

Annual Report

2016/17

Contents



Foreword	3
Performance Report - Overview and Analysis	4
Accountability Report	18
• Corporate Governance Report:	
○ Statement of the Accountable Officer	18
• Statement of Directors Responsibilities	19
• Directors' Report	47
• Shadow Governors' Report	57
• Remuneration and Staff Report	65
• Audit Report	74
Financial Statements and Report	75
Quality Report	88
Our Highlights 2016/17	90
Glossary of Terms	98

Foreword

Welcome to our Annual Report and Accounts for 2016/17. We have continued to successfully focus on the delivery of safe, personal and effective care to the communities we serve. In December 2016, our two main hospitals gained 'teaching' status and we renamed them accordingly - Royal Blackburn Teaching Hospital and Burnley General Teaching Hospital. This demonstrates the importance we place on the education and training of doctors, nurses and other healthcare staff within the organisation.

Shortly after this, in January 2017, following a 'well-led' review by the CQC (Care Quality Commission) on 20 and 21 September 2016, our overall rating was uplifted from 'requires improvement' to 'good'.

The CQC noted a number of highlights:

- Staff were caring, kind and respectful to patients and involved them in their own care
- Staff were proud of the work they did and both they and patients told inspectors they felt well engaged with and their views were valued
- Cleanliness and hygiene was of a high standard throughout the Trust
- The Trust had clear vision, objectives, values and improvement priorities achieved using a bottom up process with all staff engaged in its direction and
- The Emergency Department/Urgent Care Centre had introduced a number of innovations that had improved patient care, experience and outcomes. It is now the second best provider in the region for treatment of patients with neutropenic sepsis
- The Trust had achieved better than the England average for the 18 week referral to treatment target
- Nurse staffing had improved across all areas
- A full bereavement service was available across the Trust which was well received by families, with work underway with local religious leaders to improve on its utilisation by BME groups.

Our financial performance has been particularly good – we have achieved our control total - and this is due to outstanding work by our divisions and services. This, together with sound performance in other areas, has meant we have retained our position in segment 2 of the Single Oversight Framework, one of the few large acute Trusts to do so. Therefore, I am delighted to say that the Trust remains in pretty good shape.



Professor Eileen Fairhurst



Mr Kevin McGee

Performance overview

Introduction and Background

East Lancashire Hospitals NHS Trust (ELHT) was established in 2003 and is a large integrated health care organisation providing acute secondary and community healthcare for the people of East Lancashire and Blackburn with Darwen. Our population includes patients who live in several of the most socially deprived areas of England. We aim to deliver high quality, high value care and contribute to a health gain for our community. Located in Lancashire in the heart of north west England, with Bolton and Manchester to the South, Preston to the West and the Pennines to the East we have a combined population of approximately 530,000. We employ in the region of 7,500 staff, some of whom are internationally renowned and have won awards for their work and achievements.

We offer care across five hospital sites, and various community locations, using state-of-the-art facilities. In addition, our patients are also offered a range of specialist hospital services which are provided predominantly in Manchester and Liverpool.

The majority of the Trust's services are funded by NHS East Lancashire and Blackburn with Darwen Clinical Commissioning Groups (CCGs) and NHS England. The Trust continues to work alongside our commissioners and local authorities to deliver the best possible care in the most appropriate locations for

the people of East Lancashire.

Our absolute focus on patients as part of our vision *"to be widely recognised for providing safe, personal and effective care"* has been demonstrated in the Trust's recent progress, as recognised by the Chief Inspector of Hospitals. In 2014, the Trust was rated as "requires improvement", in October 2015 a focused inspection rated our two acute hospital sites (Royal Blackburn and Burnley General teaching hospitals) as 'Good', followed by the entire Trust being rated 'Good' following a further inspection in September 2016.

The Chief Inspector has gone on record to praise our staff as caring, compassionate and respectful. They are wholeheartedly committed to the success of the organisation and are passionate about the services we provide. The Trust Board fundamentally believes we have the component parts to be able to provide high quality safe, personal and sustainable services to the local population.

The underlying performance position of the Trust has continued its upward path during 2016/17, with recent improvement in the four-hour treatment target measured in the Emergency Department. Further

details of our performance against key national, local access and treatment priorities can be found on page 13.

The Trust has successfully delivered cost savings over the past five years totalling in the region of £85 million.

- The Trust has a total of 1,079 beds, 25 theatres, two cardiac catheterisation laboratories, seven endoscopy rooms and operates five hospitals: Burnley General Hospital, Royal Blackburn Hospital, Clitheroe Community Hospital, Pendle Community Hospital and Accrington Victoria Community Hospital.

Performance Report

Chief Executive's Statement

The Trust has achieved its financial and performance targets for the year, with the exception of the Accident and Emergency four hour standard for the financial year 2016-17. The Trust has received the overall rating of 'Good' in February 2017 by the Care Quality Commission following a well led inspection in September 2016. The Trust is placed in segmentation two by the Regulator under the Single Oversight Framework which is a reflection of the excellent overall performance of the organisation.

Our staff worked tirelessly to deal with the operational pressure that we experienced during the last financial year and the Trust remains committed to delivering safe, personal and effective care to every patient every time.



TRUST FACTFILE

- 1079 beds
- 25 theatres
- 2 cardiaccatheterisation laboratories,
- 7 endoscopy rooms
- Sites:
 - Burnley General Hospital
 - Royal Blackburn Hospital
 - Clitheroe Community Hospital
 - Pendle Community Hospital
 - Accrington Victoria Community Hospital



Vision and values

Our vision is to be widely recognised for providing safe, personal and effective care.

We will do this by achieving our objectives to:

- put safety and quality at the heart of everything we do
- invest in and develop our workforce
- work with key stakeholders to develop effective partnerships
- encourage innovation and pathway reform and deliver best practice

Our objectives are underpinned by our values. We have committed in all our activities and interactions to:

- put patients first
- respect the individual
- act with integrity
- serve the community, and
- promote positive change.

In achieving the objectives our staff observe our operating principles:

- Quality is our organising principle
- We strive to improve quality and increase value
- Clinical leadership influences all our thinking
- Everything is delivered by and through our clinical divisions
- Support departments support patient care
- We deliver what we say we will deliver
- Compliance with standards and targets is a must; this helps secure our independence and influence
- We understand the world we live in, deal with its difficulties and celebrate our successes.

Our staff have committed to delivering against these challenges to continually improve the quality of the services we provide to meet the needs of our local population. Our improvement priorities for the year were to:

- reduce mortality
- avoid unnecessary admissions
- enhance communication and engagement
- deliver reliable care
- ensure timeliness of care.

Reducing Mortality	Safe
Avoiding unnecessary admissions	Safe
Enhancing communication and engagement	Personal
Delivering reliable care	Effective
Timeliness of care	Effective

Our services

We provide a full range of acute hospital and adult community services. We are a specialist centre for Hepatobiliary,

Royal Blackburn Hospital

provides a full range of hospital services to adults and children.

This includes:

- general, specialist medical and surgical
- full range of diagnostic (e.g. MRI, CT scanning) and support services.
- new operating theatres and robotic surgery
- Urgent Care Centre
- Emergency Department
- state of the art inpatient facilities
- centralised outpatients department.

Burnley General Hospital

provides a full range of hospital services. This includes:

- general, specialist medical and surgical services
- full range of diagnostic (e.g. MRI, CT scanning) services
- specialising in elective treatments
- Urgent Care Centre for minor injuries and illnesses
- The Lancashire Women and Newborn Centre
- centralised consultant-led maternity unit
- Level 3 Neonatal Intensive Care Unit
- midwife-led birth centre
- purpose-built Gynaecology unit
- new East Lancashire Elective Centre
- proposed Phase 8 development to include new specialist ophthalmology centre, maxilla-facial department and outpatient facilities

Pendle Community Hospital in Nelson provides

- inpatient intermediate care and medical beds
- medical and nursing care for people with long term conditions
- rehabilitation service for people following illness or injury.

Accrington Victoria Community Hospital

provides inpatient services and a Minor Injuries Unit for the local population.

The hospital also has access to dedicated specialist services together with a range of outpatient services. Many consultants and specialties use this busy facility which allows local people to be seen within their community. Services include:

- Audiology Clinics
- Inpatient Services
- Minor Injuries
- Occupational Therapy
- Outpatient Services
- Physiotherapy
- Renal Services
- X-Ray.

