



2010/11

Annual Report
Annual Accounts



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The Chairman's Report

I am proud to report that we have continued to make significant progress towards achieving our vision of being "a great Trust, providing the best possible health care to the people of East Lancashire" in 2010/11. This has only been possible because of the continuing dedication of all staff who contribute to the patient and carer experience, whatever their role within the organisation, and our army of volunteers who support our staff and patients. Your skill, commitment and loyalty to the organisation and the people we serve is enormously appreciated. We recognise that the next year will provide a number of opportunities and challenges to the organisation and with your support I firmly believe the Trust will continue to perform.

Towards the end of the financial year the Trust took over responsibility for the delivery of a number of community services which provides an exciting opportunity to welcome new staff and work together to transform patient pathways to deliver the care our local population needs.

In 2011/12 the Trust will continue to face the challenge to evolve and meet the dual demands of improving the quality of care and delivering services within budget while increasing efficiency and productivity. With our improved financial controls this year we are in a position to proceed with our Foundation Trust Application. We as a Board are looking forward to the rigorous assessment of our quality and financial health and to the greater engagement with the local community this opportunity will provide.

This new year also provides us with the opportunity to enhance our relationship with Calderdale and Huddersfield NHS Foundation Trust as an equal partner in the Health Care Group. This provides a unique opportunity for



the Trust to share best practice in health service delivery with an established Foundation Trust to ensure both economies of scale and excellence in clinical delivery.

Finally, on behalf of the Board, I would like to express our thanks and deep appreciation to Diane Whittingham, our Interim Chief Executive, for her enthusiasm, experience and absolute belief in this organisation during the last two years. She leaves us in the capable hands of Mark Brearley who I am convinced will lead the organisation forward with new vigour and a commitment to quality and performance.

Hazel Harding
April 2011



The Chief Executive's Report

In my final annual report as Interim Chief Executive of the Trust I am pleased to welcome Mark Brearley to an organisation that is achieving all national and local performance, financial and care quality indicators, is nationally recognised as excelling in the systems that support the quality of care it delivers and has successfully achieved its key priorities for 2010/11.

A highlight of the year has been the completion of the Meeting Patient Needs service reconfiguration with the opening of the impressive Women and Newborn Centre on the Burnley General Hospital site together with the associated birthing centres in Rossendale, Burnley and Blackburn. The Trust has placed itself in a position to continue to deliver the very best care for women and their babies in purpose built facilities well into the future and I congratulate all staff for their part in achieving this vision.

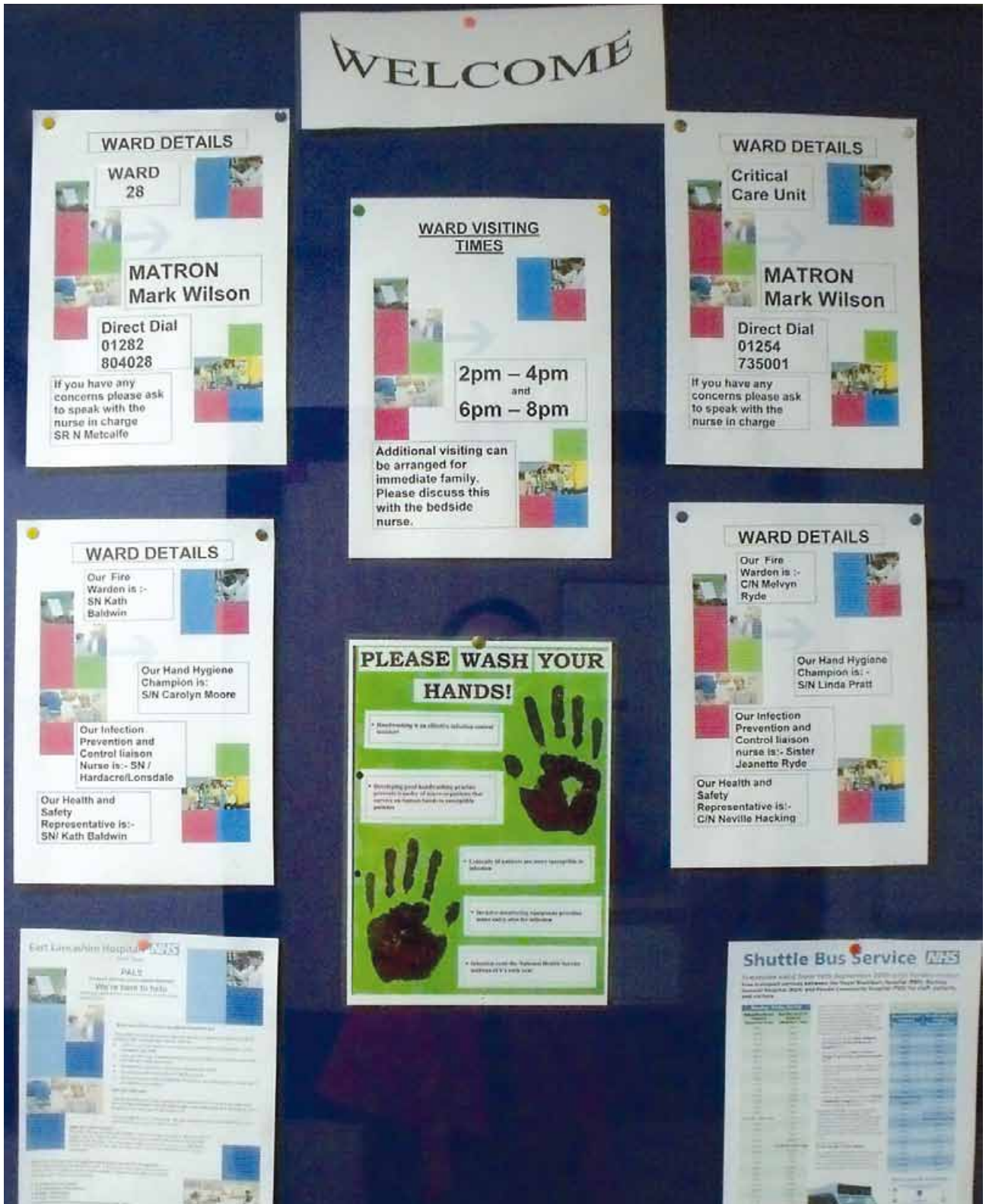


The Trust has successfully made the changes necessary to deliver sustainable performance against national and local targets in the Emergency and Urgent Care patient pathways by working in partnership with colleagues across the local health economy and beyond. Against a backdrop of increasing demand on these pathways we have maintained performance above the national minimum requirements and demonstrated our ability to recover quickly in times of extreme pressure.

With the achievement of financial balance and a stretching cost improvement programme this year without external support, the Trust has demonstrated its maturity and ability to continue to meet the challenge of operating within the financial resources available to the health economy. The way in which staff have responded to this challenge without compromising performance has been truly impressive.

I have been fortunate in the time I have spent at the Trust to have worked with some of the most skilled clinical staff in the country and without exception I have been met with a dedication from all staff to provide the best possible care to our local community. In leaving I want to thank all staff for their support and belief through some difficult times and wish the organisation continued success in the future.

Diane Whittingham
April 2011



About Our Trust

Services

East Lancashire Hospitals NHS Trust was established in 2003 and provides a comprehensive range of acute secondary care services to a population of approximately 520,000 people across East Lancashire. With the successful achievement of the Transforming Community Services project in April 2011 the Trust now also delivers 60% of the community services previously provided by NHS East Lancashire and will continue to integrate services to ensure a seamless patient pathway that provides patients with the right care, in the right place, at the right time by the right people.

The Trust's secondary care services are provided predominately from its two main hospital sites, the Royal Blackburn Hospital and Burnley General Hospital, and it is a specialist centre for Hepatobiliary/ Pancreatic Surgery, Head and Neck, Urological Cancer Services and Cardiology, and is a network provider of Level III Neonatal Intensive Care for the region. Community services continue to be provided from a range of facilities across the local health economy.



Local Context

Our population is older than the England average and has a rich ethnic mix. It includes a wide range of both rural and urban communities, with pockets of affluence alongside areas of poverty and deprivation. The population has higher than national average levels of smoking, alcohol abuse, childhood obesity and a higher percentage of deaths from circulatory disease and cancer.

Commissioning

Approximately 97% of the Trust's services are commissioned by the combined commissioning resources of NHS East Lancashire and Blackburn with Darwen Teaching Care Trust Plus, each incorporating locality based Practice Based Commissioning Groups. The Trust continues to engage with the practice based commissioning groups and local General Practitioners and the emergent GP Commissioning Consortia as part of the NHS reforms, to redesign clinical pathways and work across organisational boundaries to deliver the best possible care in the most appropriate locations for the people of East Lancashire.

Corporate Structure

We are a clinically lead and management supported organisation and our clinical leaders work through five Divisions:

- Medicine
- Surgery
- Family Care
- Diagnostics and Therapies
- Community Services

The Clinical Divisions are supported in turn by the corporate functions:

- Corporate Services
- Estates and Facilities
- Finance, incorporating Information Management and Technology and Procurement
- Human Resources and Organisational Development

Staff

The Trust employs 6,100 whole time equivalent staff and has a turnover rate of between 9 and 10 per cent per annum. Further detailed information in relation to our staff can be found in the Our Staff section of this annual report.



Strategic Objectives 2010/11

The Trust's key strategic objectives were:

- To implement the final stages of the Meeting Patients' Needs clinical reconfiguration
- To 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

Areas of Focus for Divisions 2010/11

The Medical Division planned to deliver improvements in cardiology and stroke services whilst delivering sustainable performance against the four hour maximum wait target.

The Surgical Division focussed on transferring additional routine elective surgical work to the Burnley General Hospital elective centre and the continuing development of cancer services.

Diagnostics and Therapies Division aimed to continue to increase productivity and efficiency with regard to theatres and the use of drugs.

Family Care plans focussed on centralising all consultant led obstetrics and gynaecology on the Burnley General Hospital site, paediatrics on the Royal Blackburn Hospital site and the establishment of new midwife lead Birthing Centres.


Directors' Report

The Directors of the Trust

The following members served on the Trust Board this year:

Diane Whittingham	- Interim Chief Executive
Lynn Wissett	- Deputy Chief Executive, Director of Clinical Care & Governance
Jonathan Wood	- Director of Finance, Capital, Planning & Information
Val Bertenshaw	- Director of Operations
Catharina Schram	- Medical Director Governance & Education (job share)
Geraint Jones	- Medical Director Clinical Operations (job share)
Hazel Harding	- Chairman
Martin Hill	- Non Executive Director
George Boyer	- Non Executive Director
Paul Fletcher	- Non Executive Director
Roger Duckworth	- Non Executive Director
Liz Sedgley	- Non Executive Director

Mr Mark Brearley took up post as Chief Executive on 1st May 2011.

Name and Position	Background and Experience
<p data-bbox="240 1485 432 1543">Mrs Hazel Harding Chairman</p> 	<p data-bbox="620 1485 1350 1641">Hazel Harding (CBE) is well known across Lancashire, having previously served as Leader of Lancashire County Council for eight years and as a County Councillor representing the Rossendale North Constituency for more than 20 years. She also served as a Non Executive Director for four years with the former Burnley Healthcare NHS Trust.</p> <p data-bbox="620 1675 1350 1767">She lives in Rossendale and is passionate about developing high quality health services that meet the many different health needs of the people of East Lancashire.</p> <p data-bbox="620 1800 1350 1928">Hazel is also a Deputy Lieutenant of Lancashire having been appointed in October 2009 and received her CBE for services to local government in 2006. She was born in Heysham and educated in Lancaster before training as a journalist.</p>

Name and Position	Background and Experience
Non Executive Directors	
<p>Mr Martin Hill Non Executive Director</p> 	<p>Appointed in January 2007 and has a background in private sector chemical industry being a Senior Manufacturing Manager for ICI. His employment in the private sector has given him experience of efficiency and productivity initiatives, budget and cost controls, capital project definition and management, personnel management and safety, health and environment management.</p> <p>He has had a wide range of non executive posts including Chairman of East Lancashire Careers Service, Chairman of the Ribble Valley Enterprise Agency, Vice Chair of Accrington and Rossendale College, Non Executive Director for East Lancashire Training and Enterprise Council, Business Link East Lancashire and Marsden Building Society. Mr Hill was previously Chairman of Ribble Valley Primary Care Group and Chairman of Hyndburn and Ribble Valley PCT from 2001 to 2006. Mr Hill chairs the Audit Committee where his ability to quickly grasp the core of an issue and clearly lead and contribute to discussions is invaluable. His previous experience as Chairman of the former Primary Care Trusts means that he has a detailed awareness of corporate governance issues and his continued external interests enable him to represent the interests of a wide range of stakeholder communities.</p>
<p>Mr Paul Fletcher Non Executive Director</p> 	<p>Formerly a Non Executive Director of the local Ambulance Trust Paul was appointed in November 2006. He currently holds a senior management role with BAE systems and has a special interest in governance systems and risk management. Mr Fletcher regularly contributes to Audit and Governance Committee discussions and has a valuable input into the discussions at the Trust Board.</p>
<p>Mr George Boyer Non Executive Director</p> 	<p>Appointed in December 2006 Mr Boyer is a partner in a management and learning consultancy specialising in leadership, management and diversity. He has worked at a strategic level within the public sector which has developed his wider thinking in relation to delivery of quality services and performance improvement.</p> <p>Mr Boyer previously worked for the Inland Revenue and was a key player in rolling out its Change programme to staff and managers at all levels. His work in this area has given him additional insights into human behaviour and reaction to change and change management. As the HR Development Project Manager with the Inland Revenue he has gained the skills and experience to implement and design projects across a public department of approximately 5,000 managers and 70,000 staff. Mr Boyer currently is a contact for the local Older People's Forum and takes a keen interest in the Diversity and Equality Strategy for the Trust. Mr Boyer has the ability to ensure the interests of staff are well represented at the Committees on which he serves including as Chairman of the Charitable Funds Committee.</p>

