully establish Burnley as our elective centre and Blackburn as our emergency centre.
- Actively participating in the reinvigoration of the MPN Board.
- Continuing the construction of the new Women's and Newborn's centre on the Burnley site (to be opened Autumn 2010).
- Agreeing plans for new Birthing Centres.
- Working with commissioners on developing new pathways of care for long term conditions management as part of implementing 'Care Closer to Home'.

KEY AREAS OF FOCUS 2010/11

Family care:

Women's and Newborn's changes – centring consultant led obstetrics and gynaecology on the BGH site, paediatrics on the RBH site and establishing new midwife led Birthing Centres

Medicine:

Delivering sustainable performance against the four hour maximum wait target and delivering planned developments in cardiology and stroke services.

Surgery:

Moving additional elective surgical work to Burnley elective centre and continuing development of cancer services.

Diagnostic & Treatment Services:

Continue the drive for increased productivity and efficiency within theatres and drugs, implement the Radiology Information System.

Corporate:

Developing a leadership culture within the Trust with the identification of leadership priorities to ensure the organisation is able to develop its staff to their full potential

Human Resources and Organisational Development:

We will strive to create a workforce that is:

- skilled, well trained, knowledgeable and flexible
- motivated and willing to learn
- customer focused and responsive
- productive, efficient and comparable with the best
- striving for continuous improvement
- committed to the Trust's aims and values
- valued for its contribution
- representative of the communities it serves

CLINICAL QUALITY

In 2009 the Trust was awarded "fair" by the Healthcare Commission for the quality of our services and "fair" for the quality of financial management. This reflected the difficult period the Trust has been through in ensuring it has a sound financial basis for the future in a period of economic difficulty and in meeting the national targets in relation to ensuring patients on our emergency pathway received treatment or were discharged within the four hour time limit. During the course of the year staff have worked extremely hard to address these crucial issues to control costs and achieve a break even position at year end and to recover the four hour target to perform consistently at or above the national target for the final quarter of the year.

Performance against national and local targets is reported monthly to the Trust Board and the Trust has delivered excellent work in-year to achieve the key requirements for the newly established Care Quality Commission (formerly the Healthcare Commission). The Trust achieved unqualified registration for all sites and services from the Care Quality Commission in April 2010.

A whole-system approach across the health community has enabled us to achieve a healthy position for the 18 week pathways. We have demonstrated improving performance following the introduction of the new cancer standards in 2008/09 through cohesive clinical pathways and joint working across the health community.

We have welcomed the opportunity to participate in the Productive Ward Programme, which has been developed by the Institute for Innovation and Improvement. This is having major benefits in releasing time to care at the bedside and enabling nurses in particular to deliver high quality care for our patients whilst gaining personal job satisfaction.

Some additional areas of excellent work across the Trust include:

- Bowel Cancer Screening is now available to all men and women aged between 60 and 69 years as part of the national programme
- The development of new treatments for varicose veins and the provision of cardiac facilities at the Royal Blackburn Hospital site which means patients from our community no longer need to travel out of the area to receive their treatment
- The upgrade of the high dependency unit at Burnley General Hospital
- Achievement of National Health Service Litigation Authority Level 3 Accreditation with one of the highest scores ever awarded which provides patients with assurance that the Trust has in place systems and processes to monitor and provide the highest levels of patient safety.

Our vision for the Trust is for an organisation where everyone, from the frontline to the Board, puts quality first and makes the quality of care everyone's concern. Whilst the context for the deliver of care is increasingly complex, the essentials remain the same: patients want safe, clean and personal care delivered with kindness and respect. The Trust has published its first Quality Accounts which has identified areas for quality improvements over the course of the coming year and an overview of organisational quality initiatives. A copy of this document setting out our key clinical priorities is available on our website at www.elht.nhs.uk or by writing to The Company Secretary, Trust Headquarters, Royal Blackburn Hospital, Haslingden Road, Blackburn, BB2 3HH

Statement On Internal Control 2009/10

1. Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

I have in place a management structure with established accountability arrangements through a scheme of delegation covering both corporate and clinical divisions.

All members of the Board have signed up to the Trust Risk Management and Governance plans which identify the Board's responsibilities and accountability arrangements. The Board delegates authority on its behalf to the following sub – committees:

- The Audit and Governance Committees
- The Trust and Charitable Funds Committee
- The Remuneration Committee

A Financial and Performance Committee was a formal sub committee until November 2009.

There is a Strategic/ Executive Management Board with a membership of senior executives, doctors, nurses and other professionals in support of the Chief Executive in the operational delivery of all services across the Trust.

Scrutiny by the Non Executive Directors and Auditors provides assurance of internal control including probity in the application of public funds and in the conduct of the organisation's responsibilities.

The Governance Committee ensure that the Trust takes an integrated and comprehensive approach to governance and risk management.

The Board has in place established risk management groups and supporting governance structures, which together are responsible for identifying, assessing, managing and reporting the risks associated with clinical, corporate , financial and information governance. The Trust Executive Directors report directly to me, through regular one to one meetings and through the Executive Management Board.

There is a regular pattern of meetings with the lead Commissioners, partner PCTs /other Trusts in establishing strategic priorities for the Trust and to discuss performance management and local development plans. The Trust Directors participate fully across the health community in all strategic and operational planning, preparation and commissioning issues. The SHA and Lead Commissioners monitor the achievement of key priorities on an ongoing basis.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives,
- 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 East Lancashire Hospitals NHS Trust for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

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

A Trust Executive Director has lead responsibility for the development and implementation of the Risk Management Strategy and Plan. Two Executive Directors with specific responsibilities lead the development of Clinical Governance and the plans are agreed through the Governance Committee. The Trust Board has approved these arrangements and associated documents. A lead Executive Director has been identified for each principal risk defined within the Assurance Framework and linked to the Standards for Better Health, with the Framework being subject to ongoing, iterative review by the Executive Directors.