Clitheroe Community Hospital

provides:

- 32-bed inpatient ward on the first floor
- outpatient clinics and other services on the ground floor, including a restaurant for visitors
- inpatient and Rehabilitation Day Unit service for people 16 years old or over.
- outpatient facility sees patients of any age as requested by the consultants.

Our outpatient services are also provided at a range of local community settings, enabling patients to access care closer to their homes wherever appropriate. The Trust also provides community services such as district nursing and health visiting in patients' homes.



Staff

The Trust is a major local employer. We recognise that our ongoing success is due to the hard work, dedication and commitment of all our staff and volunteers. During the course of the year the Trust has worked hard to recruit and retain staff, particularly nursing and medical staff.

Recognising that in order to provide consistent high standards of safe, personal and effective care means high staffing requirements at times of peak demand, the Trust continues to increase our Staff Bank and reduce the cost of agency staff.

As well as ensuring that we have the appropriate workforce numbers, the Trust has worked hard to recognise the importance of employee engagement. Our overall Organisational Development Strategy contains the Employee Engagement Strategy and a focussed staff engagement team is in place.

In addition to the information and data from the national NHS Staff Survey, we conduct more focussed surveys to enable staff to confidentially feedback their experience of working for the Trust. We do this regularly and then monitor the actions that have been taken to improve the staff experience at our monthly Employee Engagement Sponsor Group chaired by the Chief Executive.

Finance

Financial duties

The Trust reported a £3.1m revenue surplus as at 31st March 2017, which equates to 0.6% of turnover. £16.7m of this surplus relates to revenue from the Sustainability and Transformation Fund, approved by the Department of Health and HM Treasury. This surplus is retained by the Trust and in the short term will help to improve the Trust's liquidity.

The Trust delivered this outturn whilst continuing to support a significant Safely Releasing Cost Programme (SRCP), improving the way it delivers services. In addition, the Trust achieved all its other financial duties as set out at page 73 of this report.

Better Practice Payments Code

Although it is not a financial duty, Trusts ensure that 95% of undisputed invoices are paid within 30 days of receipt of the goods or invoice, whichever is the later. The Trust has bettered last year's performance by improving how it processes payments.

Prompt Payments Code

The Trust continues to support the Department of Health's prompt payment code, an initiative developed by HM Treasury and the Institute of Credit Management (ICM). Details of this code can be found at www.promptpaymentcode.org.uk

Charges for information

The Trust does not make charges for information, save for those required in relation to medical records, in line with the relevant legislation. The Trust has complied with HM Treasury's guidance on setting charges for information.

Investment Revenue

The Trust receives revenue from the interest earned on the management of its cash balances. Interest receivable in 2016-17 amounted to £168,000, compared with £178,000 earned in 2015-16.

Where our money comes from

In 2016-17, the Trust received income of £478 million compared with £467 million in the previous year, including £377 million for healthcare services provided to people living in East Lancashire and Blackburn with Darwen.

Most of the Trust's income came from CCGs who purchase healthcare on behalf of their local populations. The Trust negotiates an annual contract with its CCGs for the payment of services. Much of this contract is driven by a nationally determined tariff.

Where our money goes

From a total spend of £472 million in 2016-17, £311 million or 66% was spent on salaries and wages. Throughout the year the Trust employed an average of 6,978 staff, including 526 doctors, 2,262 nurses, 1,267 healthcare assistants and 640 scientific and technical staff, 190 healthcare science staff and 2,087 administration and estate staff.

£73 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 £75 million on non-clinical, establishment, maintenance and financing and capital-related items.

The Trust has continued to invest in healthcare facilities on all sites including a new Elective Centre at Burnley General Teaching Hospital and a new Aseptic Suite at Royal Blackburn Teaching Hospital, as well as significant investment in medical and IT equipment.

The remainder of its estate investment focussed primarily on improving existing infrastructure and in continuing rationalisation. In total the Trust invested £12.3 million in new building works, improvements and equipment across all its sites.

Counter Fraud

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

External Audit

The Trust appointed Grant Thornton to carry out the external audit of the 2016-17 accounts. The audit services provided in 2016-17 included the audit of the Trust's financial statements. The cost of these audits was £78,000.

Financial Outlook for 2017-18

The financial outlook for the National Health Service and the Trust continues to be extremely challenging. The effect of the wider economic position, combined with service pressures from increasing demand for services and public expectation, means that trusts must continue to drive efficiency savings. For 2017-18 the Trust will aim to release 3% of total resources as savings in addition to £3.8m of savings achieved non-recurrently in 2016-17.

After these savings the Trust is forecasting a £0.9m deficit. The focus in 2017-18 is to achieve this control total while working with our financial and service colleagues across both Pennine Lancashire and other areas within the County to support the transformation of patient pathways and develop a new model of care.

The Trust will continue to develop and improve its sites and facilities.

Copies of the full accounts are available on request and enquiries should be addressed to:

Company Secretary
East Lancashire Hospitals NHS Trust
Royal Blackburn Hospital
Haslingden Road
Blackburn, BB2 3HH

Full accounts are also available on the Trust's website: www.elht.nhs.uk

Principal activities of the Trust

Our principal activities are to provide:

- elective (planned) operations and care to the local population in hospital and community settings
- non-elective (unplanned emergency or urgent) operations and care to the local population in hospital settings
- diagnostic and therapy services on an outpatient and inpatient basis to the local population in hospital and community settings
- specialist services within a network of regional and national organisations e.g. Level 3 Neonatal services, specialist surgery and cancer services
- learning and development opportunities for staff and students
- additional services commissioned where agreement has been reached on service delivery models and price
- 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.

Performance summary

All healthcare providers across the country are set a range of quality and performance targets by the Government, commissioners and regulators. 2015/2016 has been a challenging year for all providers due to increasing patient numbers, financial challenges, the increasing frailty of patients and service disruption due to industrial action. Generally though, our performance this year has been one of improvement, with many indicators being better than last year and compare very favourably with our local and national peers.

Particular highlights this year have included;

- The opening of the elective treatment centre at Burnley General Hospital
- the Trust continued to be within the expected tolerances for mortality rates

- all national cancer targets continue to be met
- the Trust has one of the lowest levels of complaints in the country
- the Trust continues to receive a high response rate and positive scores for the “Friends and Family Test”;
- the Trust being rated “Good” for being ‘open and honest’ with its public and patients
- the Referral to Treatment time for our patients continues to achieve the target
- the Trust had the highest staff ‘flu vaccination rate in the country
- the Trust had very low infection rates from MRSA and C.Difficile
- the Rossendale Birth Centre celebrating its 200th birth on the 26th May 2015
- The provision of robotic surgery for cancer patients in the North West
- the new Acute Medical Unit opened to patients on 1st October 2015
- the Trust showed much improved results in the NHS Inpatient Survey published in May 2015
- the Trust continues to ensure it is compliant with safeguarding training for working with children and adults
- the Trust has been voted as one of the best places to work in the NHS; it has had a staff nurse shortlisted as a rising star in the Nursing Times Awards; it has had multiple nomination successes at the 2015 North West Leadership Academy Recognition Awards and; the multi-disciplinary team on Critical Care have won a network award.

You can read about these and many more successes, in the section of this annual report titled, “Our highlights of 2015/16”.

Our key challenges in year have been in relation to a number of key performance targets.

Accident and Emergency

The national target is that 95% of all patients are seen and treated or discharged within four hours of their arrival on the emergency or urgent care pathway. Factors affecting performance include discharges from wards, high number of attendances (particularly of acutely ill patients), increasing numbers of frail elderly patients, very sick patients requiring intensive support and people not using other services in the community appropriately such as GP services and pharmacies.

A combination of these factors meant that the Trust experienced significant difficulties in meeting the required target in the last year.

Overall, performance against the Accident and Emergency four-hour standard remains under the 95% target at 92.5%. However, this performance compares well with other NHS acute providers and peer organisations, and is higher than the overall national performance for the year (91.9%).

	Target	2014/15	2015/16	2016/17
Percentage of patients treated in four hours or less	95%	94.5%	92.5%	83.5%
Number of patients (non-elective)		64,763	64,126	61,945

Referral to Treatment (18 weeks)

The Trust has introduced a new reporting and tracking system for all patients who are on a Referral to Treatment (RTT) pathway, allowing services to identify patient who may require additional input to move them along the pathway to meet the RTT standard.

The Trust continued to meet the ongoing pathway target set by the Trust Development Authority to ensure that no less than 92% of patients on an ongoing pathway, at any time, are waiting less than 18 weeks. Numbers treated (either via an admitted or non-admitted pathway) are monitored, but no longer subject to contractual targets.