Name and Position	Background and Experience
Non Executive Directors	
<p>Mrs Elizabeth Sedgley Non Executive Director</p> 	<p>Appointed in January 2009 Liz is a self-employed accountant with over 16 years experience of industry and general practice. Her client-base has included companies and unincorporated businesses across a wide range of industries such as the construction trade, chemical sales and web-based retailers.</p> <p>Liz is Chair of the Governance Committee.</p>
<p>Mr Roger Duckworth Non Executive Director</p> 	<p>Appointed in January 2009 and has 30 years of Board-level experience as Chair or Chief Executive with a major innovative, multi-national corporation and directed the company through a period of significant change. He has a proven track record of strategic planning and financial, risk and performance management.</p>
Executive Directors	
<p>Mrs Diane Whittingham Chief Executive</p> 	<p>Diane joined the Trust in September 2009 as the Trust's interim Chief Executive. During this time Diane continued to be Chief Executive of Calderdale and Huddersfield NHS Foundation Trust, supported by her team of Directors within both organisations.</p> <p>Diane holds an MA in Health Service Management from Manchester University and the Diploma of the Institute of Health Service Managers. She is a member of the Institute of Health Service Management and was also a Research Fellow in Action Learning at the University of Salford until 2005</p> <p>Diane was previously Chief Executive of Huddersfield NHS Trust and was appointed to lead the merged Calderdale & Huddersfield Trust in April 2001. In 2003, for a period of 12 months, she also acted as interim Chief Executive to the West Yorkshire Ambulance Trust. She has nearly 30 years experience of Health Service management and has previously worked in the West Midlands, Manchester and Lancashire.</p>

Name and Position	Background and Experience
Executive Directors	
<p>Mrs Lynn Wissett Deputy Chief Executive Director of Clinical Care and Governance (Executive Nurse)</p> 	<p>Mrs Wissett took up her current post in January 2006 and became Deputy Chief Executive in September 2008, She is a Registered Nurse and a Registered Midwife. She holds a BSc (Hons) and Post Graduate Diploma in Health Service Management and is an accredited Mediator. Along with other Executive and Non Executive Directors she has undertaken a course of study with the Institute of Directors.</p> <p>During her time in the Health Service Mrs Wissett has obtained extensive clinical, management and practical experience. She has previously held the position of the line supervisor of midwives on the North West Local Supervising Authority.</p>
<p>Mr Jonathan Wood Director of Finance, Capital, Planning and Information</p> 	<p>Jonathan started at the Trust in September 2009, and was Director of Finance at North Cumbria University Hospitals Trust, having joined there from NHS North West, and prior to this he worked with Salford Royal Hospitals. He joined the NHS in 1992 on the North Western Regional Finance Training Scheme and qualified as an accountant in 1996. He brings with him the skills and experience vital in managing the Trust's financial future and developing business effectively</p>
<p>Mrs Valerie Bertenshaw Director of Operations</p> 	<p>Val took up the post of Director of Operations in January 2006 and has been an Executive Director since September 2008. She has extensive operational management experience having been the Director of Operations at Burnley Healthcare prior to Trust merger. She led the health economy wide consultation on Meeting Patients Needs (MPN) and subsequently led the operational delivery of the MPN changes in the Trust.</p> <p>She holds an MA in Health Service Management from the University of Manchester in addition to a Diploma in Management Studies and a postgraduate certificate in Health Informatics. She is a former General Management trainee and holds full membership of the Institute of Health Management.</p> <p>She has completed a Coaching and NLP Course with the Institute of Learning.</p>

Name and Position	Background and Experience
Executive Directors	
<p>Mrs Catharina Schram Joint Medical Director* – Governance and Education *Medical Director is a split post</p> 	<p>Catharina took up her post as part time Medical Director in January 2006. The other half of her post is clinical, as a consultant in Obstetrics and Gynaecology since 1996. After completing undergraduate training in the Netherlands, she moved to England in 1985 where she completed her postgraduate training.</p> <p>Her clinical and research interests are in maternal medicine, labour ward management and promoting normality in childbirth whilst ensuring the highest standards of obstetric care for those at risk of complications, but also in promoting collaboration between health care practitioners. She has been an invited speaker on these topics at national conferences, including for the Health Care Commission. She has been seconded to review maternity services in other organisations, including for the Healthcare Inspectorate Wales.</p> <p>Her previous managerial experience includes the posts of Deputy Medical Director and Director of Medical Education for the Trust. Her background and focus on governance and education enables her to advise the Board on clinical quality and standards and provide assurance and advice on clinical issues.</p>
<p>Dr Geraint Jones Joint Medical Director* – Clinical Services</p> 	<p>Dr Jones took up his post as part time Medical Director in July 2007 and was previously Clinical Head of Division for Medicine. He is a Consultant Physician specialising in internal medicine, diabetes and endocrinology. He has chaired National Institute for Clinical Excellence (NICE) committees and played a lead role in National Service Framework development.</p> <p>He provides the Board and its Committees with a clear understanding of healthcare needs from a population and disease prevalence view point. His continued involvement at the "cutting edge" of acute hospital activity ensures he is able to bring to this Board role insight and guidance from a clinical standpoint and provides clinical assurance to the Board.</p> <p>In addition to his clinical role Dr Jones continues to be active in clinical research within his specialist areas and was recently Chair of Charcot UK. He continues to attract research funding into the Trust and to maintain his knowledge of both European and American Health Care systems.</p>

Principal Activities of the Trust

The trust's function is to provide goods and services, namely hospital accommodation and services and community health services. Our principle activities are to:

- Provide elective (planned) operations and care to the local population in hospital and community settings
- Provide non – elective (unplanned emergency or urgent) operations and care to the local population in hospital settings
- Provide diagnostic and therapy services on an outpatient and inpatient basis to the local population in hospital and community settings
- Provide tertiary and specialist level services within a network of regional and national organisations e.g. Level III Neonatal services, specialist surgery and cancer services
- Provide learning and development opportunities for staff and students
- Provide additional services commissioned by primary care organisations where agreement has been reached on service delivery models and price
- Provide support services to deliver the above activity and support the activity of other local health providers where these have been commissioned and agreement has been reached on service delivery models and price

Delivery of the principal activities is underpinned by our key clinical, performance and financial priorities. The Assurance Framework is the main tool by which the Trust Board monitors the risks to the organisation in relation to achieving these strategic objectives. The framework maps the organisations objectives to principal and subordinate risks, controls and assurances. The complete Assurance Framework is reviewed against the CQC and Monitor compliance and regulatory requirements on an ongoing basis. The Assurance Framework and changes as a result of risk mitigation plans are presented to the Trust Board on a bi-monthly basis and further details can be found in our Trust Board papers at:
<http://www.elht.nhs.uk/index.php/aboutus/91/>



Our Vision and Values

“We will be a great Trust providing the best possible healthcare to the people of East Lancashire” – this vision is at the heart of everything we do and our success is underpinned by our core values:

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

We are proud that quality is the organising principle behind all our activity.

Stakeholder Relations

We recognise that delivery of the best possible healthcare is an undertaking that needs to be carried out in partnership. We continue to work with a wide range of stakeholders, in addition to our staff and patients, in order to develop current and future services that are best suited to the local population and its health needs.

We have made significant progress in continuing to improve working relationships with our local primary care trusts, practice based commissioners and local authorities and our directors and staff are represented on a number of local health economy groups focussing on the joint delivery of improving health care to local people. We will continue to identify opportunities to engage with other local service providers and commissioners to improve and develop services.

Our clinicians are actively encouraged to engage with the local health community to improve the patient pathway and experience and ensure patients receive care in the most appropriate environment to their needs. This last year has seen the development of closer engagement with local GPs particularly with regard to agreeing clinical quality indicators and ensuring these are appropriately monitored and reported.

We retain close contacts with our local MPs on issues of interest and concern to them and the local population in relation to the provision of services and the development of the NHS generally and enjoy positive relations with recognised Trade Unions representing staff interests. The management of the Trust meets formally with the Joint Local Negotiating Committee and the Joint Negotiation and Consultative Committee to discuss issues of interest to all staff groups. The Trust has a dedicated Partnership Officer who is seconded on a full time basis to work with managers and human resources staff to plan any organisational change or other initiatives affecting staff terms, conditions or working arrangements and consult with staff.

As a Trust we recognise we have an important

role to play in offering learning and development opportunities at a local and regional level. We have worked closely with local colleges in developing courses tailored for our staff in addition to providing placements for further learning to students at the University of Central Lancashire and the North West Medical Education Deanery. A number of placement opportunities have also been made available to local residents to gain experience across a range of professions and roles during the course of the year.

We welcome the continued involvement of a large number of volunteers in the work of the Trust supporting the services we deliver and the patients who undergo treatment. We also work with a number of voluntary organisations who directly improve or provide services for patients and their families such as the Friends of Pendle and Burnley League of Voluntary Workers.



Directors' Statements and Declarations

So far as each Director is aware, there is no relevant audit information of which the Trust's auditor is unaware and each Director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

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

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

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

Name	Post	Declared Position or Interest	Organisation	Tenure
Mrs D Whittingham	Chief Executive	Chief Executive	Calderdale and 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
Mrs H Harding	Chairman	Trustee & Chair Chair & Non Executive Director	Rosendale Enterprise Anchor Ltd Rochdale Local Education Partnership	Ongoing
Mr G Boyer	Charitable Funds Committee Chair Non Executive Director	Partner	VMG Associates (Lancashire)	Ongoing
Mr M Hill	Audit Committee Chair Non Executive Director	Trustee	Brathay Hall Trust	Ongoing

Name	Post	Declared Position or Interest	Organisation	Tenure
Mr R Duckworth	Non Executive Director	Chairman	Ribble & Craven	Ongoing
		Chairman	Decorative & Fine Arts Society	Ongoing
		Chairman Elect	Brian Mercer Charity Trust	Ongoing
		Non Executive Director	NW Area National Associate of Decorative & Fine Arts Societies Manchester Jazz Festival	Ongoing
Mrs L Sedgley	Governance Committee Chair Non Executive Director	Company Secretary	Various local firms	Ongoing
Mr P Fletcher	Non Executive Director	No Declared Interests		
Mr J Wood	Director of Finance, Capital, Planning and Information	No Declared Interests		
Mrs V Bertenshaw	Director of Operations	No Declared Interests		
Mrs C Schram	Medical Director Governance and Education	No Declared Interests		
Dr Geraint Jones	Medical Director Clinical Services	No Declared Interests		



Directors' Pension Report

	Real Increase/ (Decrease) in pension at age 60 (bands of £2,500) £000	Real Increase/ (Decrease) in Lump sum at age 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2011 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2011 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2011 £000	Cash Equivalent transfer Value at 31 March 2010 £000	Real Increase/ (Decrease) in Cash Equivalent Transfer Value £000	Employers Contribution to Stakeholder Pension (to nearest £100) £00
Mrs D Whittingham Interim Chief Executive	Full pensions disclosures have been provided the Annual Report of Calderdale and Huddersfield NHS Foundation Trust.							
Mr J Wood Director of Finance	0 - 2.5	5 - 10	25 - 30	85 - 90	369	401	(32)	0
Mrs C M Schram Medical Director	disclosure withheld							
Dr G R Jones Medical Director	disclosure withheld							
Mrs L J Wissett Director of Clinical Care and Governance	5 - 10	15 - 20	45 - 50	145 - 150	791	743	48	0
Mrs V Bertenshaw Director of Operations	2.5 - 5	10 - 15	35 - 40	115 - 120	665	601	63	0

Directors' Remuneration Report

	2010/11			2009/10		
	Salary (bands of £5,000) £000	Other Remunera- tion (bands of £5,000) £000	Benefits in kind (to nearest £100) £00	Salary (bands of £5,000) £000	Other Remunera- tion (bands of £5,000) £000	Benefits in kind (to nearest £100) £00
Non Executive Directors						
Mrs H Harding - Chair (started 01/08/09)	20 - 25	0	0	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	5 - 10	0	0	5 - 10	0	0
Mr R Duckworth - Non Executive Director	5 - 10	0	0	5 - 10	0	0
Mr A Green - Chair (left 30/04/09)				0 - 5	0	0
Mr K Morris - Interim Chair (from 01/05/09 to 31/07/09)				15 - 20	0	0
Executive Directors						
Mrs D Whittingham (see note 1 below) Interim Chief Executive (started 17/08/09)	85-90	0	0	0	0	0
Mr J Wood Director of Finance (started 01/09/09)	125 - 130	0	50	75 - 80	0	8
Mrs C M Schram - Medical Director	55 - 60	disclosure withheld	0	55 - 60	disclosure withheld	0
Dr G R Jones - Medical Director	55 - 60	disclosure withheld	0	55 - 60	disclosure withheld	0
Mrs L J Wissett - Director of Clinical Care and Governance	125 - 130	0 - 5	0	120 - 125	0 - 5	0
Mrs V Bertenshaw - Director of Operations	105 - 110	0 - 5	0	100 - 105	0	69
Ms M Burnham - Chief Executive (left 30/03/10)				165 - 170	0	68
Mr S Brookfield - Director of Finance (left 30/09/09)				55 - 60	0 - 5	0
Mrs M Brown - Acting Director of Finance (from 01/05/09 to 31/08/09)				25 - 30	0	0

NOTE: ¹ The Chief Executive has carried dual accountability for Calderdale & Huddersfield NHS Foundation Trust and East Lancashire Hospitals NHS Trust. The table above reports the proportion of salary costs attributable to East Lancashire Hospitals NHS Trust. Calderdale and Huddersfield NHS FT will disclose their proportion of the salary costs. The salary proportions have been agreed by the The Remuneration Committees of each Trust.



Business Review

Performance in Year

How the Trust Measures Performance

The Trust measures its performance on an ongoing basis across a number of national, local and departmental indicators throughout the year. Indicators cover a range of performance metrics including quality and patient experience, human resource and personnel information, estates and facilities indicators, financial achievements and performance against contractual and national treatment indicators.

The Trust Board and the Executive Management Board receive a report on a monthly basis against the indicators detailed in the following table below and each Division's performance is examined at the Divisional Management Boards chaired by the Associate Medical Director for the Division or the lead Director for the Division, as appropriate, which take place on a monthly basis. In addition the Executive Team meets with members of the Divisional Teams on a monthly basis in the Divisional Performance Meeting where actions being taken to improve performance or to develop services are discussed in greater detail.