The Trust has in place a programme of systematic induction for new employees. Risk Management and Governance is a dedicated session on the corporate mandatory training programme and each Division and Corporate Directorate has a responsibility to develop specific departmental induction programmes. The Trust has in place a mandatory training programme. All staff are required to attend this programme and risk management is a dedicated session in the programme. Trust Board members have participated in bespoke risk management training.

The overarching performance management system within the Organisation ensures that controls are in place to identify and manage any risks to the delivery of key performance targets. This process is utilised as a further assurance mechanism to maintaining an effective system of internal control.

4. The risk and control framework

A risk management process, based on the requirement of AS/NZS360; 1999 covering all risks is in place across the organisation. The whole system of risk management is continuously monitored and reviewed by management and the Board in order to learn and make improvements to the system.

The Trust's Risk Management Strategy and Plan is reviewed annually and provides the Trust with a process of risk identification, evaluation, treatment planning and monitoring that has formed an assurance framework.

The Trust's Assurance Framework identifies the following areas:

- The Trust's principal objectives
- The principal risks associated with achieving those objectives
- Controls to minimise or avoid the principal risks
- The positive assurances available to the Trust in the form of reports/ assessments – from both internal & external sources
- The gaps in controls and assurances that need to be put in place to give the Board assurance that the organisation has effective control over its risks and that systems are in place to achieve its objectives

The risk management process involves layers of risk identification and analysis for all management units e.g. divisions and directorates, significant projects and for the organisation as a whole. Analysis of the severity and likelihood of the risk occurring determines the overall risk rating of the risk identified. This provides the organisation with a common currency and methodology in the assessment of risk. The Risk Management Strategy and Plan clearly sets out the individual and corporate responsibilities for the management of risk within the organisation. Implementation of this ensures the Board is informed about the extreme residual risks and is then able to communicate those effectively to external stakeholders.

Financial Considerations:

There are clear processes identified in the assessment, management and escalation of risks within the Trust, which includes a cost benefit analysis, particularly for all the high level risks. Careful consideration is then given as to whether the Trust assumes, shares or transfer the cost attached to those identified risks. Divisions consider the issue of funding risk control initiatives from within their devolved budgets in the first instance and/ or consider the need to make appropriate provision within their business plans. Where control measures are identified as having potentially significant resource implications, any such issue/risk is raised at the appropriate risk management group and subsequently to the Divisional Board and if necessary escalated to Executive Management Board for thorough consideration/prioritisation.

The Trust's Plans directly take account of the high priority risks in the funding allocations for the forthcoming year(s).

Embedding risk management arrangements:

Risk management has been embedded within the Trust's activities in various ways during 2009/10. Examples are:

- The Trust's Governance arrangements identify the requirement for all Divisions and Directorates to develop appropriate support systems and processes in order that risk management activities are naturally incorporated as part of the delivery of care and services that the Trust provides – as detailed above.
- The Board built upon and developed further the Assurance Framework by identifying and aligning the Trust's high-level strategic objectives and risks associated with these based upon the Trust's Business Plan. The principal risks have been identified through risk identification at Board level and are intrinsically linked to the Trust's Principal Objectives. Controls and independent assurances have been identified and mapped against each risk. The identification of Gaps in Control, against each principal Risk, is supported by a series of risk registers. These risk registers (formed from both top-down and bottom-up risk assessments) are a major driver for the development of the Governance agenda to ensure the gaps in control against Principal Risks are mitigated/closed.

The Governance Framework requires the Trust to involve patients and public stakeholders in the Governance agenda. This has been achieved through engagement with the Trust membership, Local Involvement Networks, PCTs and the Local Authority Overview and scrutiny committees. The Trust has a Patient Public Involvement Strategy in place and this has been continuously implemented throughout 2009/10.

Within the Assurance Framework itself there are some identified gaps in control and gaps in assurance. These gaps relate to embedding further Trust systems and processes, as well as issues relating to the Local Meeting Patients Needs Strategy and Commissioning strategies where the Trust is reliant on third party action.

The Trust intends to manage gaps in assurance via the following actions:

- Upon identification of gap in Assurance at Trust Board, independent Assurance can be requested from either the Audit Committee (who will feed these gaps into the internal audit programme)
- Or from internal departments such as the Governance Unit- Clinical Effectiveness/Clinical Audit/ , Divisional Teams and Directorates reporting to Executive Management Board

A range of actions designed to address identified gaps in controls and assurances have been identified, including:

- Continued work with our partners on service redesign through Meeting Patients Needs Programme
- Further development of Contracts and SLA's in line with the Trust's Business Plans

- Further develop capabilities for accessing and using patient feedback in order to monitor and improve services
- The embedding of performance systems within the Divisional infrastructure to ensure systems and processes are improved for the strategic/operational management of Trust activity and delivery of patient services
- Further develop and progress the Equality and Diversity Strategy

The Board has approved a range of action plans to address these and other controls/assurance gaps. Performance and progress against the Financial Plan is reviewed and monitored through the Integrated Performance Report at Executive Management Board and Trust Board. Regular review and performance reports outlining progress against these plans and a comprehensive range of projects/programmes are undertaken.