	Target	2014/15	2015/16	2016/17
Percentage of patients on an ongoing pathway under 18 weeks	92%	96.60%	96.70%	93.49%

Cancer

There are a number of targets that relate to people who either have cancer or are suspected of having cancer and requiring treatment. Referrals for suspected cancer must be seen within 14 days and patients who are undergoing investigation and subsequent treatment following a diagnosis of cancer should receive their treatment within 62 days of their referral.

At times such as summer holidays or Christmas, patients may choose to delay their appointments, which can pose a challenge, so we are working to ensure that we offer people appointments as early as possible following referral, so we can reappoint them within the target period should they wish to delay. We are also working to ensure that the organisation of tests, outpatient appointments and multi-disciplinary team meetings to discuss the care plan for our patients with cancer are as efficient as possible to avoid undue delays.

The national cancer data relating to our surgeons has indicated that there are no issues with their performance when compared with the rest of the country. Our performance in the National Cancer Survey indicated that there were areas of care we could improve upon and we have developed and deployed action plans to ensure we can continue to improve the quality and timeliness of the care we provide

	Target	2014/15	2015/16	2016/17	
Percentage of patients seen in two weeks or less of an urgent GP referral for suspected cancer	93%	96.3%	96.5%	95.8%	**up to Feb 17
Percentage of patients seen in two weeks or less of an urgent referral for breast symptoms where cancer is not initially suspected	93%	96.1%	95.5%	96.6%	**up to Feb 17
Percentage of patients receiving treatment within 31 days of a decision to treat	96%	98.2%	99.1%	98.8%	**up to Feb 17
Percentage of patients receiving subsequent treatment for cancer within 31 days where that treatment is surgery	94%	95.1%	98.3%	97.4%	**up to Feb 17
Percentage of patients receiving subsequent treatment for cancer within 31 days where treatment is an anti-cancer drug regime	98%	100%	99.8%	99.9%	**up to Feb 17
Percentage of patients receiving treatment for cancer within 62 days of an urgent GP referral for suspected cancer	85%	86%	88.0%	85.9%	**up to Feb 17
Percentage of patients receiving treatment for cancer within 62 days of referral from an NHS Cancer Screening Service	90%	95.9%	97.9%	97.4%	**up to Feb 17

Stroke

Stroke is a growing issue across the UK, yet it is a preventable and treatable disease and is no longer perceived simply as a consequence of ageing that inevitably results in death or severe disability.

The National Institute for Health and Care Excellence (NICE) stroke quality standard provides a description of what a high quality stroke service should look like. We continue to perform well in most areas of the “gold standard” but have continued to experience difficulties in meeting the required target that patients attending our services with the signs and symptoms of stroke are admitted to our specialist stroke beds within four hours of arrival. This is reflective of the pressures seen across the country in increasing demands for non-elective services and the availability of beds.

	Target	2014/15	2015/16	2016/17	
Percentage of stroke patients spending > 90% of their stay on a stroke unit	80%	80.18%	81.35%	85.6%	** up to Nov 16 SSNAP verified
Percentage of stroke patients admitted to a stroke unit within four hours	90%	55.79%	52.44%	50.2%	** up to Nov 16 SSNAP verified
Percentage of patients with TIA at higher risk of stroke seen and treated within 24 hours	60%	62.87%	63.27%	48.49%	

Infection prevention and control

Reducing avoidable healthcare associated infections is a key part of our harms reduction strategy. Everyone has a part to play in infection prevention and control and we have an Infection Control Team dedicated to support the on-going education and training of all staff to ensure we maintain the highest possible standards of cleanliness and reduce the incidence of infections.

In 2016/17 the Trust had a target of a maximum of 28 cases of Clostridium Difficile occurring at least 72 hours after admission. Unfortunately, there were 32 such cases across the course of the year. This still left the trust as the second best performing trust in the North West in terms of infections per 1000 bed days. There was one case of MRSA acquired at least 48 hours after admission; the same figure as last year.

Although nationally the focus is on MRSA and Clostridium Difficile there are more common infections such as urinary tract, respiratory tract and surgical site infections which require equal vigilance. Robust infection control practice is a priority reinforced through mandatory staff training and regular ongoing audits of infection prevention and control measures.

We have continued to reinforce the need for strict hand hygiene protocols across our sites and continue with detailed monitoring at a directorate and divisional level, with the introduction of divisional performance dashboards. Our dedicated infection prevention and control meeting is attended by appropriate clinical representatives from each Division to continue to reinforce the Trust’s commitment to delivering safe care at every patient interaction.

	Target	2014/15	2015/16	2016/17
Methicillin-resistant Staphylococcus aureus (MRSA)	0	1	1	1
Clostridium Difficile infections	28	32	29	28

Cancelled elective procedures

We recognise that it is extremely difficult for patients having planned operations to have their procedures cancelled and when this occurs we aim to rearrange the operation within the following 28 days. For April 2016 to March 2017, fifteen patients with an elective admission date that had been cancelled by the hospital were not provided with another admission date within the 28-day standard. A full root cause analysis took place to understand the reasons for the delay and ensure we share the learning across the Trust.

Staff indicators

A considerable amount of work has taken place to focus on staff engagement, listening and learning from staff experience and increasing the number of frontline care staff to improve the safety of patients and their experience of our services. The Trust’s performance against key staff indicator targets is set out in the Remuneration and Staff report section (from page 34).

Environmental efforts

The Trust aims to limit the impact of its activities on the environment by complying with all relevant legislation and regulatory requirements.

Together with our partners at Blackburn with Darwen and Lancashire County Councils, we have put a significant effort into highlighting alternatives to single occupier car journeys and we will be installing electric car charging points across the estate.

Link to the emerging 'Sustainability and Transformation Plan'

Within Lancashire and South Cumbria there are five health and care economies. ELHT is part of the 'Pennine Lancashire' health and care economy.

Lancashire and South Cumbria experience significant levels of health inequality with an average life expectancy significantly worse than the national average. It is recognised that the majority of the required transformation will need to take place in each local health and care economy. There will be a need in some areas to transform service across Lancashire & South Cumbria and potentially beyond.

Three requirements:

Financial improvement - We estimate there is a recurrent resource gap of over £800m facing the Lancashire & South Cumbria health and care economy over the next five years (about £250m in Pennine Lancashire and over £100m in ELHT). We intend to close this gap by greater standardisation of our clinical processes, reducing waste, by rationalising our estates and continuing to transform our workforce.

Access standards – With the exception of the four-hour standard, ELHT's performance is robust. In the course of 2015-16 we have altered our acute pathway which has seen a marked improvement in our performance; however we need to improve access

to out of general hospital beds and find more resilient solutions to our workforce needs. Improvements to seven-day services will continue to help (particularly in weekend diagnostics) and the ability of partners to provide the same level of service through the entire week.

Transformation – As a health economy, we see variability in services and duplication across a range of health and social care providers. We are keen to accelerate transformation in those areas where it is pragmatic to do so. Programme Management Offices have been established at organisational, area and county level.

Local health and care system vision

The Pennine Lancashire leadership (ELHT, East Lancashire Clinical Commissioning Group, Blackburn with Darwen Clinical Commissioning Group, Lancashire Care NHS Foundation Trust, Blackburn with Darwen Council and Lancashire County Council) have confirmed an intention to work together on the formation of an accountable care system. Within this it is currently assumed that ELHT will continue as the single largest provider of secondary care services to the community of Pennine Lancashire. Working with key partners, ELHT is likely to help to provide solutions in elements of primary care and the development of neighbourhood services.

Principal risks

The Trust has identified and assessed its risk areas and put in place mitigation strategies.

The Board Assurance Framework and Corporate Risk Register are regularly presented to the senior leadership at the Operational Delivery Board and to the Directors at the Trust Board. The six main risks outlined on the Board Assurance Framework during last year were relating to:

1. delivery of the Trust's Clinical Strategy
2. workforce planning and recruitment
3. collaborative working at Local Delivery Plan and Sustainability and Transformational Plan levels
4. delivery of sustainable services
5. financial sustainability
6. fulfilment of regulatory requirements

Risks 1, 2, 4, 5 and 6 were high and their scoring was above 15 throughout the year. Various actions were undertaken to reduce and mitigate the risks and the detail of those is provided in the Board Assurance Framework which is published as part of the Trust Board Reports (<http://www.elht.nhs.uk/about-us/trust-board/trust-board-papers.htm>). The Annual Governance Statement describes the risk approach for the Trust and provides details of risk management across the organisation (pages 20 to 46 of this document).