At a Directorate level, performance is monitored by the Clinical Director for the service in clinical areas and by departmental managers in support areas such as estates. Ward and departmental meetings are also held across the Trust on a regular basis to ensure that all staff are aware of how their performance contributes to the patient experience and the achievement of corporate and national objectives. In this way staff are encouraged to monitor and improve the way they deliver services and see the contribution they make to the improvement of health and the treatment of patients across the local community.

Key Performance Indicators (KPI)

Key performance indicators are the measures the Trust has selected to track the way in which services are delivered and improved across the year. The indicators are comprised of "must do" national targets, measures of patient satisfaction and a demonstration of how we meet the quality and other indicators agreed with our commissioning primary care trusts. The table of our performance over the year shows performance at the end of the previous financial year, performance each month in the current year, the target we aim to achieve and how the red, amber and green ratings are calculated.



Trust Performance Report											
Target Area	2009/10	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	
1. 18 WEEKS REFERRAL TO TREATMENT/MEDIAN WAITS											
Data Completeness (admitted, non-admitted, direct access Audiology)	Q4 - in tolerance										
Median waits (weeks) - Admitted Patients		n/a	n/a	n/a	7.0	7.0	7.1	7.2	6.5	7.7	
95th centile - Admitted Patients		n/a	n/a	n/a	19.6	17.6	17.6	17.7	17.5	17.9	
Median waits (weeks) - Non-Admitted Patients		n/a	n/a	n/a	6.1	6.1	6.1	6.2	6.1	6.4	
95th centile - Non-Admitted Patients		n/a	n/a	n/a	12.7	13.5	13.4	13.7	14.2	14.7	
Median waits (weeks) - Incomplete Patients		n/a	n/a	n/a	4.0	4.0	3.8	4.3	4.4	4.2	
95th centile - Incomplete Patients		n/a	n/a	n/a	14.3	14.0	14.2	14.9	15.3	16.1	
2. CANCER WAIT TIMES											
14 day Cancer Referral Target	95.38%	95.10%	97.45%	96.70%	95.26%	96.15%	96.68%	97.69%	97.01%	94.44%	
31 day Cancer Treatment Target	98.31%	97.00%	99.30%	99.40%	100.00%	98.45%	98.71%	99.29%	97.81%	99.37%	
31 Day Subsequent Treatment Target (Surgery)	96.99%	92.90%	100.00%	96.70%	96.30%	100.00%	100.00%	100.00%	100.00%	95.45%	
31 day Subsequent Treatment Target (Anti-Cancer Drugs)	99.42%	93.30%	100.00%	97.10%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
62 day Cancer Treatment Target	85.02%	86.40%	90.40%	87.20%	95.12%	90.85%	88.41%	86.75%	93.48%	85.56%	
62 day screening standard	98.62%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
62 day referral to treatment from hospital specialist	95.77%	86.70%	92.00%	97.20%	100.00%	100.00%	100.00%	100.00%	96.00%	96.49%	
14 day Breast Symptomatic Target	Q4 = 97.2%	94.60%	96.80%	100.00%	98.28%	96.77%	95.92%	95.18%	97.45%	98.55%	
3. EXISTING COMMITMENT INDICATORS											
Access to GUM clinics - 48 hour target (offered appointment)	100.0%	100.0%	100.0%	100.0%	100%	100%	100%	100%	100%	100%	
Data Quality on Ethnic Groups: Completeness of Trust Coding	87.2%	n/a			99.85%	99.93%	99.71%	99.8%	99.8%	99.9%	
Thrombolysis	Call to Needle	80%	70.0%	71.0%	57.0%	89.0%	50.0%	90.0%	100.0%	45.0%	75.0%
	Door to Needle	89%	83.0%	100.0%	67.0%	89.0%	88.0%	100.0%	80.0%	73.0%	80.0%
Delayed Transfers of Care	DH Measure (delays vs occupied beds)	1.17%	0.82%	1.66%	1.99%	1.59%	0.6%	0.9%	1.2%	0.6%	0.8%
	CQC measure (delays vs acute admissions >18 yrs)	1.01%	0.32%	0.66%	0.33%	0.58%	0.2%	0.3%	0.4%	0.2%	0.3%
Total Time in A&E: 4 hours or less (ELHT/HE)	95.22%/95.66%	97.29%/98.06%	98.52%/98.96%	98.61%/99.01%	98.63%/99.01%	98.6%/98.96%	98.63%/99.02%	98.59%/98.99%	98.03%/98.52%	97.37%/98.02%	
Rapid Access Chest Pain patients seen within 2 weeks	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Cancelled operations	% Cancelled	0.75%	0.86%	0.76%	0.67%	0.37%	0.63%	0.47%	0.37%	0.36%	0.68%
	28 day rule	1.55%	2.44%	2.56%	0.00%	0.00%	0.00%	0.00%	0.00%	5.88%	0.00%
4. OTHER INDICATORS											
Infant Health - Breastfeeding initiation	68.11%	66.43%	72.58%	69.32%	70.31%	70.62%	68.86%	72.81%	66.97%	72.54%	
Infant Health - Smoking during pregnancy	21.67%	21.54%	20.16%	18.18%	22.10%	22.76%	16.25%	20.75%	21.42%	19.11%	
Maternity Hospital Episode Statistics: Data Quality Indicator	SUS Data Quality Dashboard - data quality high										
Participation in Heart Disease Audits	Measures data completeness on MINAP and participation in 4 heart										
Experience of Patients	8	8*	8*	8*	8*	8*	8*	8*	8*	8*	
Engagement in Clinical Audits	Year end special data collection re: participation in clinical										
NHS Staff Satisfaction	Based on results from national NHS Staff Survey										
Stroke Care - % of high risk TIA patients treated within 24 hours		21%	11%	11%	21.05%	38.46%	39.29%	22.86%	28.26%	27.08%	
Stroke Care - % of patients who spend 90% of time on stroke ward	41%	55.7%	56.1%	67%	74.00%	71.43%	68.75%	86.30%	62.90%	78.33%	
MRSA Bacteraemia	Pre 48 hours	18	0	1	0	1	1	1	1	0	0
	Post 48 hours		0	0	0	1	1	1	1	1	1
MRSA Screening on Inpatients (total elective/non-elective) - measure live from January 2011					67.45%	65.19%	66.28%	66.50%	68.21%	70.64%	
Clostridium Difficile Infections (total pre/post 3 days)		8	12	6	18	9	7	15	16	21	
5. LOCAL MONITORING											
No of patients waiting longer than 6 weeks for diagnostic tests	11	8	1	0	2	1	1	0	0	7	
6. PATIENT SAFETY											
Mortality (HSMR - Dr Foster) (YTD calculated on rolling 12 month basis)	2009/10 (09/10 Benchmark: 105 (100-110))	97.8 (82-116)	104.2 (87-123)	88.2 (74-104)	102.5 (87-121)	90.1 (75-107)	91.6 (76-109)	96.4 (80-115)	87.2 (71-106)	99.8 (83 - 118)	
Percentage of eligible adult in-patients who have had a VTE assessment		Reportable from June 2010					92.78%	90.26%	91.57%	92.51%	
Incident reporting (%age of incidents causing significant patient harm)	17.4%	4.13%	5.70%	3.84%	2.7%	1.78%	0.84%	0.39%	2.85%	2.03%	
Compliments to Complaints ratio	N/A				4.27	6.42	4.73	5.68	7.00	12.57	
Complaints per 1000 contacts	0.74	0.62	0.70	0.58	0.75	0.48	0.60	0.59	0.47	0.61	
Changes to CQC QRP	N/A	QRP Reported monthly from Sept 2010									

East Lancashire Hospitals NHS Trust

Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Criteria for Traffic Lighting (Trajectory position)			Monitoring Period	Current position	Trend
						Achieve	Underachieve	Fail			
						>80% <120%	<80% or >120%		Quarterly	QTD in tolerance	→
7.8	7.9	7.1	8.7	8.6	7.7	<=11.1	<11.1 >=9	>11.1	Quarterly	8.2	↑
17.9	18.0	19.3	21.5	19.4	20.1	<=23	<23 >=20	>23	Quarterly	20.5	→
5.7	5.9	4.3	4.5	3.3	3.4	<=6.6	<6.6 >=6.4	>6.6	Quarterly	3.5	→
14.2	14.6	13.0	13.5	12.9	11.9	<=18.3	<18.3 >=16.3	>18.3	Quarterly	13.0	↑
4.2	4.6	5.3	5.1	3.5	3.8	<=7.2	<7.2 >=6	>7.2	Quarterly	4.1	→
14.2	17.6	18.2	17.9	16.5	15.7	<=28	<28 >=20	>28	Quarterly	17.0	↑
97.00%	96.35%	95.51%	95.07%	96.49%		>=93%	<93% >88%	<88%	YTD	96.20%	→
100.00%	100.00%	98.54%	98.33%	100.00%		>=96%	<96% >91%	<91%	YTD	99.12%	→
100.00%	97.56%	100.00%	100.00%	94.44%		>=94%	<94% >89%	<89%	YTD	98.21%	→
100.00%	100.00%	100.00%	100.00%	100.00%		>=98%	<98% >93%	<93%	YTD	100.00%	→
88.9%	93.18%	92.41%	87.70%	87.04%		>=85%	<85% >80%	<80%	YTD	89.81%	→
96.40%	100.00%	100.00%	100.00%	100.00%		>=90%	<90% >85%	<85%	YTD	99.56%	→
100.00%	100.00%	100.00%	95.45%	100.00%		>=85%	<85% >80%	<80%	YTD	98.45%	→
98.60%	95.63%	94.44%	95.97%	95.33%		>=93%	<93% >88%	<88%	YTD	96.62%	→
100%	100%	100%	100.00%	100.00%	100.00%	>=98%	<98% >95%	<95%	Quarterly	100%	→
99.8%	99.8%	99.8%	n/a			>=85%	<85% >70%	<70%	April to Dec	99.87%	→
100.0%	64.0%	43.0%	80.00%	83.00%	63.00%	>=68%	<68% >48%	<48%	April to Dec	72%	↓
71.0%	75.0%	88.0%	60.0%	90.0%	67.0%	>=75%	<75% >70%	<70%	April to Dec	81%	↓
1.6%	0.8%	1.1%	1.2%	0.5%	0.8%	<=3.5%	>3.5% <5%	>=5%	Quarterly	0.97%	→
0.5%	0.3%	0.4%	0.3%	0.2%	0.3%	<=1%	>1% <1.5%	>1.5%	April to Dec	0.32%	→
98.03%/98.46%	98.86%/99.11%	91.69%/93.35%	94.95%/95.01%	98.03%/98.49%	97.57%/98.11%	>=98%	>97% <98%	<97%	YTD	97.42%/98.05%	→
100%	100%	100%	100%	100%	100%	>=98%	<98% >95%	<95%	YTD	100.0%	→
0.76%	0.56%	1.0%	0.92%	0.35%	0.40%	<=0.8%	>0.8% <=1.5%	>1.5%	YTD	0.56%	→
0.00%	14.29%	2.17%	0.00%	5.88%	0.00%	<=5%	>5% <15%	>15%	YTD	0.24%	↑
70.32%	67.98%	66.84%	66.79%	69.11%	70.11%	>68.11%	<68.11% >63.11%	<63.11%	YTD	69.58%	→
21.74%	21.02%	21.03%	19.47%	18.14%	20.47%	<21.67%	>21.67% <22%	>22%	YTD	20.36%	→
Infectious disease audits.									April to Dec		→
8*	8*	8*	8*	8*	8*	>7	4-6	<4			→
Infectious audits.											
40.00%	34.21%	31.25%	31.58%	34.21%	39.39%	>60%	<60% >40%	<40%	YTD	32.21%	↑
72.09%	83.33%	66.07%	84.78%	76.00%	80.00%	>60%	<60% >30%	<30%	YTD	75.26%	→
0	1	0	0	0	1				YTD	6	→
0	1	1	0	0	0	0	<=1	>1	YTD	8	→
86.31%	85.49%	91.98%	101.97%	101.08%	100%	>100%	>98% <100%	<98%	Month	100.75%	→
8	12	12	20	6	11	<=14	>14 <=21	>22	YTD	155	→
1	2	4	2	0	10	0-5	>5 <15	>15	Monthly	4.0	→
101.3 (85 - 120)	100.8 (85 - 119)	106.6 (93 - 122)	94.4 (92 - 102)			Within Confidence Intervals	Outside confidence intervals/ negative alert on Dr Foster		Monthly	97.1 (92.5 - 102.1)	↑
92.77%	91.72%	91.31%	93.42%	94.24%	93.46%	>90%	<90% >85%	<85%	Monthly	92.40%	→
1.92%	1.90%	0.34%	2.49%	2.44%	3.46%	<15%	>=15% <=16%	>16%	Monthly	1.93%	→
19.09	9.31	0.07	17.55	12.91	16.61	>4	<4 >=3.5	<3.5	Monthly	11.67	↑
0.50	0.79	0.45	0.52	0.52	0.52	<=0.75	>0.75 <0.85	>0.85	Monthly	0.57	→
No CDC QRP issued						All sections yellow or green	1 section amber/red	>1 section amber/red	Monthly		→



Performance Summary

With the exception of the target that 90% of high risk transient ischemic attack (mini stroke) patients are treated within 24 hours, the Trust has worked in close partnership with other health care professionals and organisations to achieve and maintain or improve performance against the key performance indicators over the year.

a) Waiting Times

Patients are now receiving an appointment to see medical staff or to have their operation quicker than ever previously with median waits reducing from 7.9 weeks to 7.7 weeks for patients that are admitted for treatment and from 6.1 to 3.4 weeks for patients that need an outpatient appointment.

b) Cancer Targets

The Trust is very proud to report for the first year that all cancer referral and treatment targets have been met with improvements in performance across almost all indicators. Performance against the breast screening target has been a particular focus during the year with an ongoing investigation and independent review of the service as a result of a serious untoward incident and failure to detect some cancer cases.