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

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

The Trust has undertaken risk assessments and 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 Requirements are complied with

The Trust is fully compliant with the core standards for better health

5. Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The head of internal audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by

Internal and external information as outlined below

- Detailed reports from the Trust's internal auditors and the Audit Commission
- Performance and financial reports to the Trust Board
- Strategic Health Authority performance management reports
- Commissioning PCT performance management reports
- Governance reports to the Audit & Governance Committees and Trust Board
- CQC: Standards for Better Health –mid year declaration and CQC Registration application process
- Compliance action plans as part of the Governance programme
- Patient Environment Action Teams (PEAT) inspection
- Care Quality Commission Inspections and Visits – Compliance with Health Act requirements
- NHSLA Accreditation process
- Royal College inspections/ accreditations
- Information Governance risk assessments against the Information Governance Toolkit
- External assessments/assurances covering a range of operational areas including the following:
  - ~ Audit Commission (A.L.E.) on behalf of the Healthcare Commission
  - ~ CQC – Service Reviews
  - ~ CQC/Picker – Patient & Staff Surveys

In addition to internal assurance reports, we have used information from regulatory bodies and other organisations to inform our declaration and assurance processes. We have added to the information we hold on each of the Core Standards from previous declarations systematically throughout the year, so that we have used the most up to date information possible when cross checking the assurances we have, mapped to standards.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Trust Board and the Audit and Governance Committees. A plan to address weaknesses and to ensure continuous improvement of the system is in place.

The Board and the Audit and Governance Committees have been actively engaged in the ongoing development and monitoring of the Assurance Framework. These bodies will continue to shape the iterative development of the Assurance Framework for 20010/11 and undertake regular reviews of the Assurance Framework and the action plans in place to address gaps in controls and/or levels of assurance.

The Board regularly review the Trust's performance in relation to principal risks to achievement and controls in place to assist in the delivery of its key objectives and targets.

The Board proactively seeks support in commissioning reviews, support and external assessments in order to improve its overall performance.

The Audit and Governance Committees review the Trust's systems of internal control, including the governance arrangements as part of the audit programme, assisting the Board with its responsibilities to strengthen and improve the effectiveness of the Assurance Framework.

The Service Quality Management Team ensures that there is an annual comprehensive programme of quality improvement for the care of patients, reporting on a regular basis to the Trust Board on the full range of its activities. The Group also ensures that clear lines of governance accountability exist within the Trust for the overall quality of clinical care.

The Executive Management Board , Governance Committee and its sub committees provide the over-riding strategic direction to facilitate the development and implementation of risk management initiatives Trust-wide, ensuring comprehensive management of the Trust's risks and reviews of the risk registers. The scope and membership of the supporting groups is subject to regular review.

The Governance Unit in partnership with the Learning and Development Unit ensures that there is a range of information, training and promotion to facilitate and support staff awareness of risk management activities.

In addition, my review of the effectiveness of the systems of internal control has taken account of the work the Executive Management Team within the organisation, who have responsibility for the development and maintenance of the internal control framework within their discreet portfolios.

In line with the guidance on the definition of the significant control issues, I have no significant control issues to declare within this year's statement.

Mrs Diane Whittingham

Chief Executive (on behalf of the Board)

East Lancashire Hospitals NHS Trust

09/10

Financial review for the year ending 31 March 2010

Financial duties

The Trust has achieved all of its financial duties for 2009-10. With this success, there have been a number of significant financial challenges associated with service reconfiguration, a demanding efficiency target and a wider set of challenging economic conditions. The achievement against financial duties is summarised as:

	2008-09	2009-10
Break even duty	✓	✓
In year – the Trust much achieve an in year revenue break even position (before technical items)	✓	✓
Cumulative – the Trust must deliver a cumulative break even position (before technical items)	✓	✓
Capital Resource Limit – the Trust must not exceed its resource limit	✓	✓
External Financing Limit – the Trust must not exceed its financing limit	✓	✓
Rate of return – the Trust must generate a rate of return equal to 3.5% +/- 0.5%	✓	✓

Summary financial position

In 2009-10 the Trust reported a year end revenue surplus of £287,000, before exceptional items. The revenue break even position is reported as

	2008-09	2009-10
	£000	£000
Total loss for the year	£19,605	£70,698
Add back exceptional items:		
Statement of financial position	(£12,354)	(£24,919)
Statement of comprehensive income	(£7,384)	(£46,066)
Underlying in year surplus	£133	£287

In the year, the Trust has seen a significant movement in its asset values due to technical issues such as the downward value of its assets and the need to change accounting treatment for the Public Finance Initiative (the impact of IFRIC12). The cost of impairment is met by a combination of writing back against available revaluation reserves and to the Statement of Comprehensive Income. It should be noted that prior to 2008-09 impairment costs were funded by the Department of Health.

Impairment charges - note 17

The Trust has incurred impairment charges as a consequence of three main factors, estate rationalisation (£1m), the net change of valuation technique used by our professional valuers to value our buildings and land (£44.1m) as required by HM Treasury and the downward valuation associated with the general reduction in property prices (£27.8m).

Transition to IFRS (International Financial Reporting Standards) note 28.1

The NHS was required to change its accounting standards with the adoption of IFRS for 2009-10. As a consequence of this change the Trust was required to move the assets and liabilities associated with PFI onto its balance sheet. This change in accounting treatment resulted in an in year technical loss for the Trust of £26.5m including impairments. This loss is excluded for the purpose of reporting against the Trust's break even duty.