Signed:

.....

Kevin McGee, Chief Executive

Date:

1/6/17

Patient Advice & Liaison Services Welcome



Accountability Report

2016-17 Annual Accounts of East Lancashire Hospitals NHS Trust

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE TRUST

The Chief Executive of the NHS Trust Development Authority has designated that the Chief Executive should be the Accountable Officer to the Trust. The relevant responsibilities of Accountable Officers are set out in the Accountable Officers Memorandum issued by the Chief Executive of the NHS Trust Development Authority. These include ensuring that:

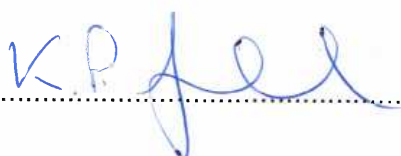
- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;
- value for money is achieved from the resources available to the Trust;
- the expenditure and income of the Trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them;
- effective and sound financial management systems are in place; and
- annual statutory accounts are prepared in a format directed by the Secretary of State with the approval of the Treasury to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, recognised gains and losses and cash flows for the year.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

I confirm that, as far as I am aware, there is no relevant audit information of which the Trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

I confirm that the annual report and accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Signed

..... 

Chief Executive

Date

26 May 2017

2016-17 Annual Accounts of East Lancashire Hospitals NHS Trust

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The Directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the Trust and of the income and expenditure, recognised gains and losses and cash flows for the year. In preparing those accounts, directors are required to:

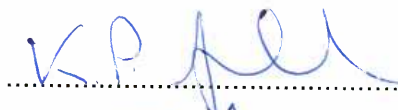
- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

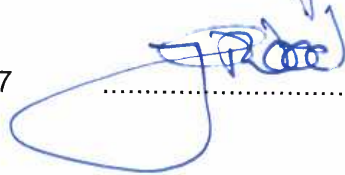
By order of the Board

Date 26 May 2017



..... Chief Executive

Date 26 May 2017



..... Director of Finance

Annual Governance Statement 2016/17

Scope of responsibility

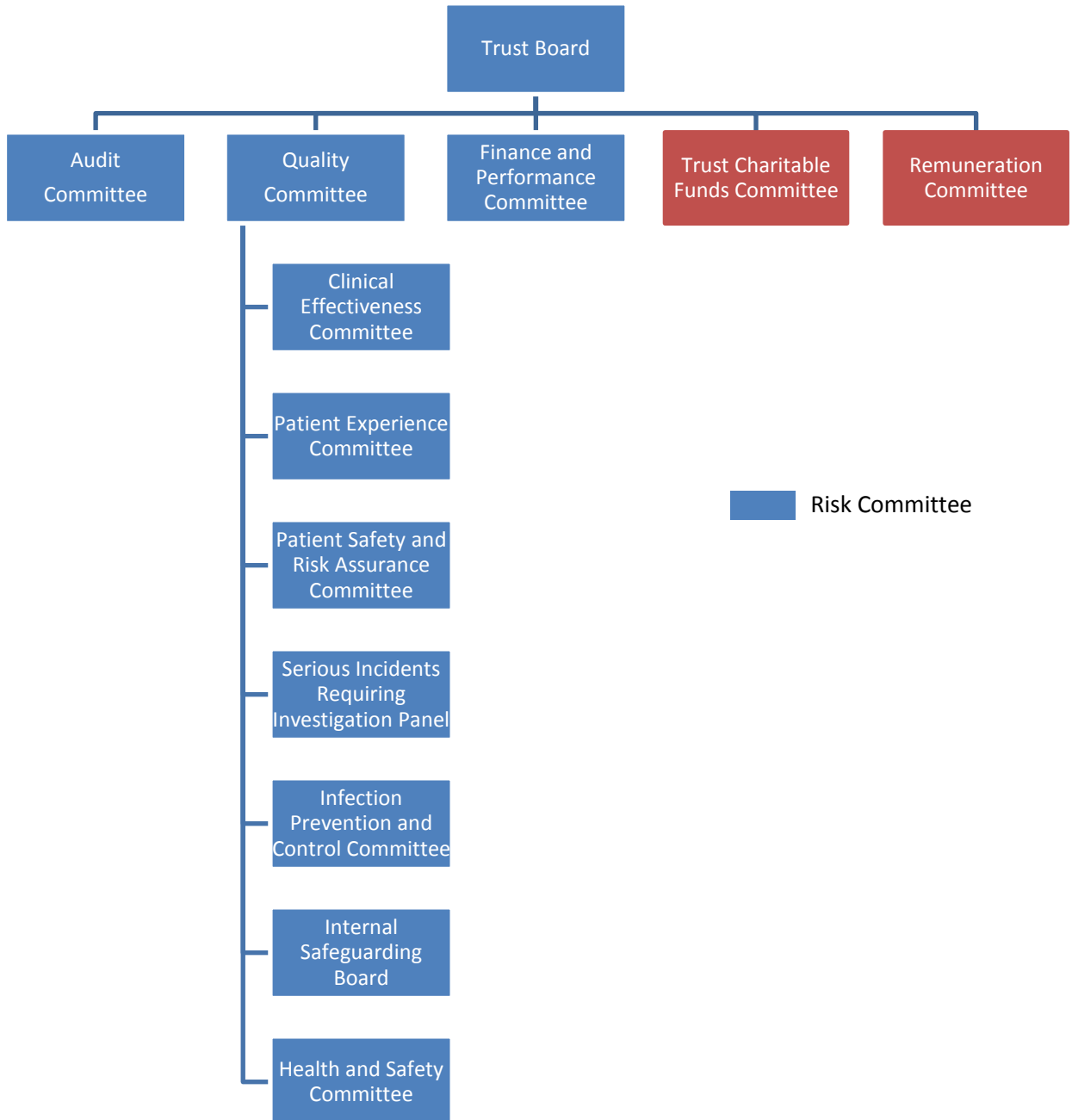
1. As Accountable Officer and Chief Executive of East Lancashire Hospitals NHS Trust, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also have responsibility for safeguarding the Trust's quality standards. In carrying out these obligations I and the Trust Board adhere to the NHS Codes of Conduct and Accountability and I am guided by the responsibilities set out in the Accountable Officer Memorandum. These include:
 - a) Ensuring that the accounts of the Trust which are presented to the Board for approval are prepared under principles and in a format directed by the Secretary of State with the approval of the Treasury
 - b) Ensuring that the accounts disclose a true and fair view of the Trust's finances
 - c) Ensuring that managers at all levels have a clear view of their objectives and the means to assess achievements in relation to those objectives, have well defined responsibilities for making the best use of resources, have the training, information and access to expert advice they need to exercise their responsibilities effectively and are appraised and held to account for the responsibilities assigned to them
 - d) Ensuring the Trust achieves value for money from the resources available to it, avoiding waste and extravagance in the Trust's activities
 - e) Ensuring the implementation of any recommendations affecting good practice
 - f) Ensuring the National Audit Office is provided with information it requests and that the Trust co-operates with external auditors in their enquiries
 - g) Ensuring internal audit arrangements comply with the NHS Internal Audit Manual
 - h) Ensuring prompt action is taken in response to concerns raised by internal or external audit
 - i) Ensuring the Acting Director of Finance properly discharges her responsibilities to ensure effective and sound financial management and information and that the Trust meets the financial objectives set by the Secretary of State for Health while ensuring the assets of the Trust are properly safeguarded

- j) Ensuring that the Codes of Conduct and Accountability are promoted to and observed by staff
 - k) Ensuring appropriate advice is tendered to the Board on all matters of financial probity and regularity and all considerations of prudent and economical administration, efficiency and effectiveness.
 - l) Ensuring that the appropriate action is taken if the Board or Chairman contemplates a course of action which I consider would infringe the requirements of propriety and regularity or adversely affect my responsibility for obtaining value for money from the Trust's resources.
2. As Accountable Officer I have fulfilled these duties by:
- a) Continuing to review and realign the responsibilities of the Executive Directors
 - b) Chairing the Operational Delivery Board which provides a forum for clinicians and managers to oversee delivery of the transformational, corporate and strategic agendas of the Trust
 - c) Chairing the Executive Management Team weekly meeting enabling executive directors, clinicians and very senior managers the opportunity to challenge and hold each other to account for delivery of strategic and operational objectives and develop the preliminary thinking for emergent strategies and business cases
 - d) Being a member of the Finance and Performance Committee which provides assurance on the delivery of the finance and performance requirements of the organisation
 - e) Maintaining the Board focus, through my Chief Executive Report, on actions taken to address any areas of slippage on performance and advise the Board of emergent national and regional priorities
 - f) Ensuring there is effective partnership between the Trust and the wider health economy and beyond and establishing processes to ensure that I and the senior management team have effective working relationships with our partner organisations, the Care Quality Commission, local commissioners and social care providers, local and regional education partners, local councils and MPs, other NHS providers including Trusts and GPs and the public. I also chair the system wide Emergency Delivery Board.
 - g) Attendance at Chief Executive Forums and other appropriate local, regional and national conferences.
 - h) Attendance and pro-active participation at the meetings in relation to the Pennine Lancashire local delivery plan and the Lancashire and South Cumbria Sustainability and Transformation Plan.