c) Access to Genito Urinary Medicine Clinics (GUM)

The Trust has maintained its 100% performance against the target that patients should be offered an appointment at a GUM clinic within 48 hours of request across the course of the year.

d) Thrombolysis

The majority of strokes are due to blockage of an artery in the brain by a blood clot. Prompt treatment with thrombolytic drugs can restore blood flow before major brain damage has occurred and could improve recovery after stroke.

e) A&E

The Trust's performance against the 4 hour target for waits in the Emergency Department and Urgent Care Centres has been strong during the course of the year with the Trust consistently performing above the national target of 95% of patients being seen within that time frame with exceptions occurring during the severe winter weather in December and January. This reflects the significant improvements put in place by staff throughout the patient pathway.

f) Rapid Access to Chest Clinic

The Trust has continued to perform exceptionally in this area with 100% attainment across the year.

g) Cancellation of operations

This has been another area of strong performance with the Trust achieving against the key performance indicator for operations cancelled on the day they are due to take place being below the minimum throughout the year with the exception of the severe winter weather period due to pressure from emergency admissions.

h) Infant health

The Trust has worked with community colleagues to continue to ensure appropriate services are in place for initiating breastfeeding and supporting families to reduce smoking during pregnancy. Although performance across the year has been inconsistent it has improved across the last quarter.

i) Experience of Patients

This has been consistently above target across the year and the Trust continues to measure performance on an ongoing basis to ensure the quality of services we provide meet all the needs of our local community.

j) Stroke Indicators

Performance against the two key elements of this indicator has been disappointing throughout the year although the percentage of patients receiving 90% of their care on a dedicated stroke ward has improved significantly from the previous year's performance. This indicator continues to be a focus of improvement activity within the context of a difficulty recruiting to consultant posts at a national level.

k) MRSA bacteraemia and Clostridium Difficile infections

The Trust has consistently performed well in this area with another year seeing an overall reduction in hospital associated infections reflecting the strong commitment of the Trust and the focus of all staff in providing a quality health service.

l) Patient Safety

The Trust continues to have a clear focus on ensuring the safety of the patients we care for and has seen strong performance against all the indicators throughout the year. The Trust has performed well on a consistent basis in ensuring mortality rates are within expected limits compared with peers and nationally and has maintained strong performance in reducing the percentage of complaints received per 1000 patient contacts and in the ratio of complaints to compliments.

Overall the Trust has seen very strong and consistent performance across the year against most quality and performance indicators reflecting our focus on providing the best quality healthcare to the people of East Lancashire. There continue to be areas for improvement and we will focus particularly on our stroke pathway in the new financial year.

**Performance against Strategic Objectives**

Our key strategic objectives for the year were:

- To implement the final stages of the Meeting Patients' Needs clinical reconfiguration
- To 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

Meeting Patients' Needs

The Trust has completed the implementation of the Meeting Patients' Needs (MPN) Programme in year with the opening of the new Lancashire Women and Newborn Centre at Burnley General Hospital and the supporting midwife lead birth units across the health economy in partnership with our local Primary Care Trusts. The programme of service change across the health economy has realised a number of clinical benefits including:

- Reduced mortality rates
- Improvements in the urgent and emergency care pathways
- Reductions in post operative complications
- Reduced length of stay on the Medical Assessment Unit and Specialty Wards
- Reduced readmissions
- Development of specialty care pathways and specialist services such as the second cardiology catheter lab, one stop breast unit, specialist histopathology and the emergency endoscopy service
- Improved patient experience
- Reduced cancellations of elective procedures through having split sites
- Centralisation of level 3 neonatal intensive care unit
- Centralised paediatric inpatient facility
- Dedicated Children's Minor Injuries Unit
- Improved pathology, microbiology and blood science services to the local GP community and within the Trust
- Improved radiology services
- Closer working with Primary Care Trust partners to improve patient pathways for the local people with long term conditions such as diabetes and coronary heart disease

With the conclusion of this extensive programme of work the Trust will now continue to monitor and improve patient pathways in partnership with our commissioning partners.

Emergency Care Model and Pathways

The Trust has dedicated significant resources to improve the patient experience in our Emergency Department and Urgent Care Centres to good effect in year. We have seen our performance against the maximum 4 hour wait target at the Trust improve from 95.22% of patients treated within this time in 2009/10 to 98.86% in November 2010 and an outturn position of 97.57% at the end of March 2011. Performance across the health economy as a whole has consistently been above 98% with the exceptions of December 2010 and January 2011 when severe winter weather had an impact on the number of emergency attendances at the hospitals.

The Trust has a dedicated Clinical Director in post and has successfully recruited a number of consultant colleagues to improve the patient flow through our emergency pathways. There is a senior doctor on site at all times and the department is staffed by highly skilled and experienced staff. As part of the MPN reconfiguration all "blue light" paediatric emergencies are now treated at the Royal Blackburn Hospital Emergency Department while the Paediatric Minor Injuries Unit has remained available at the Burnley General Hospital site.

The Trust continues to work with commissioning partners to improve the emergency care model and pathways to ensure patients are treated appropriately. The separation of the Urgent Care Centres from the Emergency Department has ensured urgent cases are separated from emergencies with no less priority on either and has seen increasing levels of patient satisfaction and a reduction in the number of complaints. Collaborative working with our local Primary Care Trusts continues to be effective with GP colleagues working in our Urgent Care Centres and planning on a health economy basis taking place to ensure peaks in demand for the emergency pathway, particularly over holiday periods, are accommodated appropriately. The Trust will continue to work with our partners to ensure our local population are aware of the emergency and urgent care choices available to them across the health economy.

Financial Position

The Trust has taken significant steps forward in ensuring it has a firm financial foundation for the future by achieving a surplus in year and ensuring that there is appropriate use of resources across all aspects of the services we provide. The Trust continues to participate in various local and national initiatives to identify where savings can be made, particularly in relation to the procurement of supplies and the provision of support services to front line staff. Considerable work has been undertaken to improve financial controls and governance across the organisation to enable inefficiencies to be reduced wherever they occur while continuing to provide the best possible health care to our local population. The Trust has an ongoing programme of cost improvements to be implemented across the divisional structures which aim to ensure funds available for service delivery are maximised.

Further detail of our financial performance can be found in the Annual Accounts and Annual Statements section of this report.



Corporate Strategic Objectives for 2011/12

2.1 Based upon the Trust's key internal and external drivers for change and the intelligence gathered through the annual business planning cycle, the following corporate strategic objectives have been identified for the organisation in 2011/12.

Objective 1	To further develop clinical services with key internal and external stakeholders to reduce health inequalities, improve public health and reduce cost across the health economy
Objective 2	To maintain and improve patient experience and outcomes through the achievement of key indicators/objectives outlined in the Trust's quality account
Objective 3	To invest in and develop our workforce, and improve staff engagement and satisfaction levels
Objective 4	To maintain all regulatory requirements with the Care Quality Commission (CQC) and therefore be licensed to provide services without conditions
Objective 5	To improve the Trust's liquidity position and deliver a cost improvement programme of 5%
Objective 6	To develop services of the highest quality through innovation, pathway reform and the implementation of best practice
Objective 7	To continually promote equality and diversity at every level within the organisation

Risks, Trends and Factors Likely to Influence Development and Performance

The whole of the NHS is undergoing a period of change and development with the introduction of health care reforms and the Trust will particularly be influenced by the change in commissioning arrangements within the local health economy. The development of GP Commissioning, local commissioning clusters and the demise of the Primary Care Trusts and the Strategic Health Authority mean that there are uncertainties with regard to what services the Trust will be requested to provide for local communities and differences in service specifications for each commissioning area may well mean differences in expected performance from the Trust. The Trust will seek to overcome these difficulties by continuing to build on the engagement with General Practitioners and other clinical and professional staff across organisational boundaries to ensure there is a common understanding of the health needs of our local population and the best way in which these needs can be met.



The Transforming Community Services Programme was completed in year and the Trust has now become an Integrated Care Organisation providing care both in the hospital and in community settings. The transfer of some staff from the provider section of the Primary Care Trust, such as adult health visitors and physiotherapists allows us the opportunity to continue to develop integrated care pathways for our local population to move the provision of care services into local community and out of a hospital setting where appropriate. We see our future services being delivered as close to the patient's home and family as possible with hospital stays taking place only where clinically necessary and reducing the length of time patients are away from their families.

The Trust's collaborative approach to delivery of services in a challenging financial environment has seen the emergence of a close working partnership with Calderdale and Huddersfield NHS Foundation Trust. The Trusts are working to formalise this relationship in a Health Care Group Model where some services will be delivered across both health economies allowing sharing of best practice and reductions in overhead and support services. Our relationships will not be exclusive with other Trust and organisations forming part of the group or its working partners as appropriate.

The Trust seeks to achieve authorisation as a Foundation Trust by April 2013 and the risks to the delivery of this and our other strategic objectives are monitored on an ongoing basis through the Board Assurance Framework. The Board is updated on a bi-monthly basis on the changes to the Assurance Framework.

Quality Report

The Trust has published its second annual Quality Report which is available on our website at <http://www.elht.nhs.uk/index.php/aboutus/77/> or in hard copy from The Company Secretary, East Lancashire Hospitals NHS Trust, Royal Blackburn Hospital, Haslingden Road, Blackburn BB2 3HH. This report tells you what standard of care you can expect from us, how we measure quality of care, and how we aim to keep improving our services over the next year and beyond. The Trust's registration without conditions with the Care Quality Commission reflects the emphasis we place on patient safety in an environment of continuous improvement and learning.

We remain committed to supporting clinical teams in delivering effective, evidence based care which improves outcomes for patients. We have robust approaches in place to ensure our existing practices are reviewed against national guidance as it is published, and that plans are put in place to implement change where required. Feedback from our patients is crucial in order that we focus on what matters to the patient and assists us to continue to focus on delivering high quality, supportive, patient centred care in which patients, carers and their families have confidence.

Throughout the past year, using a range of feedback tools, we have asked and listened to patients, carers, visitors, local commissioners and other partners to establish what we should focus on when improving quality. This input and feedback has informed the development of our priorities. Further detailed information on our performance can be found in our Quality Accounts.



Organisational Quality Initiatives progressed throughout 2010/11

The following Quality initiatives have been progressed:-

- We have maintained visible leadership – Board and Clinical leaders have participated in Board to Ward walk rounds and reviews of services.
- We have continued participation in the Advancing Quality Initiative: we have used PROMS (Patient Reported Outcome Measures) PEMS (Patient Experience Measures) and have undertaken initiatives as part of the Quality, Innovation, Productivity and Prevention initiative (QIPP).
- We have participated in the Northwest Mortality Reduction Initiative.
- The Trust participated in the National Patient Safety First Initiative, and is now participating in the National Safety Express Initiative as a host organisation and this feedback informs our improvement work.



- The Trust has participated in the Safety Net visit programme, ensuring our commissioner and lay persons have access to Trust Services.
- We have introduced Clinical Safety Bundles to key clinical pathways across the organisation.
- We maintained the standards required to achieve Level 3 NHSLA (National Health Service Litigation Risk Management) in our Trust Wide Acute Services in November 2009.
- Successfully reassessed at CNST (Clinical Negligence Scheme for Trusts) level 2 for Maternity Services against Risk Management standards.
- Visible Nursing leadership has been maintained with our Matrons and identified Leaders monitoring our standards and nursing indicators.
- We have the use of the Patient Experience Tracker system across the Trust and we have been reporting real time patient feedback for the past year.
- We have strengthened the Complaints/PALS triaging process to ensure more effective management of concerns raised and we have ensured an increase in face to face complaints handling to resolve concerns directly.
- The Ward Quality Framework and Patient Safety Thermometer has been implemented and monitored.
- Internal Governance Review and practice reviews have been systematically implemented and we are monitoring areas of concern aligned to Practice. This has led to the development of Directorate Quality and Risk Profiles across the Trust mirroring those used by the Care Quality Commission.
- A review of our appraisal and development processes and a strengthening of the Human Resources and Organisational Development functions in the organisation have supported our quality initiatives.
- Our Improving Patient Experience work plan and monitoring arrangement with a specific focus on privacy and dignity and nutrition and hydration has enabled us to respond to patient feedback and concerns whilst improving the quality of care we deliver.

Quality Account Pledges Achieved in 2010/11

- We pledged to continue to achieve a year on year reduction in the numbers of hospital acquired (post 48 hours) MRSA cases.
- We pledged to achieve a year on year reduction in the number of C Difficile cases.
- We said that by April 2011 we would improve our adjusted mortality by 10 points compared to the 2008/09 baseline
- We said that we would report on all eligible patients, related incidents to the National Patient Safety Agency and the National Reporting and Learning Service (NRLS). We aimed to have a lower percentage incidence of Death, Severe and Moderate Harm than the national reported level for large acute trusts such as ours.
- We pledged to have a greater number of Patient Safety Leadership walk rounds than comparable teams in the National Patient Safety First Initiative.
- We pledged to reduce the number of complaints (per 1000 contacts) to below 0.6 per 1000 patient contacts.
- We pledged to continue to implement and monitor Nurse Sensitive Outcome Indicators.
- We pledged that East Lancashire Hospitals NHS Trust would be fully compliant with the national requirements for the Elimination of Mixed Sex Accommodation to our patients
- Operating on 70% of patients with a fractured neck of femur within 48 hours

Pledges Where We Have Made Good Progress and Are On Target to Deliver

- We aimed to be within the top 20% of Trusts using the Privacy and Dignity responses of the National Inpatient Survey and to consistently achieve above 85% positive results when using the Patient Experience Tracker locally across our Trust services.
- We aim to prevent inappropriate weight loss and dehydration of our service users and aim to be within the top 20% of Trusts



with regard to rating hospital food & choices using the responses of the National Patient Survey.