External Financing Limit (EFL) note 28.3

The EFL relates to the Department of Health's measure on how well the Trust manages its cash resources. Trusts are not permitted to overshoot their EFLs. In 2009-10 the EFL set by the Department of Health was £6.2 million. This represents the net cash that the Trust was able to draw down from the Department of Health. The Trust undershot its EFL target by £330,000.

Capital resource Limit (CRL) note 28.4

The CRL relates to the Department of Health's measure on how well Trust's control their spending on capital schemes. Trust's are permitted to spend up to their CRL. In 2009-10 the CRL set by the Department of Health was £22.8 million. This represents the total value that the Trust could invest on capital in 2009-10. The Trust under spent against this target by £2.2 million, largely due to slippage in its capital schemes. This resource will be carried forward to 2009-10.

Better Practice Payments Code

Although it is not a financial duty, Trust's are requested to ensure that they ensure that 95% of undisputed invoices are paid within 30 days. The Trust encountered liquidity constraints in the course of the year and as a consequence was unable to meet this request. These constraints were in part due to payment delays from NHS debtors and also due to the commitments associated with an ambitious capital programme.

Payments made to non NHS organisations (value):

	2008-09	2009-10
Total invoices paid	£93,933	£101,712
Total invoices paid in target	£87,692	£77,268
Percentage achievement	93%	76%

The Trust will be working to improve its liquidity position in 20010-11 and has signed up to the Department of Health's prompt payment code which is a payment initiative developed by HM Treasury and the Institute of Credit Management (ICM).

Details of the code can be found at www.promptpaymentcode.org.uk

Investment Revenue

The Trust receives revenue from the interest earned on the management of its cash balances. In 2008-09 this amounted to £730,000, in 2009-10 however this reduced to £36,000. Two main factors have contributed to this reduction in revenue, firstly the reduction to interest rates and secondly the constraints placed on the Trust's available cash balances (liquidity).

Management Costs – note 8.3

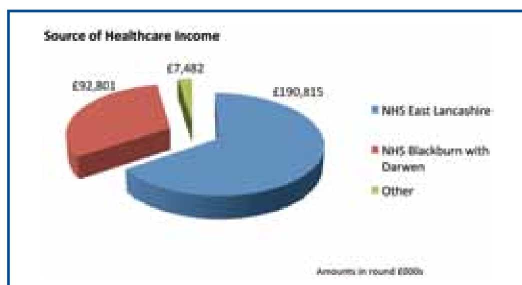
It can be confirmed that management costs reduced from 3.56% in 2008-09 to 3.28% in 2009-10 (expressed as a percentage of income).

Where our money comes from

In 2009-10 the Trust received total income of £337m, an increase of 6% on the previous year. Most of this income comes from Primary Care Trusts (PCTs) who purchase healthcare on behalf of their local populations. The Trust negotiates an annual contract with its PCTs for the payment of services. Much of this contract is driven by a nationally determined tariff.

For the use of healthcare services by the people living in East Lancashire and Blackburn with Darwen the trust received £284m in 2009-10, with a further £7.5m received for services to people from elsewhere.

NHS East Lancashire	£190,815 m
NHS Blackburn with Darwen	£92,801 m
Other	£7,482 m

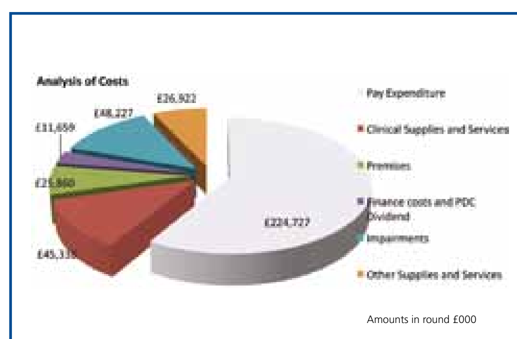


Where our money goes

From a total spend of £383 million, £225 million of 59% is spent on the cost of salaries and wages. Throughout the year the Trust employed an average of 5669 staff including 661 doctors, 1893 nurses, 1326 healthcare assistants and 580 scientific and technical staff.

A further £42 million was spent on clinical supplies and services such as drugs and consumables used in providing care to patients. In addition to this the Trust spend £14 million on running and maintaining its premises.

In the year, the Trust has seen a significant movement in its asset values due to technical issues such as the downward value of its assets and the need to change accounting treatment for the Public Finance Initiative (the impact of IFRIC12). The cost of impairment is met by a combination of writing back against available revaluation reserves and to the Statement of Comprehensive Income. It should be noted that prior to 2008-09 impairment costs were funded by the Department of Health.



Capital Investment

The Trust continues to make major investment in its healthcare facilities and has focussed on its commitment to the Burnley General Hospital site with the £32 million development of the women and newborn centre. In 2009-10 the Trust invested a total of £20.6 million in new buildings and equipment. This expenditure was financed from a combination of internally generated resources (depreciation), resources brought forward form 2008-09 and borrowing in the form of a capital loan from the Department of Health. Key investments during the course of the year included:

	£m
Women and new born centre (year 2 of a 3 year build)	15.1
The second catheter laboratory	2.1
Estate infrastructure and environmental improvements	0.6
Medical equipment	0.4

The second catheter laboratory on the Royal Blackburn Site, which began seeing patients in early March 2010, has improved local access for the population to percutaneous coronary interventions. This development has been seen as being critical for improving clinical outcomes for patients with a range of heart problems.

Accounting Issues

With effect from 1st April 2009 the basis on which NHS Trusts must prepare accounts has changed. International Financial Reporting Standards (IFRS) have replaced the United Kingdom Generally Accepted Accounting Principles (UK GAAP). This has brought a standard to NHS accounts which will more readily support national and international comparisons. The accounts for 2009-10 are fully IFRS compliant and include a restatement of the comparative figures for 2008-09.