The Governance Framework of the Trust

Board Committee Structure

3. 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 Trust Board.



Board and Committee Attendance Records and Scope of Work

4. The Trust Board is responsible for monitoring the overall programme for management of risk across the organisation and its activities and decides the risk appetite of the Trust. The Trust Board sets the strategic direction of the Trust and receives regular reports on the performance of the Trust in meeting its objectives.

Name	Title	Apr-16	May-16	Jun-16	Jul-16	Sept-16	Oct-16	Nov-16	Jan-17	Mar-17 (1 st)	Mar-17 (29 th)
Professor Fairhurst	Chairman	Y	Y	Y	Y	Y	A	Y	Y	Y	Y
Mr McGee	Chief Executive	Y	Y	Y	Y	Y	A	Y	Y	Y	Y
Mr Bannister	Director of Operations	NA	NA	NA	NA	NA	NA	NA	Y	Y	Y
Mr Barnes	Non-Executive Director	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mrs Brown	Acting Director of Finance	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	Y
Mr Griffiths	Director of Sustainability	NA	NA	NA	NA	NA	NA	Y	Y	Y	Y
Mr Hodgson	Director of Service Development	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mrs Hughes	Director of Communications and Engagement	Y	A	Y	Y	Y	Y	Y	Y	Y	Y
Miss Malik	Non-Executive Director	NA	NA	NA	NA	A	Y	Y	Y	Y	Y
Mr Moynes	Director of Human Resources and Organisational Development	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mrs Pearson	Executive Director of Nursing	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Dr Riley	Medical Director	Y	Y	Y	Y	Y	Y	Y	Y	Y	A
Mr Rowe	Non-Executive Director	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mrs Sedgley	Non-Executive Director	Y	Y	Y	A	Y	Y	Y	Y	N/A	N/A
Mrs Simpson	Director of Operations	Y	Y	Y	Y	Y	Y	Y	N/A	N/A	N/A

Name	Title	Apr-16	May-16	Jun-16	Jul-16	Sept-16	Oct-16	Nov-16	Jan-17	Mar-17 (1 st)	Mar-17 (29 th)
Mr Slater	Non-Executive Director	Y	Y	A	Y	Y	A	Y	Y	A	Y
Mr Smyth	Non-Executive Director	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y
Professor Thomas	Associate Non-Executive Director	N/A	N/A	N/A	N/A	Y	A	A	A	A	A
Mr Wharfe	Non-Executive Director	A	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mr Wood	Director of Finance	Y	Y	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

5. The Audit Committee is the high level risk committee operating on behalf of the Board and concerns itself with the function and effectiveness of all risk committees. It is charged with ensuring that the Board and Accountable Officer gain the assurance they need on governance, risk management, the control environment and the integrity of the financial reporting

Name	Title	Apr-16	Jun-16	Jul-16	Sep-16	Dec-16	Mar-17
Mrs Sedgley	Non-Executive Director (Committee Chair to 05.02.2017)	Y	Y	Y	Y	Y	NA
Mr Barnes	Non-Executive Director	Y	Y	Y	Y	Y	A
Mr Wharfe	Non-Executive Director	Y	Y	Y	Y	Y	Y
Mr Smyth	Non-Executive Director (Committee Chair from 05.02.2017)	NA	NA	NA	NA	Y	Y

6. The Quality Committee provides assurance to the Board that all aspects of the delivery of safe, personal and effective care are being appropriately governed and that the evidence to support that assurance is scrutinised in detail on behalf of the Board.

Name	Title	May-16	Jul-16	Oct-16	Nov-16	Jan-17	Mar-17
Mr Rowe	Non-Executive Director (Committee Chair)	Y	Y	Y	Y	Y	Y
Miss Malik	Non-Executive Director	NA	NA	NA	Y	Y	Y

Name	Title	May-16	Jul-16	Oct-16	Nov-16	Jan-17	Mar-17
Mr Moynes	Director of Human Resources and Organisational Development	A	Y	Y	A	Y	Y
Mrs Pearson	Chief Nurse	Y	Y	Y	A	Y	Y
Dr Riley	Medical Director	Y	Y	A	A	Y	Y
Mrs Sedgley	Non-Executive Director	Y	Y	Y	Y	Y	NA
Mrs Simpson	Director of Operations	Y	A	Y	A	NA	NA
Mr Slater	Non-Executive Director	Y	A	A	Y	Y	A
Mr Bannister	Director of Operations	NA	NA	NA	NA	Y	A

7. The role of the Finance and Performance Committee is to provide assurance on the delivery of the financial plans approved by the Board for the current year, develop forward plans for subsequent financial years for consideration by the Board and examine in detail risks to the achievement of national and local performance and activity standards. It maintains an overview of the financial and performance risks recorded on the Board Assurance Framework.

Name	Title	Apr-16	May-16	Jun-16	Jul-16	Sept-16	Oct-16	Jan-17	Feb-17
Mr Wharfe	Non-Executive Director (Committee Chair)	Y	Y	Y	Y	Y	Y	Y	Y
Mr Bannister	Director of Operations	NA	NA	NA	NA	NA	NA	Y	Y
Mr Barnes	Non-Executive Director	Y	Y	Y	Y	Y	Y	Y	Y
Mrs Brown	Acting Director of Finance	NA	NA	Y	Y	Y	Y	Y	Y
Mr Hodgson	Director of Service Development	Y	Y	Y	Y	Y	Y	Y	Y
Mr McGee	Chief Executive	Y	Y	Y	Y	Y	Y	A	Y
Mr Moynes	Director of Human Resources and Organisational Development	Y	Y	Y	A	Y	Y	Y	Y
Mrs Simpson	Director of Operations	Y	Y	Y	Y	A	A	NA	NA
Mr Wood	Director of Finance	Y	Y	NA	NA	NA	NA	NA	NA

Name	Title	Apr-16	May-16	Jun-16	Jul-16	Sept-16	Oct-16	Jan-17	Feb-17
Dr Riley	Medical Director	A	Y	A	Y	A	A	A	Y
Professor Thomas	Associate Non-Executive Director	A	A	A	A	A	A	A	A

Board Performance and Effectiveness

8. The Trust commissioned in March 2015 an independent review of the Board’s performance and effectiveness by the Good Governance Institute. A governance action plan was put in place following the review, which covered the well-led framework and other governance matters to ensure that the organisation continues to improve on corporate and clinical governance. The first part of the work focussed on a measurement of the Board against the Good Governance Institute Matrix of Board Maturity and the action plan was developed to promote and evidence evolution of behaviours and processes. A follow up review conducted at the end of the financial year 2015/16 indicated that there has been progress in all areas with significant progress in some areas. Work continued on implementation during the current year and the Audit Committee received a report in December 2016 that evidenced the completion of the recommendations from the initial action plan.
9. The Trust Board considers the success of each Trust Board meeting in public at the conclusion of the meeting with particular focus on whether Board members have had sufficient focus on aspects such as patient experience, quality, risk and partnership working.
10. An external provider has been secured to provide a bespoke programme of further development for the Trust Board as a whole focussing on building key relationships and behaviours among Board members.
11. The Board has self-assessed against the Well Led Framework in 2015/16 in order to test the robustness of our Quality Governance Arrangements. An action plan in relation to “Red” and “Amber” related responses has been deployed to continue to improve our governance systems and processes and provide increasingly robust assurance.
12. The Care Quality Commission (CQC) carried out a Well Led Review of the Trust on the 20 and 21 September 2016. The outcome of the review has resulted in the Trust being awarded an overall rating of “Good” by the regulator.
13. The Trust has a clear vision, objectives, values, operating principles and improvement priorities. The hospital services are supported by strong governance processes including well managed risk registers and processes feeding into the Trust

Board. This ensures a robust overview of the risks within the hospital. There is ongoing work to enhance the Board Assurance Framework and risk management in the Trust and this is included in the action plan from the CQC Well Led Review. The action plan will be presented to the Quality Committee and the Board via the Committee reporting in order to ensure that timely progress is made on all action points and recommendations. The Trust has a Clinical Strategy in place which has been refreshed during the last year. The Trust Board has undertaken a programme of Board development with an external partner for the past 18 months and this has elements of both self and external assessment. In terms of 'open and transparent', the Trust is rated as 'good' and ranked 72 out of 230 Trusts by NHS Improvement. The Board is committed in its support of continuous learning and professional development; is clear on roles and accountabilities in relation to Board governance and there are clearly defined and understood processes, which have been reviewed in the past year, for escalating and resolving issues and managing performance. The Trust Board ensures that it actively engages with its patients, staff and its shadow governors and other stakeholders as appropriate on quality, operational and financial performance. Reports are taken to the Trust Board each month on matters of performance and through the assurance committees of the Trust.