- To implement the Advancing Quality Initiative and the patient experience measures. We aimed to be in the top 50% of performing Trusts for all 4 treatment pathways (Acute Myocardial infarction, Heart failure, Hip and Knee replacement and Community Acquired Pneumonia) and we aimed to be in the top quartile for at least 2 indicators.
- Implementing fractured neck of femur care pathways.
- Ensure that 90% of patients arriving in the Emergency Department with a fractured neck of femur are transferred to an orthopaedic ward within 4 hours of arrival.
- Develop joint admissions and perioperative care protocols to be used by Orthopaedics Medicine and Anaesthetics in fractured neck of femur cases.

Priorities for improvement

In 2011/12 we will:-

- Further reduce our infection rates and we will achieve or perform better than, if not exceed, expected target levels of infection rates
- Improve our Patient Experience of Care and the perception of the quality of care received. (This will be measured using the National Patient Survey and Experience measures)
- Achieve the Emergency Care indicators as outlined in the NHS Operating Framework.
- Stroke Care – We will implement our action plan to improve against the findings of the 2010 Sentinel Stroke Audit and ensure that Stroke indicators are met.
- We will continue to work with the Northwest Mortality Collaborative and aim to continue to reduce our adjusted mortality rate.
- We will participate in the Safety Express initiative. We will measure and demonstrate a reduction in harm resulting from :-
 - o Venous Thrombo Embolism (VTE)
 - o Falls
 - o Pressure Ulcers
 - o Catheter associated Urinary Tract infections
- We will achieve a risk assessment rate of at least 90% in eligible patients for Venous Thrombo Embolism
- Continue to implement the Advancing Quality objectives for Acute Myocardial Infarction, Heart Failure, Hip and Knee replacement, Community Acquired Pneumonia and Stroke care with the aim of being in the top 50% of performing Trusts for all 5 indicators.
- We will improve our Patient Reported Outcome Measures against Hip, Hernia, Knee, and Varicose Vein indicators when compared against our 2010/11 position.
- We will implement our Dementia Care Action Plan and ensure the milestones associated with the plan are delivered and achieved.

Arrangements for Monitoring Improvements in Quality of Healthcare

The quality of our healthcare delivery is monitored on an ongoing basis both internally and externally. Our reporting system for monitoring and reporting on Quality tells all staff from the Board to Wards, how we are doing and where we can improve further. We use a number of tools to measure our progress on improving quality and these tools inform the reports we present to the Trust Board and its sub-committees. Our Board performance report includes the quality indicators and this is reported to the public and published on the Trust website. In addition we provide reports on improvements in Healthcare Outcomes and Quality to a number of external organisations including our commissioning primary care trusts.



Service Improvements

Our main focus on quality improvements in year has been with regard to the breast screening service following a serious untoward incident whereby a number of breast cancers were not detected. One particular consultant in the unit failed to update his practical screening assessment skills in line with changing practice. Over a period of many years going back to at least 2001 he routinely failed to carry out a full and complete assessment (as stipulated in national guidelines) on a significant number of his patients. We commissioned an independent review of our service which was performed by Mr Frank Burns CBE and presented to the Trust Board in February 2011.

The Trust has fully implemented the recommendations in relation to the Trust of the Burns Report to rectify the failings of local and national governance processes that, had they not been present, may have brought the issue to light at an earlier stage. Following implementation of the recommendations an external interim Quality Assurance visit has been carried out which praised the service in many areas of clinical governance and radiological performance; "...the team are clearly motivated to continuous quality improvements" and "... should be commended for their commitment to the unit rebuilding confidence in a service of which they can be proud". A full copy of the Burns Report and the external quality assurance report, presented to Trust Board in April 2011, can be found on our website within our Trust Board papers section.

Complaints Handling

The Patient Advice and Liaison Service (PALS) provide a dedicated and accessible service to deal with health service queries and concerns from patients, their relatives and carers. In addition, the Trust is required to comply with The National Health Service (Complaints) Regulations.

Between 1st April 2010 and 31st March 2011 the PALS Team received 2263 contacts regarding



the services of East Lancashire Hospitals NHS Trust. This is an increase of 19% of the total number in 2009/10. The average time to close a PALS case in 2010/11 was 7 days compared to 19 days in the annual performance in 2009/10. During the final quarter of the period January – March 2011 an average time to close an issue of 6 days was achieved.

The number of complaints received in 2010/11 has decreased numerically by 21% when compared to 2009/10. However, when examined alongside patients under the care and treatment of the organisation the complaints per 1000 patient contacts has decreased by 22% when compared to 2009/10. A coordinated programme to improve 'on the spot' management of concerns and complaints, has been implemented, and in addition a triage process implemented for new complaints and concerns. The triage process enables real time handling of concerns which otherwise would have been incorporated into the formal complaints channels unnecessarily. In addition the focus on improving patient experience and quality of care has seen quality and safety improvements. These are documented in the Annual Quality account. All investigations are coordinated and recorded by the Complaints and Litigation Department.

During 2010/11 there have been 15 requests submitted to the Ombudsman for an independent review of the complaint compared to 19 requests in 2010/11. In the main the Ombudsman is finding that no further action is required by the Trust. From the 15 cases sent for review by the Ombudsman 13 have been completed 7 required no further action whilst 5 have required further action by the Trust and in 1 case the Ombudsman referred the complaint to the Trust with a further issue that had not been investigated. Two cases are still being reviewed by the Ombudsman.

The recurring themes of staff attitude and communications and discharge have been identified for a focussed review and analysis by Quality and Safety Board in order to understand the extent and root causes of the issues, and to allow focused development and improvement to be managed. The Trust Quality Account published on the Trust website details quality initiatives that are being undertaken in 2011/12.

The ratio of compliments to complaints on a monthly basis for all month and quarters identifies achievement of the performance expected in the Trust Quality Contract.

The process of identifying compliments has become embedded in the organisation during the year and these are currently being reported and collated monthly from ward areas, as a consequence the numbers of compliments received directly at ward and department level have increased.

Clinical Audit

The Trust has an ongoing programme of audits delivered both internally and as part of a national programme to continuously monitor and improve the quality of our clinical services and provision. East Lancashire Hospitals NHS Trust participated in 92% of National Clinical Audits (compared to 62% in 2009/10) and 100% of National Confidential Enquiries which it was eligible to participate in. In addition the reports of 303 local clinical audits were reviewed by the Trust in year.

The National Clinical Audits and National Confidential Enquiries that East Lancashire Hospitals Trust participated in, and for which data collection was completed during 2010/11 are listed below:

Data collection was completed during 2010/11
National Neonatal Audit (NNAP)
National Diabetes Audit (NDA)
ICNARC CMPD: Audit Critical Care
ICNARC NCAA: Cardiac Arrest
National Elective Surgery PROMs: Four Operations
Adult Cardiac Interventions: Coronary Angioplasty
National Vascular Database: Peripheral Vascular Surgery
CEMACH: Perinatal Mortality
NJR: Hip, Knee and Ankle replacements
NLCA: Lung Cancer
NBOCAP: Bowel Cancer
DAHNO: Head & Neck Cancer
MINAP (inc ambulance care): Acute Myocardial Infarction (AMI) & other Acute Coronary Syndromes (ACS)
Heart Failure Audit
NHFD: Hip Fracture Steering Group
TARN: Severe Trauma
NHS Blood & Transplant: Potential Donor Audit
National Childhood Epilepsy Audit (Epilepsy 12)
National Audit of Heavy Menstrual Bleeding
SINAP: Acute Stroke Gateway No: 14450
National Sentinel Stroke Audit
National Audit of Dementia
National Falls & Bone Health Audit
National Clinical Audit of Mgt of Familial Hypercholesterolaemia

Data collection was completed during 2010/11
National Comparative Audit of Blood Transfusion: O Negative Blood Use
National Comparative Audit of Blood Transfusion: Platelets
British Thoracic Society: Pleural Procedures
British Thoracic Society: COPD
British Thoracic Society: Paediatric Pneumonia
British Thoracic Society: Paediatric Asthma
British Thoracic Society: Emergency Use of Oxygen
British Thoracic Society: Adult Asthma
College of Emergency Medicine: Paediatric Fever
College of Emergency Medicine: Vital Signs in Majors
College of Emergency Medicine: Renal Colic
National Inflammatory Bowel Disease: Ulcerative Colitis & Crohn's Disease
British Thoracic Society 2010 National Bronchiectasis Audit

We have participated in the following National Confidential Enquiries:

National Confidential Enquiries
National Maternal & Perinatal Mortality Surveillance
Maternal Death Enquiry
Obesity in Pregnancy
Child Health Enquiry: Head Injury
Emergency & Elective Care in the Elderly
Parenteral Nutrition
Surgery in Children
Peri-operative Care
Cardiac Procedures

East Lancashire Hospitals Trust's Clinical Audit programme requires all audit activity to be presented at specialty/ multi-specialty audit meetings. It is at these meetings that recommendations and action plans are decided so that practice and care can be improved. These action plans form part of the Clinical Audit Annual Report which is presented to Quality and Safety Board for assurance and monitoring.

Clinical Research

The Trust has an active programme of research activity with a robust governance process in place to support research and development. Our clinical staff stay abreast of the latest treatment possibilities and active participation in research leads to successful patient outcomes.

East Lancashire Hospitals NHS Trust was involved in conducting 158 clinical research studies across a variety of specialties in 2010/11 further details of which can be found in our Quality Accounts published separately.

Data Loss or Confidentiality Breaches

There have been no serious untoward incidents involving confidentiality breaches or data loss reportable under the relevant regulations during the course of the year. Information governance across the Trust is lead by the Information Governance Steering Group which reports to the Quality and Safety Board on a regular basis. The Trust achieved a level 2 assessment against the national Information Governance Toolkit and has an action plan in place to further improve performance year on year. An independent audit of the Toolkit declaration gave significant assurance that the processes supporting the declaration are robust and embedded across the organisation.

Patient Environment Action Teams

PEAT is an annual assessment of inpatient healthcare sites in England that have more than 10 beds. It is a benchmarking tool to ensure improvements are made in the non-clinical aspects of patient care including environment, food, privacy and dignity. The assessment results help to highlight areas for improvement and share best practice across healthcare organisations in England. PEAT is self assessed and provides a framework for inspecting standards to demonstrate how well individual healthcare organisations believe they are performing in key areas including:

- food
- cleanliness
- infection control
- patient environment (including bathroom areas, lighting, floors and patient areas)

NHS sites and NHS trusts are each given scores from 1 (unacceptable) to 5 (excellent) for standards of environment, food and dignity and



privacy within buildings. Assessments are carried out by NHS staff (nurses, matrons, doctors, catering and domestic service managers, executive and non-executive directors, dieticians and estates directors). Patients, patient representatives and members of the public are also part of this assessment process.

The PEAT Assessment 2011 has provided evidence of significant improvement within environment management, control and leadership. Patient feedback captured during the PEAT assessment 2011 was very positive and all patients reported they were happy with the overall experience of their hospital care and stay.

Site Name	Environment	Food	Privacy & Dignity
Royal Blackburn Hospital	Acceptable	Good	Excellent
Burnley General Hospital	Good	Excellent	Good
Pendle Community Hospital	Good	Excellent	Excellent

The PEAT Group will focus this year on elements to influence improvements within the patient environment around the following

- Cleanliness of patient equipment
- Standards of cleanliness
- Documentation and information management.
- Waste Management and sustainability
- Way Finding
- Furniture and equipment and replacement programmes

We also plan to review the Patient Environment Managers' role. The focus of the role will take a more strategic view than operational focus to enhance patient experience. The Patient Environment Manager will further strengthen partnerships with the Deputy Director of Nursing, Infection Prevention, management of key Facilities management and links with the Site Rationalisation Group.

Corporate Governance Arrangements

The Trust Board

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

Non-Executive Directors have a particular role in scrutinising the performance of the Trust's management in meeting agreed objectives, and ensuring that robust systems of financial control and risk management are in place. Non-Executive Directors are not employees of the Trust and do not have responsibility for the day to day management of the Trust: this is the role of the Chief Executive and Executive Directors.

The Trust Board is led by the Chairman of the Trust, and comprises Executive and Non-Executive Directors. As a 'unitary Board', Executive and Non-Executive Directors share equal responsibility for the Board's decisions, and both share responsibility for the direction and control of the organisation.

The Trust Board meets monthly and meetings are open to the public except when confidential information is being discussed. Details of public Board meetings are available, including minutes and papers from previous meetings, on the Trust Board section of our website. Details of our Trust Board members are provided at the Directors' Report section of the annual report.

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

The Non Executive Directors of the Trust are appointed by the Secretary of State for Health through the national Appointments Commission and are each appointed for a four year term which may be renewed subject to satisfactory



performance. During the course of the year Mr Martin Hill, Mr George Boyer and Mr Paul Fletcher have been reappointed as Non Executive Directors.

The Executive Directors are appointed by a Committee comprising the Chief Executive and Non Executive Directors following a competitive interview process. There have been no new Executive Director appointments during the course of the year with the exception of the recruitment of the Chief Executive, Mr Mark Brearley, who took up post on 1st May 2011.

Performance Evaluation Arrangements

The Non Executive Directors and the Chief Executive are appraised by the Chairman and the Chief Executive appraises the Executive Directors. Non Executive Directors support the delivery of the objectives of the Trust and act as leads on specific projects or have particular areas of responsibility such as Older People, Security and Productive Theatres.

Executive Director's objectives mirror the strategic objectives of the Trust with an Executive Lead being assigned both to the attainment of strategic objectives and the management of risks to their achievement.

The Trust Board is further supported by the wider Executive team and the Associate Medical Directors or Directors for each of the Divisions. The Director of Human Resources and Organisational Development, the Director of Service Improvement and the Company Secretary will normally be present at Trust Board meetings.

The sub committees of the Trust Board undertake an annual review of their effectiveness and the way in which they have met the objectives set by the Trust Board. An annual report is provided to the Trust Board from each of its formal sub committees.