The most significant change for the Trust has been the change in accounting treatment for the two Public Finance Initiative (PFI) schemes. Under the previous guidance these schemes were deemed to be 'off balance sheet', but under IFRS it is determined that public sector organisations bear the risks and enjoys the benefits of ownership and as such these schemes must be brought 'on balance sheet'. This means that the value of buildings is now recognised as fixed assets on the Trust's balance sheet, with future liabilities for payments being similarly recognised.

Counter Fraud

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

External Audit

The Trust's external auditors are the Audit Commission. The audit services provided in 2009-10 included the audit of the Trust's financial statements and the cost was £155,000.

Financial Outlook for 2010-11

The financial outlook for the National Health Service and the Trust is extremely challenging. The effect of the wider economic recession, combined with service pressures from increasing demand for services and public expectation means that trust will have to escalate the need to drive efficiency savings. For 2010-11 it is anticipated that the Trust will have to release about 5% of total resources.

Over the next twelve months the Trust will further increase its focus on the quality of care that it provides to patients. Improved outcomes for patients will support the Trust in driving productivity and efficiency gains, helping us to make the best of the resources that we have available to us. Planning for the moves to the new women and newborn unit have commenced which will help us to ensure that the transition into the new facility run smoothly. 2010-11 will help to be a defining year for the Trust in which we can look forward to further improved care and financial focus.

The Trust's capital investment will see a further £15 million being invested largely in the completion of the developments on the Burnley site.

In agreeing its contracts with PCTs the Trust has a good understanding of planned level of income and patient activity which must be met to ensure that patients are treated within agreed timescales.

Summary financial statements

These financial statements are summaries of the information contained within the annuals accounts of East Lancashire Hospitals NHS Trust for 2009-10. The Trust's auditors have issued an unqualified report on these accounts.

For a full understanding if the Trust's financial position and performance, copies of the full accounts are available on request and enquiries should be addressed to:

Frances Murphy
East Lancashire Hospitals NHS Trust
Royal Blackburn Hospital
Haslingen Road
Blackburn

Full accounts are also available on the trust's website:

www.elht.nhs.uk

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2010

Revenue	NOTE	2009/10 £000	2008/09 £000
Revenue from patient care activities	3	**307,131**	286,157
Other operating revenue	4	**29,821**	30,053
Operating expenses	6	**(371,057)**	(310,502)
Operating (deficit)/surplus		**(34,105)**	5,708
Finance costs:			
Investment revenue	12	**36**	730
Other gains and (losses)	13	**(17)**	592
Finance costs	14	**(7,005)**	(6,958)
(Deficit)/surplus for the financial year		**(41,091)**	72
Public dividend capital dividends payable		**(4,688)**	(7,323)
Retained deficit for the year		**(45,779)**	**(7,251)**
Other comprehensive income - gains/(losses)			
Impairments and reversals		(30,984)	(12,665)
Gains on revaluations		6,228	520
Receipt of donated/government granted assets		68	41
- Transfers from donated and government grant reserves		(231)	(250)
Total comprehensive income for the year - (losses)		**(70,698)**	**(19,605)**

The notes on pages 6 to 36 form part of these accounts.

The Trust has seen a significant movement in its asset values largely due to technical items. Before the impact of these items the Trust has reported an in year surplus of £287,000. These technical items relate mainly to impaired asset values which are driven by the downward indices applied to land and buildings together with the change in accounting treatment for the Public Finance Initiative (the impact of IFRIC 12). The cost of impairment is met by a combination of writing back to revaluation reserves (where available) and to the Statement of Comprehensive Income. Prior to 2008/09 the impact of impairments was met by a flow of funds from the Department of Health.

Break even position	2009/10 £000	2008/09 £000
Total comprehensive income for the year	(70,698)	(19,605)
Add back technical charges taken through SOFP:		
Other comprehensive income - gains/(losses) shown above	24,919	12,354
Add back technical charges taken through SOCI:		
Non PFI Impairments	19,529	7,384
Impact of IFRIC 12 schemes	26,537	
In year surplus for breakeven duty (note 28.1)	**287**	**133**

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2010

	NOTE	**31 March 2010**	31 March 2009	1 April 2008
		£000	£000	£000
Non-current assets				
Property, plant and equipment	15	**262,007**	326,234	347,763
Intangible assets	16	**339**	338	249
Trade and other receivables	20	**1,466**	1,536	1,809
Total non-current assets		**263,812**	328,108	349,821
Current assets				
Inventories	19	**3,315**	3,145	3,704
Trade and other receivables	20	**14,931**	8,152	8,156
Cash and cash equivalents	21	**401**	4,360	12,797
Total current assets		**18,647**	15,657	24,657
Total assets		**282,459**	343,765	374,478
Current liabilities				
Trade and other payables	22	**(33,012)**	(27,056)	(22,148)
DH Capital loan	23	**(1,300)**	0	0
Borrowings	24.2	**(4,482)**	(4,786)	(5,134)
Provisions	25	**(464)**	(333)	(1,245)
Total current liabilities		**(39,258)**	(32,175)	(28,527)
Net current assets/(liabilities)		**(20,611)**	(16,518)	(3,870)
Total assets less current liabilities		**243,201**	311,590	345,951
Non-current liabilities				
Borrowings	24.2	**(131,990)**	(136,475)	(141,261)
DH Capital loan	23	**(5,850)**	0	0
Provisions	25	**(2,179)**	(1,235)	(1,253)
Total assets employed		**103,182**	173,880	203,437
Financed by taxpayers' equity:				
Public dividend capital		**149,792**	149,792	159,744
Retained earnings		**(77,938)**	(32,158)	(24,952)
Revaluation reserve		**29,544**	54,248	66,363
Donated asset reserve		**1,784**	1,998	2,282
Total Taxpayers' Equity		**103,182**	173,880	203,437