Highlights of Board Committee Reports

14. The Audit Committee has been active throughout the year in providing assurance on governance, risk management, the control environment and the integrity of the financial statements. Reports have been considered in detail from management representatives where "limited assurance" opinions have been given by the internal audit service. Audit Committee members assess the strength of assurances received from a number of sources over the course of the year. These sources include but are not limited to:
 - a) Internal Audit Reports
 - b) External Audit Reports
 - c) Counter Fraud Service Reports
 - d) The Quality Committee
 - e) External reviews and self-assessments against best practice guidance
 - f) External reviews commissioned by the Trust
 - g) Stakeholder feedback
 - h) Media reports
 - i) Learning from other organisations
 - j) Reports from internal service providers.

15. The Trust Board has additionally considered the annual reports in relation to Infection Control, Emergency Planning, Winter Planning, Medicines Management, and the recommendations of national reports. The Trust Board has engaged proactively in the development of a five year Clinical Strategy for the Trust and the wider health and social care economy that was approved in April 2016.

Quality Governance

16. The Trust is committed to the continuous improvement of the quality of care given to local people and, in so doing, achieving our organisational aim 'to be widely recognised for providing safe, personal and effective care'. All Executive Directors have responsibility for Quality Governance across their particular spheres of activity and the Medical Director is the delegated lead for Quality on the Board overall.
17. Quality monitoring occurs through our clinical governance structure, reporting to the Board via the Quality Committee. The Quality Committee is informed by the Patient Safety and Risk Assurance Sub-Committee, Serious Incidents Requiring Investigation Panel, Clinical Effectiveness Sub-Committee, Patient Experience Sub-Committee, Health and Safety Committee, Internal Safeguarding Board and Infection Prevention and Control Sub-Committee. Divisional Directors or their agreed deputies attend and report at these committees. Reporting in Divisions replicates this corporate structure to ensure consistent reporting from 'floor to Board'.
18. In order to ensure that we are delivering safe, personal and effective care we have a robust process for the identification and agreement of key quality priorities. Those that require quality improvement are consolidated into our Quality Improvement Plan including Harms Reduction Programme, Clinical Effectiveness (reliability) and Patient Experience, and monitored for progress through this structure.
19. Our Quality Improvement methodology is the 7 Steps to Safe Personal Effective Care. This is based on the Model for Improvement and also incorporates Lean and other tools. For large multi team improvements we run Breakthrough Series Collaboratives.
20. We have a small and developing quality improvement team of facilitators as part of the Quality and Safety Unit, linking with the Quality Committee structure. A staff development programme in quality improvement skills is in place both internally and through our membership of Advancing Quality Alliance (AQA). Professionals in training are supported to develop and participate in quality improvement projects, and support for projects is agreed at the Quality Improvement Triage group.
21. Our Harm Reduction Programme now has a standardised approach to identifying high risk areas through review of incident reports and proactive identification of risk. Once identified, a number of different tools are used to drive improvement. A specific notable area of improvement has been the reduction in pressure ulcers through a collaborative approach and the reduction of medication safety incidents.
22. The Trust has adopted the Chief Inspector of Hospitals methodology of assessment to use on a

regular basis to understand how quality governance arrangements are working across all spheres of activity by undertaking mini assessments. Regular meetings with the Care Quality Commission enhance a wider understanding of our progress and ensures we are able to access learning from other organisations. The Trust has been inspected by the Care Quality Commission in year with a particular focus on well led and the outcome of the inspection was that the Trust was awarded a 'good' rating overall for the organisation.

23. The Board has worked with an external provider on the review of the corporate governance functions and on developing capacity within the Corporate Governance team. The Audit Committee received the report on the completion of the recommendations from the review in December 2016 and this has been reported to the Trust Board.

Quality Account

24. The Trust publishes an annual Quality Account which is subject to a review by the Trust's External Auditors, Messrs Grant Thornton, who are able to provide independent assurance on the data that is published and the systems that are used to collate the information presented in the Quality Account and in reports to the Board and its Committees on a regular basis. The Quality Account is reviewed by the Audit Committee, the Quality Committee and the Operational Delivery Board prior to a recommendation being made to the Trust Board that the Annual Quality Report should be released for publication. The Quality Account is also reviewed and commented upon by our health and social care partners to ensure that there is a consistent view on the quality both of the data that is published and the quality of the patient experience of our services.
25. Among the controls in place to ensure the accuracy of data used in both the Quality Account and on-going internal and external reporting of data are:
 - a) Specific policies on the recording of data and quality indicators including
 - i. Root Cause Analysis Policy
 - ii. Risk Management Policy
 - iii. Clinical Records Policy
 - iv. Production of Patient Information
 - v. Information Governance Policy
 - b) Continued development and expansion of near real time dashboard reporting systems with reporting of quality indicators at every level from ward to Board
 - c) Training programmes to ensure staff have the appropriate skills to record and report quality indicators including training on particular software and hardware systems, Information Governance Toolkit training and corporate and departmental induction and mandatory training

- d) A rolling programme of audits on quality reporting systems and metrics
 - e) Alignment of the internal audit, clinical audit and counter fraud work plans on a risk based approach linked to the Board Assurance Framework and the Corporate Risk Register.
26. The Trust utilises its quality and risk associated committee structure to routinely review the data and information that is included within the Quality Report. This provides the Board with assurance that the Quality Report presents a balanced view of the action taken by the Trust in year to ensure the provision of high quality, safe and effective services.
27. Our quality priorities for 2017-18 are to continue to work to:
- a) Support safe discharges to continuing care
 - b) Ensure safe transfers of Care between providers
 - c) Continue the work commenced in 2015/16 around the deteriorating patient

Data Quality

28. The Trust has a Data Quality and Definitions Group which reports to the Trust Contracting and Data Quality Group. The group reviews the Secondary Uses Service data quality dashboards and the Dr Foster data quality summary dashboard. We have an online report for key data quality risks which has named leads for each data quality risk and an overall data quality log including risk scoring.
29. We work closely with the local Clinical Commissioning Groups and Commissioning Support Unit including a monthly Contract Performance and Delivery Group where we discuss data quality issues.
30. East Lancashire Hospitals NHS Trust submitted records during 2016-17 to the Secondary Uses Service for inclusion in the Hospital Episode Statistics which are included in the latest published data.
31. A new Access and Choice meeting with East Lancashire and Blackburn with Darwen Clinical Commissioning Groups and Midlands and Lancashire Commissioning Support Unit has been established which will also pick up data quality issues.
32. Quality and accuracy of elective waiting time data - The Trust undertakes a weekly review at specialty level of all patients waiting for:
- a) An elective procedure
 - b) A first out-patient appointment
 - c) A follow up out-patient appointment
 - d) An out-patient procedure
 - e) A diagnostic test

33. The Information team collates the data issued to each Division; each Division then undertakes a validation process by following the patient pathways. The validated information is then returned to the Information team for update. The validated update is then further reviewed at the weekly operational meeting where necessary actions are agreed. The validated information on waiting times is then reported in the monthly Integrated Performance Report.

CQC Registration

34. The Trust remains registered unconditionally with the Care Quality Commission to provide the following regulated activities:
- a) Diagnostic and screening procedures
 - b) Family planning services
 - c) Management of supply of blood and blood derived products
 - d) Maternity and midwifery services
 - e) Nursing care
 - f) Surgical procedures
 - g) Termination of pregnancies
 - h) Treatment of disease, disorder or injury
35. The Trust is rated as “Good” following the Well Led Review by the CQC in September 2016.