Trust Board Meetings and Attendance

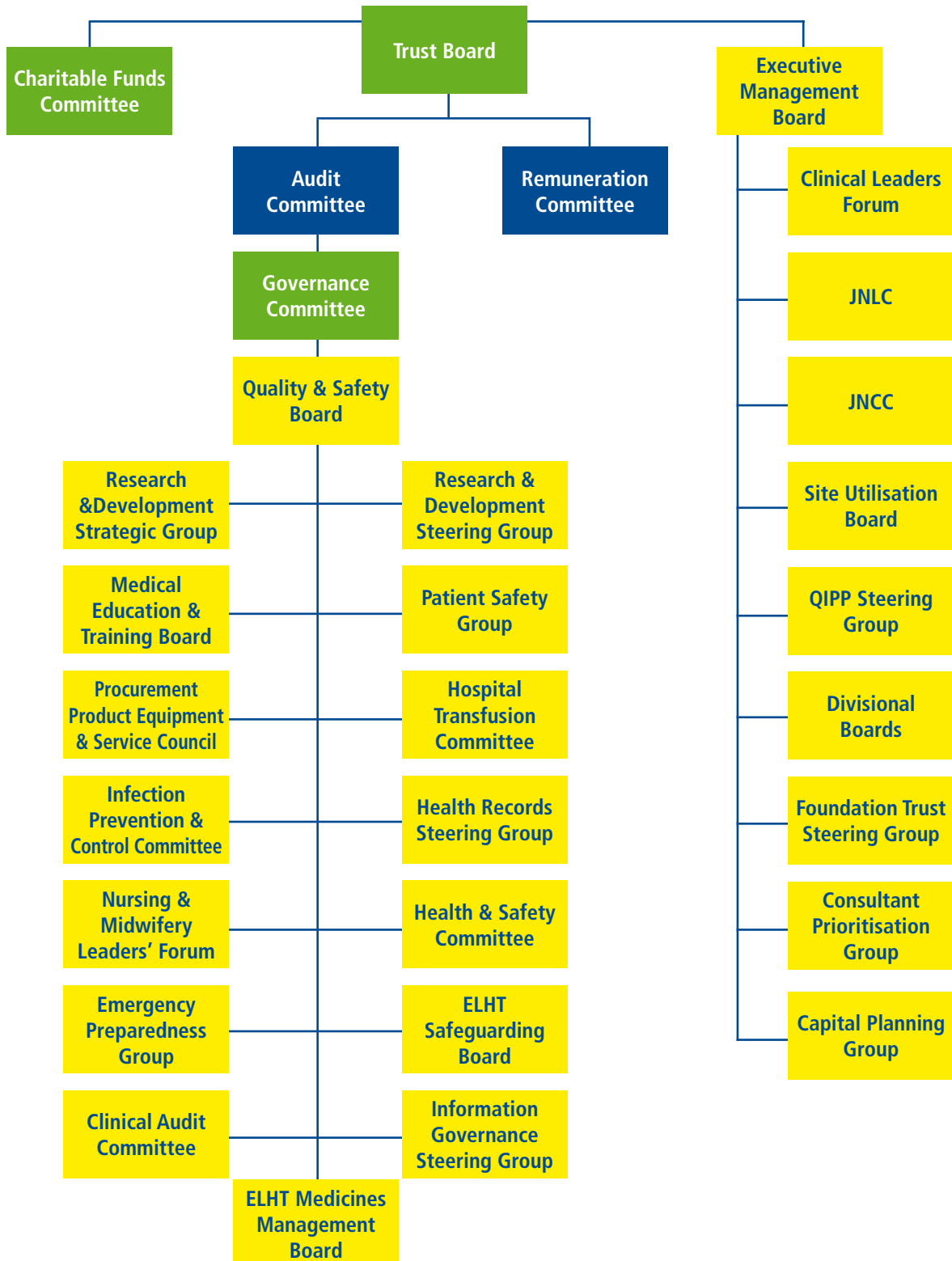
There have been 11 meetings of the Board during the course of the year and the attendance of members is shown below:

Name	Position	%
Hazel Harding	Chairman	91%
Martin Hill	Vice Chairman	100%
Paul Fletcher	Non Executive Director	82%
George Boyer	Non Executive Director	82%
Roger Duckworth	Non Executive Director	91%
Liz Sedgley	Non Executive Director	100%
Diane Whittingham	Interim Chief Executive	100%
Lynn Wissett	Deputy Chief Executive/ Director Clinical Care and Governance	91%
Jonathan Wood	Director of Finance	100%
Val Bertenshaw	Director of Operations	91%
Catharina Schram* and Geraint Jones*	Medical Directors	100%

* Job share



Trust Board Sub Committee Structure



The 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:

Name	Position	%
Martin Hill	Chairman	100%
George Boyer	Non Executive Director	71%
Paul Fletcher	Non Executive Director	86%
Roger Duckworth	Non Executive Director	57%
Liz Sedgley	Non Executive Director	100%

Roger Duckworth and Liz Sedgley have relevant financial experience being fully qualified accountants. The Committee is supported by the Director of Finance and the Deputy Chief Executive.

The external auditor for the Trust is the Audit Commission and Internal Audit and Counter Fraud services are provided by Audit North West. The external auditor's opinion on this report and the annual accounts is provided in the finance section of the Annual Report and the Head of Internal Audit has given significant assurance opinion on the systems of internal

control within the organisation and that "An Assurance Framework has been established which is designed and operating to meet the requirements of the 2010/11 SIC and provide reasonable assurance that there is an effective system of internal control to manage the principal risks identified by the organisation"

The Audit Commission has also audited the Charitable Funds Accounts for the Trust in the year. The Audit Commission does not provide any other non audit services for the Trust.

The Remuneration Committee

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 18 of this Annual Report.

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. The Trust is advised in relation to the comparator 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.

Our Staff

Consultation and Negotiation

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. 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.

Staff Surveys

As part of its commitment to engagement, the Trust takes part in the national NHS Staff Survey on an annual basis. This year there was a response rate of 56%, which is above average for Acute Trusts in England, and compares favourably with the 2009 response rate which was 47%. The 4 key findings for which East Lancashire Hospitals NHS Trust compares most favourably with other Acute Trusts in England are:

- KF8 - the percentage of staff working extra hours
- KF36 - the percentage of staff having Equality & Diversity training in the last 12 months
- KF28 - the impact of health & wellbeing on the ability to perform work or daily activities
- KF 17 - the percentage of staff suffering work-related injury in the last 12 months.

The 4 key findings for which East Lancashire Hospitals NHS Trust compares least favourably with other Acute Trusts in England are:

- KF2 - the percentage of staff agreeing that their role makes a difference to patients
- KF34 - staff recommendation of the Trust as a place to work or receive treatment
- KF13 - the percentage of staff having well structured appraisals in the last 12 months

- KF1 - the percentage of staff feeling satisfied with the quality of work and patient care they are able to deliver.

The areas that have improved most since the 2009 survey are:

- KF36 - the percentage of staff having Equality & Diversity Training in the last 12 months and
- KF16 - the percentage of staff receiving Health & Safety training in the last 12 months.

The areas where staff experience has deteriorated compared to 2009 are:

- KF18 - the percentage of staff suffering work related stress in the last 12 months
- KF1 - the percentage of staff feeling satisfied with the quality of work and patient care they are able to deliver
- KF13 - the percentage of staff having well structured appraisals in the last 12 months
- KF5 - work pressure felt by staff

In addition to the national staff survey the Trust carries out local staff surveys throughout the year to monitor and ensure appropriate staff engagement. The results of the surveys are fed back to all staff and managers design and implement action plans to improve areas of concern arising out of the survey results. 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.

Monitoring Indicators

The Trust Board receives a monthly report on Human Resource issues detailing sickness absence rates, staff in post, staff turnover and temporary staffing spend as detailed in the report for the year below. The monitoring of these indicators at Board, Divisional and Directorate levels enables changes in staff morale and the workforce to be detected early and appropriate support to be provided where required.

The Trust has had a particular focus in year on ensuring staff are fit for work with the introduction of the fast physio service for musculoskeletal injury among staff and the continuation of a 24 hour counselling service. The Human Resource staff aligned to each Division have focussed on ensuring staff and managers are supported through periods of sickness absence and appropriate strategies for return to work are put in place. These actions have seen a decreasing reliance on temporary staff across the year and a significant reduction in spend on temporary staff.

Human Resources Key Performance Indicators

Establishment (Whole Time Equivalent)		
	April 2010	March 2011
Medical and Dental	457.03	464.51
All qualified nursing, midwifery and health visiting staff	1,834.41	1,811.34
All Scientific, Therapeutic and Technical Staff	580.14	579.60
Healthcare Assistants and other Support Staff	1,346.18	1,341.13
Managers and Senior Managers	109.8	113.25
Administration and Estates	1,001.28	959.48
Others	1.20	1.20
Locum Staff	4.30	3.80
Total Staff	5,334.35	5,274.31
Turnover Rate	9.75	

Temporary Staff Spend	
2009/10	2010/11
£12,238,953	£11,063,296

Staff sickness absence (based on calendar years)		
	2009	2010
Total days lost	59,804	52,785
Total staff years	5,236	5,245
Average working days lost	11	10

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 in a variety of formats from on line learning to self directed

study. In addition the Trust supports the take up of professional and other learning opportunities provided by external providers to ensure all our staff acquire and maintain a high level of skill and proficiency in performing their role. The clinical education teams work closely with local Universities and the Medical Deanery to provide clinical placements for nurses, allied health professionals and doctors.





Equality Report

Equality Strategy

Equality of opportunity and promotion of diversity are key strategic business issues for the Trust. Our aim over the next 3 years is to change the culture and value base of our organisation so that diversity is seen as the basis for delivering high quality services for patients. We have made a start towards achieving this aim through structural and cultural changes. These changes will see equality and diversity underpinning all of the corporate strategic work that we undertake as both an employer and service provider.

We are seeking the development of culture and practices where all staff and patients, whatever their differences feel valued and respected and receive equal treatment where appropriate recognising their differences. We want to create a culture where discrimination and inappropriate behaviour is openly challenged and where all staff and patients are treated as individuals with flexibility, dignity and respect to dramatically improve the health outcomes for all sections of the community we serve and also develop recruitment opportunities.

We aim to:

- integrate the delivery of our various duties on equalities
- simplify the process, to make it transparent and easier to deliver
- develop a more strategic and outcome-focused approach
- focus on the key issues that will make a difference to the communities we serve and our staff
- cover all the areas of equality that fall within scope of the Equality Act.

In this way we hope to make the delivery of equal opportunities and fairness and respect for all a key part of all our policies and procedures, and to make these efforts as visible as we can. The Single Equality Scheme is available in the policies section of our website or on request by writing to the Company Secretary, Trust Headquarters, Royal Blackburn Hospital, Haslingden Road, Blackburn BB2 3HH.

Key achievements In Year

This year we made very good progress in a number of areas including:

- Training - All staff have achieved a consistent level of basic training in equality and diversity particularly at Knowledge and Skills Framework level 2, so the needs of different people can be recognised, valued and supported;
- Access - Increased accessibility our services;
- Policies – Review of all equality policies;
- Communication - Staff are well informed about equality and diversity issues;
 - o New Service Level Agreement in place to accommodate all interpreting & translation needs;
- Employment – Workforce monitoring has been significantly improved;
 - o The Trust is signed up to the Mindful Employer Charter and has retained its Two Ticks Disability Symbol User status following an assessment in 2010;
 - o Establishment of a support service to combat bullying & harassment.



Looking ahead - Making Progress in 2011/12

The Equality and Diversity Manager has highlighted the following high level actions for 2011.

- Prepare for the roll out of the Equality Delivery System (EDS);
- Recruitment of a diverse workforce using positive action initiatives;
- Identify Equality and Diversity Champions in each Division;
- Establish an Equality and Diversity Group to progress our SES/action plan;
- Deliver a Trust-wide training programme to meet KSF levels 3 and 4;
- Create a culture of equality impact assessing (EIA) at all levels of the Trust to ensure that all of our activities are examined to confirm that there is no potential for discrimination against a particular group of people; and
- Improve on patient/workforce data collection and analysis.



Our Environment and Sustainability

Waste

A key theme to achieving a sustainable business is the reduction of waste generation in all its forms. The NHS produces over 1% of all domestic waste produced in the UK as well as producing other forms of waste, notably clinical waste. This waste burden is costly, not only in terms of the resources consumed in producing and disposing of the waste, but also financially in terms of managing the whole waste generation / disposal process.

Initiatives around waste should not be limited to the direct activities of the Trust. There is a major part to be played by our suppliers and contractors to ensure that any initiatives aimed at waste reduction become part of their relationship with the Trust in a targeted and measurable way.

Some of the waste initiatives that the Trust is adopting are to:

- Further reduce waste production and promote prevention
- Use cleaner technologies
- Increase the use of reusable / recyclable products and reduce the use of consumable products where practicable.
- Divert domestic/municipal waste disposal away from landfill sites to dry mixed and / or dirty mixed recycling facilities

Domestic waste

The Trust (working in collaboration with the North West Shared Business Services) supported the development and tendering of a North West NHS Domestic (Municipal) waste disposal/recycling framework agreement and signed up with Biffa as from the 1st April 2010. All the dry-mixed domestic waste in the 'red' boxes across Burnley General Hospital and Pendle Community Hospital is now recycled. Further efforts are being driven to prevent wet returned food recycle entering the compacted domestic waste streams at the two main hospital sites.

Clinical waste

The current 15 year Clinical Waste Contract ended in May 2011. The Trust (again working in collaboration with the NW Shared Business Services) supported the development and tendering of a North West NHS Clinical waste framework agreement. This framework offers reduced costs, service resilience and future opportunities to divert some elements such as offensive waste away from incineration. Added value recycling opportunities around disposable metal instrument recycling, X-Ray and hazardous waste service removal will also be available. In year the Trust has promoted and supported staff through Core Mandatory Training in improving the segregation of different waste streams which has seen a reduction in the Clinical waste stream figures of around 95 tonnes.



Carbon

The Carbon Reduction Commitment - Energy Saving scheme footprint year commenced in April 2010 and ran to March 2011. The Trust is registered into the scheme and all the Trust Hospitals are included. Carbon emissions from gas, electricity and oil are to be reported on by July 2011. Automatic Meter Reading equipment has been installed to the Trust gas meters and consideration is being given to attaining the Carbon Saver standard to support the Early Actions elements.