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

	Public dividend capital (PDC)	Retained earnings	Revaluation reserve	Donated asset reserve	Total
	£000	£000	£000	£000	£000
Balance at 31 March 2008					
As previously stated	159,744	(24,952)	66,363	2,282	203,437
Prior Period Adjustment	0	0	0	0	0
Restated balance	159,744	(24,952)	66,363	2,282	203,437
Changes in taxpayers' equity for 2008/09					
Total Comprehensive Income for the year:					
Retained surplus/(deficit) for the year	0	(7,251)	0	0	(7,251)
Transfers between reserves	0	45	(45)	0	0
Impairments and reversals	0	0	(12,590)	(75)	(12,665)
Net gain on revaluation of property, plant, equipment	0	0	520	0	520
Receipt of donated/government granted assets	0	0	0	41	41
Reclassification adjustments:					
- transfers from donated asset reserve	0	0	0	(250)	(250)
PDC repaid in year	(9,952)	0	0	0	(9,952)
Balance at 31 March 2009	149,792	(32,158)	54,248	1,998	173,880
Changes in taxpayers' equity for 2009/10					
Balance at 1 April 2009	149,792	(32,158)	54,248	1,998	173,880
Total Comprehensive Income for the year					
Retained surplus/(deficit) for the year	0	(45,779)	0	0	(45,779)
Transfers between reserves	0	(1)	1	0	0
Impairments and reversals	0	0	(30,877)	(107)	(30,984)
Net gain on revaluation of property, plant, equipment	0	0	6,172	56	6,228
Receipt of donated/government granted assets	0	0	0	68	68
Reclassification adjustments:					
- transfers from donated asset reserve	0	0	0	(231)	(231)
New PDC received	2,600	0	0	0	2,600
PDC repaid in year	(2,600)	0	0	0	(2,600)
Balance at 31 March 2010	**149,792**	**(77,938)**	**29,544**	**1,784**	**103,182**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2010

	NOTE	2009/10 £000	2008/09 £000
Cash flows from operating activities			
Operating surplus/(deficit)		**(34,105)**	5,708
Depreciation and amortisation		**11,925**	15,761
Impairments and reversals		**48,227**	7,089
Transfer from donated asset reserve		**(231)**	(250)
Interest paid		**(6,978)**	(6,913)
Dividends paid		**(5,312)**	(7,323)
(Increase)/decrease in inventories		**(170)**	559
(Increase)/decrease in trade and other receivables		**(6,087)**	169
Increase in trade and other payables		**5,087**	3,171
Increase/(decrease) in provisions	25	**1,048**	(975)
Net cash inflow from operating activities		**13,404**	16,996
Cash flows from investing activities			
Interest received		**37**	838
Payments for property, plant and equipment	15	**(19,736)**	(11,665)
Proceeds from disposal of plant, property and equipment		**1**	592
Payments for intangible assets	16	**(94)**	(153)
Net cash (outflow) from investing activities		**(19,792)**	(10,388)
Net cash (outflow)/inflow before financing		**(6,388)**	6,608
Cash flows from financing activities			
Public dividend capital received		**2,600**	0
Public dividend capital repaid		**(2,600)**	(9,952)
Loans received from the DH		**8,000**	0
Loans repaid to the DH		**(850)**	0
Other capital receipts - donated assets		**68**	40
Capital element of finance leases and PFI		**(4,789)**	(5,133)
Net cash inflow/(outflow) from financing		**2,429**	(15,045)
Net (decrease) in cash and cash equivalents		**(3,959)**	(8,437)
Cash (and) cash equivalents at the beginning of the financial year		**4,360**	12,797
Effect of exchange rate changes on the balance of cash held in foreign currencies		**0**	0
Cash (and) cash equivalents at the end of the financial year	21	**401**	4,360

09/10

09/10

Remuneration Report

The figures presented in this report relate to those individuals who hold or have held office as a senior manager of the Trust during the reporting year.

The Trust's Remuneration Committee has overarching responsibility for the remuneration of, arrangements for the appointment of, and agreement of termination packages for, Executive Directors. The members of the Committee are the Non Executive Directors of the Trust appointed by the Secretary of State and it is chaired by the Trust Chairman. The interests and details of the Non Executive Directors are disclosed in the Directors' Register of Interests at page 13 of this Annual Report.

Policy on the Remuneration of Directors.

The Trust's policy is to award Directors a salary at the median point of that received by Directors in a number of similar sized peer Trusts in the region. The Trust is advised in relation to the comparitor and peer organisations and the rates paid by them by independent consultants. The members do not anticipate a change in the remuneration policy in the forthcoming year. The Trust does not make awards based on performance criteria as performance in the role of Director is assessed separately by the Chief Executive in relation to an Executive Director's role in leading the organisation and achieving performance objectives and by the Chairman in relation to performance as a member of the Trust Board.