Risk Management Strategy, Policy and Plan

36. The Trust formally reviews its risk management arrangements on an annual basis and approved the updates to the Risk Management Strategy, Policy and Plan through the Patient Safety and Risk Management Sub-Committee. The document is available for staff to access on the Trust intranet site.

Clinical Effectiveness

37. The Trust has a Clinical Effectiveness Team which reports regularly to the Clinical Effectiveness Committee Sub-Committee via assurance reports which measure the quality and safety of care against national best practice indicators. Having identified areas for improvement supports clinical teams in the application of the Trusts quality improvement methodology and measuring the effectiveness of tests of change on an on-going basis. A summary of the work of the Clinical Audit Department is reported to the Quality Committee and it is provided in the Annual Report of the Trust. Mersey Internal Audit Agency has also recently undertaken an audit focusing on the Trust’s clinical effectiveness/audit arrangements where significant assurance was received.

Never Events and Serious Incidents Requiring Investigation (SIRI)

38. The Trust has robust systems to manage and learn from incidents. The Board receives a regular written report on serious incidents requiring investigation at each Part 1 meeting where new incidents are reported and an update is given in relation to the progress of the management of incidents, including incidents, duty of candour and a section on what lessons have been learnt as a consequence of the incident investigation process and how the lessons have been translated to deliver improvements in the quality and safety of services. The Trust also has a Serious Incident Requiring Investigation (SIRI) Panel which is chaired by a Non-Executive Director. The Panel reviews the investigations undertaken as a result of never events and serious incidents to ensure that a thorough review is completed, the Duty of Candour is observed and that learning from incidents is circulated appropriately across the organisation. The Panel has representatives from local commissioners and provides assurance to the Quality Committee on the matters within the remit of its Terms of Reference.
39. Incidents are reported in accordance with the NHS England Serious Incident Framework and no significant control issues have been identified as a result of the incidents investigated during the course of the year.
40. Sharing the learning through risk related issues, incidents, complaints and claims is an essential component to maintaining the risk management culture within the Trust. Learning is shared in a wide variety of ways at departmental, divisional and corporate levels through a number of face to face meetings and bulletins and the quarterly publication of the Trust's Share to Care newsletter. Learning is acquired from a variety of sources including:
- a) Analysis of incidents, complaints and claims and identification of trends with appropriate mitigating actions
 - b) External inspections
 - c) Internal and external audit reports
 - d) Clinical audits
 - e) Outcome of investigations and inspections relating to other organisations
 - f) Quality Improvement Programmes

Discharge of Statutory Functions

41. As Accountable Officer my enquiries have confirmed that there are arrangements in place for the discharge of statutory functions and that the arrangements have been checked for irregularities and they are legally compliant. As an employer with staff

entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations. Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. The Trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Risk Assessment

The purpose of the system of internal control

42. 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 on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of East Lancashire Hospitals NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in East Lancashire Hospitals NHS Trust for the year ended 31 March 2017 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

43. All members of the Trust Board have signed up to the Trust Risk Management and Governance plans which clearly identify the Board's responsibilities and accountability arrangements. These are reflected in the Trust's Standing Orders and Standing Financial Instructions, the Scheme of Reservation and Delegation and the Trust's Performance Accountability Framework. These are, in turn, repeated in the internal guidance and policies of the organisation.
44. Scrutiny by the Trust's Non-Executive Directors and internal and external auditors provide assurance on the systems and operation of the processes for internal control across the whole of the Trust's activities including probity in the application of public

funds and in the conduct of the Trust's responsibilities to internal and external stakeholders.

45. In addition to the Committees outlined in the diagram on page 3 which have Non-Executive Director membership, the Trust also has in operation the Operational Delivery Board. The function of this committee is to provide a forum by which the senior staff in the organisation can assist in the development of strategies to present to the Board, monitor operational delivery against the Trust's strategic objectives and policies and advise the Board on the emerging risks to operational and strategic objectives and the mitigation plans being deployed to ensure the delivery of safe, personal and effective care.
46. There are divisional and corporate risk committees where divisional risk registers are reviewed and discussed to ensure that risks are managed and controlled at the lowest appropriate level and do not escalate into greater threats. The risks are reviewed on an on-going basis and the Risk Assurance Manager meets monthly with divisional leads to discuss the management of risks that have the ability to affect the organisation at a corporate level.
47. 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 Medical Director has the lead responsibility for the risk management processes including the development and implementation of the Board Assurance Framework, Risk Management Strategy Policy and Plan and associated learning and development to ensure all staff are appropriately trained and supported thereby ensuring our risk management processes are thoroughly embedded across the organisation.
48. The Medical Director is supported by the members of the Executive Team in providing leadership to the risk management process. Executive Directors are lead directors for the strategic risks on the Board Assurance Framework. In this way the senior leaders in the organisation have an operational and strategic oversight of the key risks to achieving the Trust's strategic objectives. Each area of risk is mapped to the Care Quality Commission's Core Outcomes and risks contained in the Corporate Risk Register. The Trust Board receives a regular update on recommended changes to the Board Assurance Framework taking into account the progress of mitigation plans, positive assurances received since the last report to the Trust Board, and gaps in assurance identified in the period. Work is continuing on refining the Board Assurance Framework and the Corporate Risk Register. This work is described in the

CQC action plan following the last inspection and the plan is regularly monitored by the Quality Committee

49. The Medical Director, as Responsible Officer reports directly to the Chief Executive Officer. The Medical Director has oversight of the systems and processes to ensure there is strong clinical education across the whole of the organisation, that medical revalidation arrangements are robust and effective and that the professional standards required of our medical staff are met, addressing any shortcomings effectively within the guidance issued by the General Medical Council. The Caldicott Guardian, who reports to the Medical Director, is the senior person responsible for protecting the confidentiality of patient and service-user information and enabling appropriate information-sharing.
50. The Director of Nursing provides senior leadership along with the Medical Director, to the organisation in relation to patient safety and quality of service delivery. She is supported by the Deputy Director of Nursing and Divisional Directors of Nursing within the clinical divisions, who ensure there is a continuing focus on the delivery of safe, personal and effective care. As a senior leadership team they ensure that there are sufficient appropriately qualified nursing and midwifery staff deployed on a daily basis to meet the levels of capacity and acuity and to meet safe staffing requirements.
51. The Acting Director of Finance is accountable to the Trust Board and Chief Executive for the Trust's financial risk management activities. They are responsible for ensuring that the Trust carries out its business of providing healthcare within sound Financial Governance arrangements that are controlled and monitored through robust audit and accounting mechanisms that are open to public scrutiny on an annual basis. She also has delegated responsibility for 'Registration Authority'. The Acting Director of Finance is the Board lead for Information Security and the Senior Information Risk Officer (SIRO).
52. The Director of Operations is responsible for the overall management of all patient services, ensuring that all key access targets are met. He is the Lead Director for Emergency Preparedness and Major Incident planning.
53. The Director of HR and OD is responsible for the management of risks within his areas of operational responsibility, especially those risks associated with sickness absence, bullying and harassment. He is responsible for ensuring provision of employment services across the Trust and ensuring that there is a systematic approach to managing the risks of employment checks and professional clinical registration.

54. Each clinical division is further supported by Quality and safety Leads working with the divisions and reporting to the Associate Director of Quality and Safety.
55. Staff training is carried out across the year to ensure all staff are trained or equipped to manage risk in a way appropriate to their authority and duties. Risk management training is an element of the core mandatory training programme for all staff.
56. The Medical Agency Group and the Non-Medical Agency Group each meet monthly to review the detail and identify appropriate actions to ensure maximum use and productivity of our workforce. These groups report into the Executive Oversight Committee that meets monthly to review agency spend and receive assurance that risks and hotspot areas are being addressed in order to reduce agency spend in line with the target set by NHS Improvement. There are multiple workstreams which underpin our programme to reduce agency spend and ensure the most effective use of our resources.
57. In addition to training on the management and reporting of risks the core mandatory training programme and other related development and training programmes are offered internally where appropriate and staff are encouraged to attend external programmes appropriate to their level of expertise and responsibility. This is monitored and reported by the Learning and Development department on an on-going basis.