Under the EU Emissions Trading Scheme the externally verified carbon emissions for the Royal Blackburn Hospital gas and oil consumptions increased from 7,495 Tonnes in 2009 to 8,023 Tonnes in 2010. The winter was the coldest on record.

The Trust maintained compliances for those applicable buildings falling under the Energy Performance of Buildings Directive and Display Energy Certificates are on public display

BREEAM in the Lancashire Women and Newborn Centre (LWNB)

The new LWNB building is aiming to achieve an excellent rating under the Sustainability standard through the Building Research Establishment Environmental Assessment Method – Healthcare. The installation of a combined heat and power unit at Burnley General Hospital this year will complete the points needed to achieve this rating.

Lighting controls

The capital project design for the Family Care divisional offices in the Edith Watson building at Burnley General Hospital included both daylight and occupancy sensors incorporated into the lighting design to regulate the levels required.

Lighting trials

A pilot study and feasibility project is currently on-going around the potential of retrofitting high frequency/low energy lighting into existing lighting units at Burnley General Hospital.





Capital allocation for energy saving schemes

Partnership working with Private Finance Initiative (PFI) partners on Energy Saving initiatives has identified pilot project studies on energy saving schemes. The Trust has in place a capital allocation within the capital programme to support those projects offering high payback, low cost, high carbon saving returns.

Trust Energy Management Policy

Removing any unauthorised portable heating appliances

Estates Maintenance and the two PFI partners are supporting the Trust in reviewing Portable Appliance Test records and removing any unauthorised appliances.

Purchase only "A" rated portable appliances

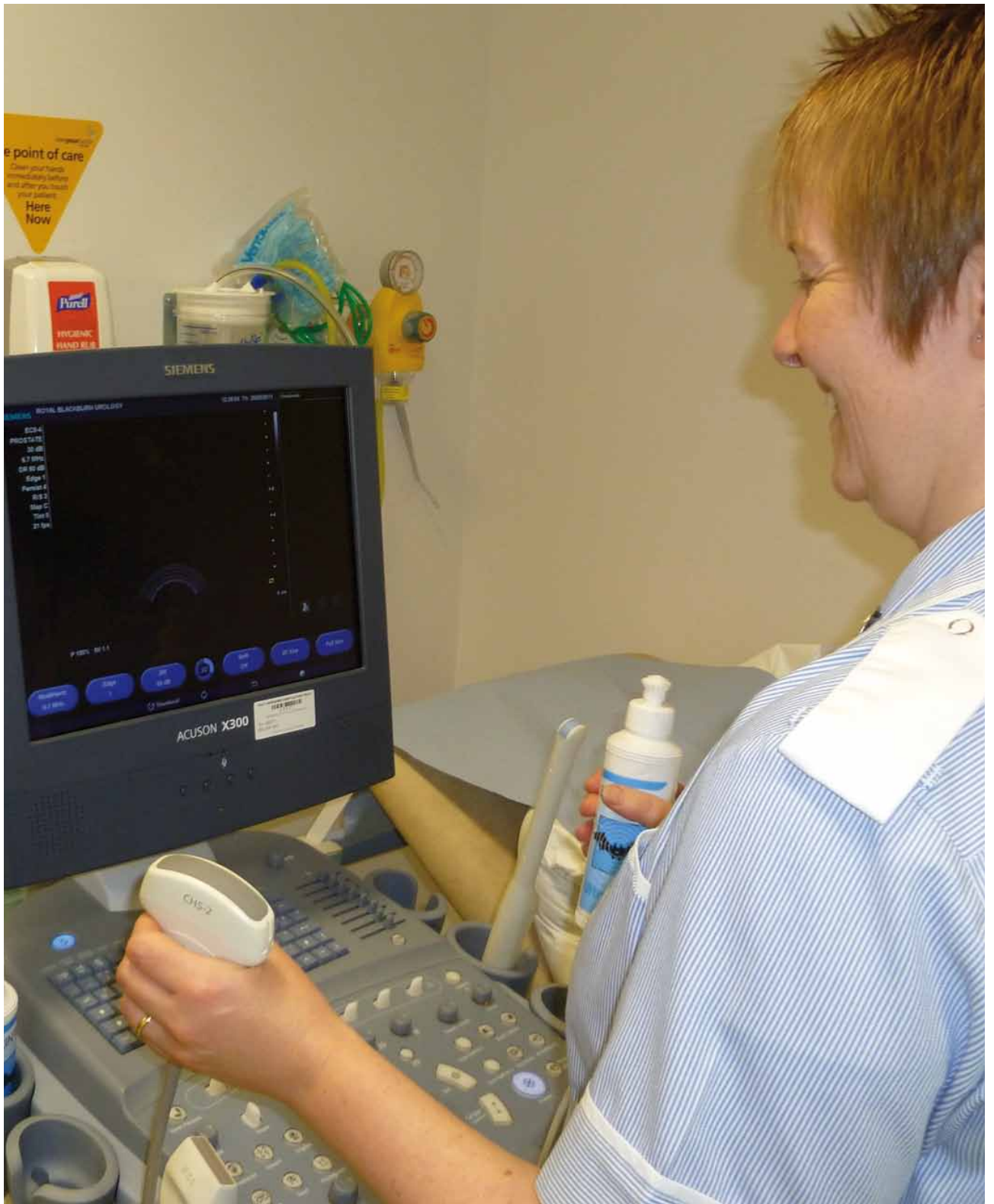
Procurement have introduced through the Trust Patient Environment Action Team (PEAT) Standardisation Group to have only approved A rated appliances as the Trust standard.

Sustainability

The Trust has a draft Carbon Reduction Strategy with a Sustainable Development Action Plan which aims to consider all of the above and in addition investigate:

- Increased use of alternative fuel vehicles especially electric and Bio Fuel vehicles
- Reduction of CO² emissions by 2% over 3 years through increased space utilisation outlined in the Estate strategy
- Reduction in the total number of business miles by 5% over 2 years
- Committing to purchase Fair Trade Tea / Coffee products and sustainability elements within Procurement standards
- Reduction in NHS carbon emissions by 10% from the baseline of 2007 by 2015
- Reduction in domestic waste tonnage by 5% over 2 years
- Reduction in clinical waste tonnage





Statement on Internal Control 2010/11

East Lancashire Hospitals NHS Trust

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 Charitable Funds Committee
- The Remuneration Committee

There is an 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 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 (Strategic Health Authority) 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 2011 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. 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 these are mapped to the Care Quality Commission's Essential Standards of Quality & Safety, with the Framework being subject to ongoing, iterative review by the Executive Directors and Trust Board.

The Trust has in place a programme of systematic induction for new employees 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 and Governance is a dedicated session on the corporate mandatory training 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 whilst learning from good practice.

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.

Equality impact assessments are integrated into the Trust processes.

Data security and Information Governance risks are explicitly considered and assessed.

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 2010/

11. 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.

Within the Assurance Framework itself there were 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 realising the benefits of Local Meeting Patients Needs Models 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 transformation – realising the benefits of the Meeting Patients Needs models and Transforming Community Services
- Further development of Contracts and SLA's in line with the Trust's Business Plans

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.

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

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

The Trust has undertaken a climate change risk assessment and developed an Adaptation Plan, to support its emergency preparedness and civil contingency requirements, as based on UK Climate Projections 2009 (UKCP09) to ensure that this organisation's obligations under the Climate Change Act are met.

The Trust is fully compliant with CQC Essential Standards of Quality & Safety

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.

The overall level of the Head of Internal Audit Opinion is: Significant Assurance.

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
- Compliance action plans as part of the Governance programme
- Patient Environment Action Teams (PEAT) inspection
- Care Quality Commission Inspections and Visits
- National Health Service Litigation Authority 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:
 - o Audit Commission
 - o Care Quality Commission – Service Reviews
 - o Care Quality Commission/Picker – Patient & Staff Surveys
- During 2010/11 an external review of the Trust's Breast screening services was conducted which resulted in recommendations for the Organisation on how the services could be improved. These recommendations were implemented and tangible improvements in the service were reported by the National Quality Assurance team on their next visit to the Trust.

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 2011/12 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.

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 through the Quality Account. There are clear lines of governance and accountability within the Trust for the overall quality of clinical care.

The Executive Management Board provides the over-riding strategic direction to facilitate the development and implementation of risk management initiatives Trust-wide. There is comprehensive management of the Trust's risks and reviews of the risk registers. The scope and membership of the supporting governance and risk management committee structure is subject to regular review

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 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.

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



Signature

8th June 2011

**Chief Executive (on behalf of the Board)
East Lancashire Hospitals NHS Trust**

10/11

Independent Auditor's Report to the Directors of East Lancashire Hospitals NHS Trust

I have examined the summary financial statement for the year ended 31 March 2011 which comprises Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Taxpayers Equity and Statement of Cash Flows set out on pages 65 to 68.

This report is made solely to the Board of Directors of East Lancashire Hospitals NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 45 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the Annual Report.

My responsibility is to report to you my opinion on the consistency of the summary financial statement within the Annual Report with the statutory financial statements.

I also read the other information contained in the Annual Report and consider the implications for my report if I become aware of any misstatements or material inconsistencies with the summary financial statement.

I conducted my work in accordance with Bulletin 2008/03 "The auditor's statement on the summary financial statement in the United Kingdom" issued by the Auditing Practices Board. My report on the statutory financial statements describes the basis of my opinion on those financial statements.

Opinion

In my opinion the summary financial statement is consistent with the statutory financial statements of the East Lancashire Hospitals NHS Trust for the year ended 31 March 2011.

Jackie Bellard
Officer of the Audit Commission

Audit Commission
Aspinall Close
Aspinall House
Middlebrook
Bolton

Date 8 June 2011

Annual Accounts and Financial Statements

Financial review for the year ending 31 March 2011

Financial duties

The Trust's financial strategy in 2010-11 aimed to strengthen its financial systems and processes whilst supporting a number of significant service changes. The Trust has had another successful year and has achieved all of its financial duties for 2010-11.

	2009-10	2010-11
Break even duty	✓	✓
In year – the Trust must achieve an in year revenue break even position (before technical items)	✓	✓
Cumulative – the Trust must deliver a cumulative break even position (before technical items)	✓	✓
Capital Resource Limit – the Trust must not exceed its resource limit	✓	✓
External Financing Limit – the Trust must not exceed its financing limit	✓	✓
Rate of return – the Trust must generate a rate of return equal to 3.5% +/- 0.5%	✓	✓

Summary financial position

In 2010-11 the Trust reported a year end revenue surplus of £723,000, before exceptional items. The revenue break even position is reported as:

	2009-10 £000	2010-11 £000
Total loss for the year	(70,698)	(8,423)
Add back exceptional items taken through:		
Statement of Financial Position	24,919	(958)
Statement of Comprehensive Income	46,066	10,104
Underlying surplus for the year	287	723

Impairment charges - note 16

During the year the Trust has incurred impairment charges as a consequence of two main issues - the net change of valuation technique used by our professional valuers to value our buildings and land, mostly relating to the newly commissioned Womens and Newborn Centre (£10.4m) as required by HM Treasury, and estate being taken out of use (£3m). The cost of impairment is met by a combination of writing back against available revaluation reserves and charging to the Statement of Comprehensive Income. It should be noted that prior to 2008-09 impairment costs were funded by the Department of Health.

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 2010-11 the EFL set by the Department of Health was £2.966 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 £575,000.

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. Trusts are permitted to spend up to their CRL. In 2010-11 the CRL set by the Department of Health was £15.208 million. This represents the total value that the Trust could invest on capital in 2010-11. The Trust under spent against this target by £1.641 million, largely due to slippage in its capital schemes. This resource will be carried forward to 2011-12.

Better Practice Payments Code

Although it is not a financial duty, Trusts are requested to ensure that 95% of undisputed invoices are paid within 30 days. The Trust encountered liquidity constraints until August due to capital commitments and as a consequence was unable to meet this requirement, which meant that the target, which is measured cumulatively, could not be delivered.

Payments made to non NHS organisations (value)	2009-10 £000	2010-11 £000
Total invoices paid	£101,712	£108,634
Total invoices paid in target	£77,268	£97,608
Percentage achievement	76%	90%

The Trust has however made improvements to its liquidity as can be seen by the improvement in BPPC compliance compared with last years reported figures. The Trust continues to support the 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. Interest received in 2010-11 amounted to £58,000 which represents an increase from the £36,000 earned in 2009-10 but nonetheless remains an insignificant amount compared with historic years due to the low interest rates available to investors.

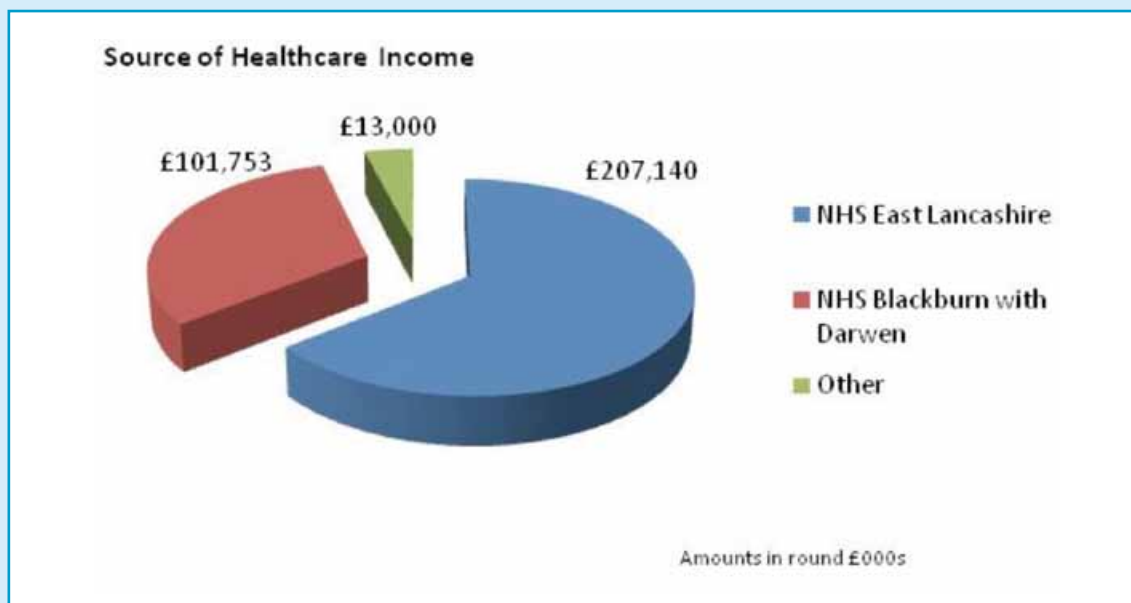
Management Costs – note 8.4

It can be confirmed that management costs reduced from 3.28% in 2009/10 to 3.22% in 2010/11 (expressed as a percentage of adjusted income).