Current Executive Directors Contracts Summary

Name of Executive Director	Role	Date of Contract	Unexpired Term	Notice Period	Compensation for Early Termination
Mrs Lynn Wissett	Deputy Chief Executive, Director of Clinical Care & Governance	01/09/2008	No fixed period	3 months mutual	None in contract
Mr Jonathan Wood	Director of Finance, Planning, Capital & Information	31/08/2009	No fixed period	3 months mutual	None in contract
Mrs Val Bertenshaw	Director of Operations	01/09/2008	No fixed period	12 weeks mutual	None in contract
Dr Geraint Jones	Medical Director, Clinical Operations	01/07/2007	No fixed period		None in contract
Mrs Catherina Schram	Medical Director, Governance & Education		No fixed period	12 weeks	None in contract
Mrs Marie Burnham	Chief Executive to March 2010	01/07/2008	NA	6 month mutual	None in contract
Mr Stephen Brookfield	Director of Finance to September 2009	05/01/2006	NA	3 months mutual	None in contract
Mrs Michelle Brown	Acting Director of Finance April 2009 to September 2009	01/04/2009	NA	3 weeks from Trust	None in contract

Pension Report

	Real Increase/ (Decrease) in pension at age 60	Real Increase/ (Decrease) in Lump sum at age 60	Total accrued pension at age 60 at 31 March 2008	Lump sum at age 60 related to accrued pension at 31 March 2008	Cash Equivalent Transfer Value at 31 March 2008	Cash Equivalent transfer Value at 31 March 2007	Real Increase/ (Decrease) in Cash Equivalent Transfer Value	Employers Contribution to Stakeholder Pension
Executive Directors	(bands of £2,500)	(bands of £2,500)	(bands of £5,000)	(bands of £5,000)				(to nearest £100)
	£000	£000	£000	£000	£000	£000	£000	£00
Ms M Burnham Chief Executive *(started 01/07/08 and left 30/03/10)*	0 - 2.5	2.5 - 5.0	45 - 50	145 - 150	789	703	35	0
Mrs D Whittingham Interim Chief Executive *(started 01/09/09)*	disclosure has been provided the Annual Report of Calderdale and Huddersfield NHS Foundation Trust as the employing organisation							
Mr S. Brookfield Director of Finance *(left 30/09/09)*	(0 - 2.5)	(0 - 2.5)	40 - 45	125 - 130	0	803	0	0
Mrs M Brown Acting Director of Finance *(from 01/05/09 to 31/08/09)*	0 - 2.5	0 - 2.5	5 - 10	25 - 30	135	109	5	0
Mr J Wood Director of Finance *(started 01/09/09)*	2.5 - 5.0	5 - 10	25 - 30	80 - 85	401	303	34	0
Mrs C.M. Schram Medical Director	disclosure withheld							
Mr G R Jones Medical Director	disclosure withheld							
Mrs L.J. Wisset Director of Clinical Care and Governance	0 - 2.5	5 - 10	45 - 50	140 - 145	863	743	58	0
Mrs V Bertenshaw Director of Operations	0 - 2.5	0 - 2.5	35 - 40	110 - 115	695	601	44	0

Salary Report

	2009/10			2008/09		
	Salary	Other Remuneration	Benefits in kind	Salary	Other Remuneration	Benefits in kind
	(bands of £5,000)	(bands of £5,000)	(to nearest £100)	(bands of £5,000)	(bands of £5,000)	(to nearest £100)
	£000	£000	£00	£000	£000	£00
Non Executive Directors						
Mr A Green - Chair *(left 30/04/09)*	0 - 5	0	0	20 - 25	0	0
Mr K Morris - Interim Chair *(from 01/05/09 to 31/07/09)*	15 - 20	0	0			
Mrs H Harding - Chair *(started 01/08/09)*	10 - 15	0	0			
Mr E P Fletcher - Non Executive Director	5 - 10	0	0	5 - 10	0	0
Mr G S Boyer - Non Executive Director	5 - 10	0	0	5 - 10	0	0
Mr M Hill- Non Executive Director	5 - 10	0	0	5 - 10	0	0
Mrs E Sedgley - Non Executive Director *(started 01/02/09)*	5 - 10	0	0	0 - 5	0	0
Mr R Duckworth - Non Executive Director *(started 15/12/08)*	5 - 10	0	0	0 - 5	0	0
Executive Directors						
Ms M Burnham Chief Executive *(started 01/07/08 and left 30/03/10)*	165 - 170	0	68	115 - 120	0	67
Mrs D Whittingham Interim Chief Executive *(started 17/08/09)*	0	0	0	0	0	0
Mr S Brookfield Director of Finance *(left 30/09/09)*	55 - 60	0 - 5	0	115 - 120	0 - 5	0
Mrs M Brown Acting Director of Finance *(from 01/05/09 to 31/08/09)*	25 - 30	0	0			
Mr J Wood Director of Finance *(started 01/09/09)*	75 - 80	0	8			
Mrs C M H Scram Medical Director	55 - 60	disclosure withheld	0	55 - 60	disclosure withheld	0
Dr G R Jones Medical Director	55 - 60	disclosure withheld	0	50 - 55	disclosure withheld	0
Mrs L J Wisset Director of Clinical Care and Governance	120 - 125	0 - 5	0	110 - 105	0 - 5	0
Mrs V Bertenshaw Director of Operations	100 - 105	0	69	90 - 95	0	69

The above salary and pensions tables have been subject to External Audit

Glossary of Terms

Explanation of financial terminology

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

AMORTISATION
The term used for depreciation of intangible assets – an example is the annual charge in respect of some computer software the NHS trust has purchased.

ANNUAL ACCOUNTS
Documents prepared by the NHS trust to show its financial position. Detailed requirements for the annual accounts are set out in the Manual for Accounts, published by the Department of Health.