Where our money comes from

In 2010-11 the Trust received total income of £342 million, an increase of 1.5% 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.

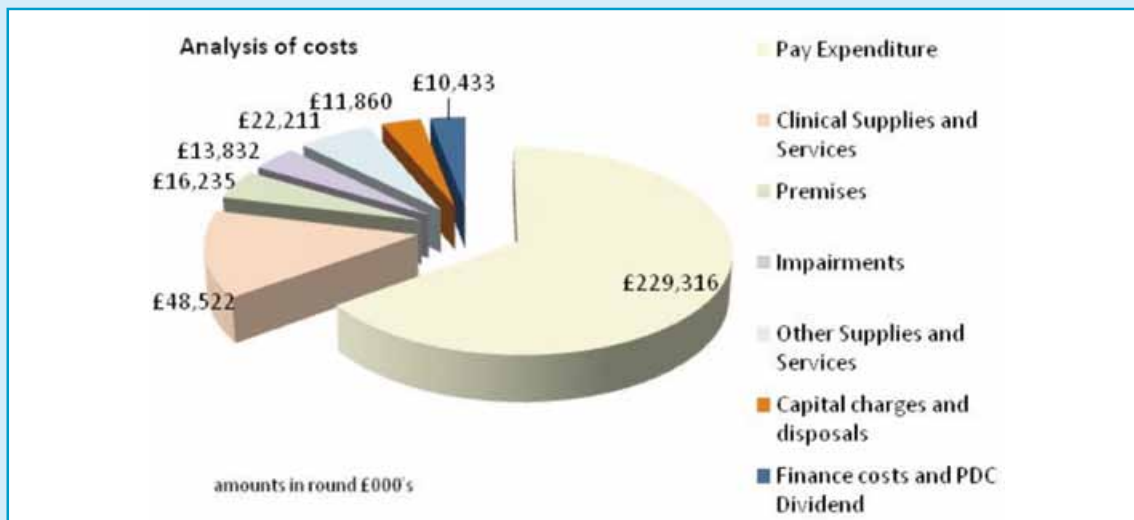
For the use of healthcare services by the people living in East Lancashire and Blackburn with Darwen the trust received £309 million in 2010-11, with a further £13 million received for services to people from elsewhere.



Where our money goes

From a total spend of £352 million, £229 million or 65% is spent on the cost of salaries and wages. Throughout the year the Trust employed an average of 5,680 staff including 684 doctors, 1878 nurses, 1,334 healthcare assistants and 586 scientific and technical staff.

A further £49 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 spent £16 million on running and maintaining its premises.



Capital Investment

The Trust has continued to make major investment in its healthcare facilities on the Burnley General Hospital site with the completion of the £33 million development of the Women's and Newborn Centre by spending a further £11.1 million in 2010/11. In total the Trust invested £14 million in new building works and equipment across all its sites. This expenditure was financed from a combination of internally generated resources (depreciation), resources brought forward from 2009-10 and resources from the Strategic Health Authority, supported by the Department of Health. Key investments during the course of the year included:

	£m
Women and newborn centre (year 3 of a 3 year build) incl £1m equipment	11.1
Other building and site improvements	0.8
Medical equipment	0.6
Estate infrastructure and environmental improvements	0.3
IM and T equipment	0.4
Other incl fees	0.4

Accounting Issues

During the year the Treasury guidance on the accounting treatment for impairments of non-current assets was revised. The guidance took immediate effect and was to be applied with retrospect to prior year impairments. Accounting for impairments has now reverted back to a treatment similar to UK GAAP, where only impairments resulting from non-economic losses e.g. price changes, market fluctuations etc. are taken to the revaluation reserve (provided a revaluation reserve balance exists for the specific asset). Where there has been an economic loss, this is taken to the Statement of Comprehensive Income in full, irrespective of whether there is a balance on the revaluation reserve. This change represents a Treasury adaptation to the requirements set out in IAS 36 Impairment of Assets.

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 2010-11 included the audit of the Trust's financial statements and a value for money audit. The cost of these audits was £181,000.

Financial Outlook for 2011-12

The financial outlook for the National Health Service and the Trust continues to be extremely challenging. The effect of the wider economic recession, combined with service pressures from increasing demand for services and public expectations mean that trust will have to escalate the need to drive efficiency savings. For 2011-12 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 pathways 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. From 1st April 2011 the Trust has taken over some of the community services previously provided by East Lancashire Primary Care Trust in line with the DH policy of Transforming Community Services. In total some c£42 million and approximately 940 staff have been transferred to the Trust.

The Trust has agreed its contracts with PCTs in respect of the anticipated levels of income and patient activity to ensure that patients are treated within agreed timescales and to agreed national standards. The Trust will continue to develop and improve its site and facilities and is expecting to spend a further £7 million on capital investments in 2011/12.

In line with the national Department of Health (DH) agenda, the Trust will be focussed on becoming a Foundation (FT) Trust and has agreed a target date for this with the NHS North West and with DH. As part of this process the Trust is required to submit its long term financial plan along with its overall strategic plan to the DH and to Monitor (the economic regulator for FTs) who will assess whether the Trust will be able to deliver this plan and also that its financial and activity assumptions are robust, realistic and deliverable. The Trust is fully committed to the FT objective as this is in the best interest of its patients, its staff and the wider economy.

Summary financial statements

These financial statements are summaries of the information contained within the annual accounts of East Lancashire Hospitals NHS Trust for 2010-11. The Trust's auditors have issued an unqualified report on these accounts.

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

The Company Secretary
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 2011

	2010-11 £000	Restated* 2009-10 £000
Revenue		
Revenue from patient care activities	321,840	315,009
Other operating revenue	20,187	21,943
Operating expenses	<u>(340,777)</u>	<u>(371,057)</u>
Operating surplus/(deficit)	1,250	(34,105)
Finance costs:		
Investment revenue	58	36
Other gains and losses	(198)	(17)
Finance costs	<u>(7,021)</u>	<u>(7,005)</u>
Deficit for the financial year	<u>(5,911)</u>	<u>(41,091)</u>
Public dividend capital dividends payable	<u>(3,470)</u>	<u>(4,688)</u>
Retained deficit for the year	<u>(9,381)</u>	<u>(45,779)</u>
Other comprehensive income		
Impairments and reversals	0	(30,984)
Gains on revaluations	1,060	6,228
Receipt of donated/government granted assets	132	68
Net gain/(losses) available for sale financial assets		
Reclassification adjustments:		
- Transfers from donated and government grant reserves	<u>(234)</u>	<u>(231)</u>
Total comprehensive income for the year	<u>(8,432)</u>	<u>(70,698)</u>
Reported NHS financial performance position (Adjusted retained surplus)		
Retained surplus/(deficit) for the year	<u>(9,381)</u>	<u>(45,779)</u>
IFRIC 12 adjustment	<u>(2,727)</u>	26,537
Impairments not relating to IFRIC 12 schemes	<u>12,831</u>	<u>19,529</u>
Reported NHS financial performance position (Adjusted retained surplus)	<u>723</u>	<u>287</u>

The notes on pages 5 to 37 form part of these accounts.

A Trust's Reported NHS financial performance position is derived from its Retained surplus/(Deficit), but adjusted for the following:

a) The revenue cost of bringing PFI assets onto the balance sheet (due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009/10) - NHS Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to PFI, which has no cash impact and is not chargeable for overall budgeting purposes, should be reported as technical. This additional cost is not considered part of the organisation's operating position.

b) Impairments to Fixed Assets - 2009/10 was the final year for organisations to revalue their assets to a Modern Equivalent Asset (MEA) basis of valuation. An impairment charge is not considered part of the organisation's operating position.

Statement of Financial Position as at 31st March 2011

	31 March 2011 £000	Restated 31 March 2010 £000	Restated 1 April 2009 £000
Non-current assets			
Property, plant and equipment	252,283	262,007	326,234
Intangible assets	329	339	338
Trade and other receivables	<u>1,612</u>	<u>1,466</u>	<u>1,536</u>
Total non-current assets	254,224	263,812	328,108
Current assets			
Inventories	3,433	3,315	3,145
Trade and other receivables	11,116	14,931	8,152
Cash and cash equivalents	<u>908</u>	<u>401</u>	<u>4,360</u>
Total current assets	<u>15,457</u>	<u>18,647</u>	<u>15,657</u>
Total assets	<u>269,681</u>	<u>282,459</u>	<u>343,765</u>
Current liabilities			
Trade and other payables	(25,942)	(33,012)	(27,056)
Borrowings	(5,725)	(5,782)	(4,786)
Provisions	<u>(443)</u>	<u>(464)</u>	<u>(333)</u>
Net current assets/(liabilities)	<u>(16,653)</u>	<u>(20,611)</u>	<u>(16,518)</u>
Total assets less current liabilities	237,571	243,201	311,590
Non-current liabilities			
Borrowings	(131,735)	(137,840)	(136,475)
Provisions	<u>(2,017)</u>	<u>(2,179)</u>	<u>(1,235)</u>
Total assets employed	<u>103,819</u>	<u>103,182</u>	<u>173,880</u>
Financed by taxpayers' equity:			
Public dividend capital	158,852	149,792	149,792
Retained earnings	(80,881)	(73,460)	(27,680)
Revaluation reserve	24,157	25,066	49,770
Donated asset reserve	<u>1,691</u>	<u>1,784</u>	<u>1,998</u>
Total taxpayers' equity	<u>103,819</u>	<u>103,182</u>	<u>173,880</u>

The financial statements on pages 1 to 36 were approved by the Board on 8th June 2011 and signed and authorised for issue on its behalf by:

Signed:  (Chief Executive) 8th June 2011

Statement of Changes in Taxpayers' Equity for the Year Ended 31st March 2011

	Public dividend capital (PDC) £000	Retained earnings £000	Re-valuation reserve £000	Donated asset reserve £000	Total £000
Balance at 31 March 2009					
As previously stated	149,792	(32,158)	54,248	1,998	173,880
Prior period adjustment		4,478	(4,478)		0
Restated balance at 31 March 2009	<u>149,792</u>	<u>(27,680)</u>	<u>49,770</u>	<u>1,998</u>	<u>173,880</u>
Changes in taxpayers' equity for 2009-10					
Retained (deficit) for the year		(45,779)			(45,779)
Transfers between reserves		(1)	1	0	0
Impairments and reversals			(30,877)	(107)	(30,984)
Net gain on revaluation of property, plant, equipment			6,172	56	6,228
Receipt of donated assets				68	68
Reclassification adjustments:					
- transfers from donated asset reserve				(231)	(231)
New PDC received	2,600				2,600
PDC repaid in year	(2,600)				(2,600)
Balance at 31 March 2010	<u>149,792</u>	<u>(73,460)</u>	<u>25,066</u>	<u>1,784</u>	<u>103,182</u>
Changes in taxpayers' equity for 2010-11					
Retained (deficit) for the year		(9,381)			(9,381)
Transfers between reserves		1,960	(1,960)	0	0
Impairments and reversals			0	0	0
Net gain on revaluation of property, plant, equipment			1,051	9	1,060
Receipt of donated assets				132	132
Reclassification adjustments:					
- transfers from donated assets reserve				(234)	(234)
New PDC received	9,060				9,060
Balance at 31 March 2011	<u>158,852</u>	<u>(80,881)</u>	<u>24,157</u>	<u>1,691</u>	<u>103,819</u>

Statement of Cash Flows for the Year Ended 31st March 2011

	2010-11 £000	2009-10 £000
Cash flows from operating activities		
Operating surplus/(deficit)	1,250	(34,105)
Depreciation and amortisation	11,662	11,925
Impairments and reversals	12,831	48,227
Transfer from donated asset reserve	(234)	(231)
Interest paid	(7,143)	(6,978)
Dividends paid	(2,814)	(5,312)
(Increase)/decrease in inventories	(118)	(170)
(Increase)/decrease in trade and other receivables	3,014	(6,087)
Increase/(decrease) in trade and other payables	(3,907)	5,087
Increase/(decrease) in provisions	(61)	1,048
Net cash inflow/(outflow) from operating activities	14,480	13,404
Cash flows from investing activities		
Interest received	57	37
(Payments) for property, plant and equipment	(17,056)	(19,736)
Proceeds from disposal of plant, property and equipment	92	1
(Payments) for intangible assets	(95)	(94)
Net cash inflow/(outflow) from investing activities	(17,002)	(19,792)
Net cash inflow/(outflow) before financing	(2,522)	(6,388)
Cash flows from financing activities		
Public dividend capital received	9,060	2,600
Public dividend capital repaid	0	(2,600)
Loans received from the DH	0	8,000
Loans repaid to the DH	(1,300)	(850)
Other capital receipts	131	68
Capital element of finance leases and PFI	(4,862)	(4,789)
Net cash inflow/(outflow) from financing	3,029	2,429
Net increase/(decrease) in cash and cash equivalents	507	(3,959)
Cash (and) cash equivalents (and bank overdrafts) at the beginning of the financial year		
Cash (and) cash equivalents (and bank overdrafts) at the end of the financial year	401	4,360
	908	401

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.

AMORISATION

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 included the annual accounts.

ASSET

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

ASSOCIATE

An entity over which the NHS trust has 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 as 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

As 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 trusts 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 DIVIDEND 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 recognized in its accounts but which are potential as they have not been realised is where the value of assets has increased. The gain is realised when the assets are sold or otherwise used.



**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