ANNUAL REPORT
A document produced by the NHS trust which summarises the NHS trust's performance during the year, which includes the annual accounts.

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

ASSOCIATE
An entity over which the NHS trust has a significant influence, for example because they appoint some of its directors. If there is so much influence that the NHS trust is able to control the other entity, then it is a subsidiary rather than an associate.

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

AVAILABLE FOR SALE
Assets are classed as available for sale if they are held neither for trading nor to maturity. An example of this would be an investment without a maturity date such as an ordinary share.

BALANCE SHEET
A year-end statement prepared by all public and private sector organisations, which shows the net assets controlled by the organisation and how these have been funded. The Balance Sheet is known as the Statement of Financial Position under IFRS.

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

CAPITAL RESOURCE LIMIT
An expenditure limit set by the Department of Health for each NHS organisation limiting the amount that may be spent on capital items.

CASH AND CASH EQUIVALENTS
Cash includes cash in hand (petty cash) and cash at the bank. Cash equivalents are any other deposits that can be converted to cash straight away.

CODE OF AUDIT PRACTICE
A document issued by the Audit Commission and approved by parliament, which sets out how audits for primary care trusts, NHS trusts and strategic health authorities must be conducted.

CONTINGENT ASSET OR LIABILITY
As asset or liability which is too uncertain to be included in the accounts.

CURRENT ASSET OR CURRENT LIABILITY
An asset or liability the NHS trust expects to hold for less than one year.

DEPRECIATION
An accounting charge to represent the use (or wearing out) of assets, as a result the cost of an asset is spread over its useful life.

EXTERNAL AUDITOR
The independent professional auditor appointed by the Audit Commission who reviews the accounts and issues an opinion on whether the accounts present a true and fair view.

EXTERNAL FINANCING LIMIT
A measure of the movement in cash an NHS trust is allowed in the year, set by the government.

FINANCE LEASE
An arrangement whereby the party leasing the asset has most or all of the use of an asset, and the lease payments are akin to repayments on a loan.

FINANCIAL ASSET
The definition of a financial asset is very complex. Examples are investments.

FINANCIAL STATEMENTS
Another term for the annual accounts.

GOING CONCERN
The accounts are prepared on a going concern basis, in other words with the expectation that the NHS trust will continue to operate for at least the next 12 months.

IMPAIRMENT
A decrease in the value of an asset.

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS
The new accounting standards that the NHS has adopted from April 2009.

INTERNATIONAL STANDARDS ON AUDITING (UNITED KINGDOM AND IRELAND)
The professional standards external auditors must comply with when carrying out audits.

INVENTORIES
Stock, such as clinical supplies.

JOINT VENTURE
A contractual arrangement where there is an agreed sharing of control – for example a pooled budget arrangement.

MANUAL FOR ACCOUNTS
An annual publication from the Department of Health which sets out the detailed requirements for NHS trust accounts.

NON-CURRENT ASSET OR LIABILITY
An asset or liability the NHS trust expects to hold for more than one year.

NON-EXECUTIVE DIRECTOR
Non-executive directors are members of the NHS trust's board of directors but do not have any involvement in day-to-day management of the NHS trust. They provide the board with independent challenge and scrutiny.

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

PAYABLES
Amounts the NHS trust owes.

PRIMARY CARE TRUST
The body responsible for commissioning all types of healthcare services across a specific locality.

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

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

PUBLIC DIVIDENT CAPITAL
Taxpayer's equity, or the taxpayer's stake in the NHS trust, arising from the government's original investments in NHS trusts when they were first created.

RECEIVABLES
Amounts owed to the NHS trust.

REMUNERATION REPORT
The part of the annual report that discloses senior officers' salary and pension information.

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

STATEMENT OF CASH FLOWS
The new name for the cash flow statement under IFRS. It shows cash flows in and out of the NHS trust during the period.

STATEMENT OF CHANGE IN TAXPAYERS' EQUITY
One of the primary statements – it shows the changes in reserves and public dividend capital in the period.

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

STATEMENT OF FINANCIAL POSITION
Year-end statement prepared by all public and private sector organisations, which shows the net assets controlled by the organisation and how these have been funded. It is also known as the Balance Sheet.

STATEMENT ON INTERNAL CONTROL
A statement about the controls the NHS trust has in place to manage risk.

SUBSIDIARY
An entity over which the NHS trust has control, for example because they appoint more than half of the directors.

THOSE CHARGED WITH GOVERNANCE
Auditors' terminology for those people who are responsible for the governance of the NHS trust, usually the Audit Committee.

TRUE AND FAIR
It is the aim of the accounts to show a true and fair view of the NHS trust's financial position. In other words they should faithfully represent what has happened in practice.

UK GENERALLY ACCEPTED ACCOUNTING PRACTICE
The standard basis of accounting in the UK before international standards were adopted.

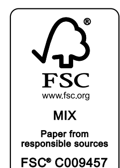
UNREALISED GAINS AND LOSSES
Gains and losses may be realised or unrealised. Unrealised gains and losses are gains or losses that the NHS trust has recognised in its accounts but which are potential as they have not been realised is where the value of assets has increased. This gain is realised when the assets are sold or otherwise used.

East Lancashire Hospitals NHS
NHS Trust

This document is available in a variety of formats and languages.
Please contact Trust Headquarters for further details.

East Lancashire Hospitals NHS Trust
Royal Blackburn Hospital (Trust HQ)
Haslingden Road
Blackburn
BB2 3HH

Tel: 01254 263555
Fax: 01254 293512



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