The risk and control framework

58. The risk management process involves layers of risk identification and analysis for all management areas, 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 all types of risk. The overarching performance management framework within the organisation endeavours to ensure that controls are in place to identify and manage any risks to the delivery of key performance targets. National priorities highlighted either by NHS Improvement, NHS England or the Care Quality Commission has been systematically reported to the Trust Board and risks to achievement are monitored through the Board Assurance Framework.
59. The objective of the Risk Management Strategy is to support the development of a culture that not only embeds an awareness of safety and risk across all levels of the organisation, but ensures the application of a consistent approach to a risk management process, thus allowing risks to be ranked and graded in order so that they may be prioritised. This minimises and mitigates risk to acceptable levels. Where significant risks remain, we can openly accept and monitor those risks,

systematically addressing any gaps in control measures and reducing their impact to both individuals and the organisation so far as reasonable practicable.

60. The identification of risk to the organisation achieving its objectives is undertaken by staff at all levels of the organisation. There are four methods of risk identification that the Trust uses;
- a) Known on-going inherent risks that the Trust is aware of which are controlled and managed.
 - b) Foreseeable local risks which are inherent and identified by competent people.
 - c) Strategic risks to the Trust.
 - d) Risks from the sources identified below:
 - i. Non Clinical Risk Assessments (security moving and handling etc)
 - ii. Incident reports
 - iii. Complaints / Patient Experience or Claims Audits and work place surveys
 - iv. Clinical risk assessments
 - v. Patient satisfaction surveys
 - vi. External/Internal Audits
 - vii. Regulatory Agency notices
 - viii. Financial
61. An acceptable risk is one which the Trust Board or the Operational Delivery Board and the Divisions feel comfortable in facing and which, if the worst happened, would not threaten the organisation's survival or its capability to meet its objectives. Deciding what is an acceptable risk involves identifying and assessing risks in relation to the impact. A risk is deemed acceptable when there are adequate control mechanisms in place and the risk has been mitigated and managed, as far as is considered to be reasonably practicable.
62. As a general principle the Trust will seek to eliminate or control all risk which has a potential to harm its patients, staff, and other stakeholders, which would result in loss of public confidence in the Trust and/or its partner agencies and/or would prevent the Trust from carrying out its functions on behalf of its local residents. However, the following list identifies areas which would never be deemed to be acceptable:
63. Any act, decision or statement which;
- a) would result in death
 - b) would contravene Trust Standing Orders or Standing Financial Instructions
 - c) would be illegal and/or breach of legislation
 - d) would result in significant loss of Trust assets or resources
 - e) would constitute wilful contravention of Trust policies or procedures
 - f) would fail to observe key targets and objectives

64. The risk grading system in use is adapted from the National Patient Safety Agency “Risk Matrix for Risk Managers” and uses a scoring mechanism of a 5x5 grid approach to grade risks in respect of consequence and likelihood. The Trust uses DATIX to record incidents and risks and access to this system is via the Trust intranet, a web based package and an application for mobile users.
65. Each entry onto the DATIX system is allocated a manager to review and action the risk and monitor the effectiveness of the risk mitigation plan. Low and moderate risks are managed at a local level by wards and teams and the department manager using appropriate controls. These are recorded on the local risk register. Significant risks are managed at a divisional level with assurance being sought through divisional structures and recorded on divisional risk registers. Extreme risks scoring 15 or above are notified to the Quality and Safety Unit accountable to the Associate Director of Quality and Safety. The Quality and Safety Unit staff will discuss, challenge and where necessary moderate the risk identification and scoring. These risks will be included on the corporate risk register and escalated to the Operational Delivery Board, Quality Committee and the Trust Board for inclusion on the Board Assurance Framework as appropriate.
66. Divisional risks registers are reviewed and discussed at divisional and corporate risk committees to ensure they are regularly reviewed and updated and the Trust continues to work to ensure there is consistency of assessment, identification and mitigation of risks and risk management plans across divisional structures.
67. The Trusts key strategic risks in 2016/17 were:
 - a) Transformation schemes fail to deliver the clinical strategy, benefits and improvements and the organisation’s corporate objectives
 - b) Recruitment and workforce planning fail to deliver the Trust objectives
 - c) Collaborative working fails to support delivery of sustainable, safe and effective care through clinical pathways
 - d) Alignment of partnership organisations and collaborative strategies (Pennine Lancashire local delivery plan and Lancashire and South Cumbria STP) are not sufficient to support the delivery of sustainable services by the Trust
 - e) The Trust fails to achieve a sustainable financial position and appropriate financial risk rating in line with the Single Oversight Framework
 - f) The Trust fails to earn significant autonomy and maintain a positive reputational standing as a result of failure to fulfil regulatory requirements
68. The consistently high scoring risks in 2016/17 related to risks ‘a’, ‘d’, ‘e’ and ‘f’ above. As a result of the gaps in assurance for these particular risks the Finance and Performance Committee and Quality Committee agendas were structured to

specifically focus on these elements. Summary reports from the Committees were provided to the Trust Board covering each of these elements to ensure that the Trust Board both through the Board Assurance Framework and the reports of sub-committees were continually sighted on the risks and the actions being taken to mitigate them and the positive assurances being received in a timely manner.

69. The Trust tests for gaps in assurance via the following actions:
 - a) Independent assurance provided to or requested by the Audit Committee from internal and external auditors
 - b) Independent assurance provided to the Quality Committee and supporting subcommittees from external reviews, inspections and assessments and monitoring of subsequent action plans to address any gaps identified
 - c) Review by internal departments such as the Quality and Safety Unit with Clinical Effectiveness, Clinical Audit and Divisional teams and Directorates reporting to Board subcommittees and the Operational Delivery Board
 - d) Rapid responsive reviews of areas of clinical practice in response to incidents, complaints and concerns whether these are raised internally by staff or externally by stakeholders such as Coroners and Commissioners.
70. A range of other actions designed to address identified gaps in controls and assurances have been implemented throughout the year including:
 - a) Deteriorating Patient: Implementation of a Trust wide approach to improve the recognition and the response to the deteriorating patient
 - b) End of life care: Optimise learning from complaints to improve end of life care
 - c) Hand Hygiene: Increase compliance with hand hygiene and infection prevention guidance through "Prompt to Protect" improvement package
71. Risk management is embedded in the activity of the organisation and the Trust has continued to take significant steps to encourage incident reporting. The Trust has signed up to and promotes the Speak Out Safely campaign to encourage an open culture both of raising concerns and learning from them across the organisation. The Trust uses safety huddles across all clinical areas and Share to Care meetings where staff meet on a weekly basis to share good practice and learn from areas of improvement identified in their own practice and from other services across the organisation.
72. The Trust seeks to actively engage with a wide variety of stakeholders including the Shadow Governors and Trust members to consult and communicate with them on issues of mutual concern. The Trust recognises that there are significant benefits to be gained from this engagement. The Trust also proactively engages with statutory and other stakeholders on a regular basis including staff, Healthwatch, Clinical

Commissioning Groups, Local Overview and Scrutiny Committees and local education providers. The Trust has held regular stakeholder events throughout the year and invited stakeholders to meet with the senior leadership teams to ensure transparency of decision making processes and appropriate consultation takes place.

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

73. The Audit Committee is charged with reviewing the economy, efficiency and effectiveness of the use of resources throughout the course of the year and ensuring that there is a robust system of integrated governance and internal control across all spheres of the Trust's activity. Having reviewed the regular reporting of the Audit Committee on its activities presented to the Trust Board I am satisfied that it has met these requirements during the course of the year and assisted in the further development and improvement of the embedding of systems of internal control. Together with the comprehensive programme of quality improvement work for the care of patients reporting to the Quality Committee and the Trust Board I am satisfied that there are clear lines of governance and accountability within the Trust for the overall quality of clinical care and these are reflected in the achievements highlighted in the Trust's annual Quality Account.

Information governance

74. The Trust has an Information Governance Steering Group charged with ensuring the effective operation of safeguards for, and appropriate use of, patient and personal information and compliance with the NHS Information Governance Toolkit. The Trust has a policy of proactively reporting incidents and near misses to the Information Commissioner in relation to information governance breaches. The Trust has self-reported eight incidents in year. The Information Commissioner was satisfied that appropriate action was taken in six of these cases in relation to remedying the breach, process and mitigating the risks of further breaches. The Information Commissioner has taken no action in relation to these incidents and near misses. The Trust is awaiting final reports from the Information Commissioner on two incidents. The Trust also reported one cyber security incident relating to a breach by an external supplier of IT services. No further action is required for this incident.
75. The Trust has undertaken a comprehensive review of its declaration of compliance with the requirements of the NHS Information Governance Toolkit and has declared an overall pass against all Information Governance standards at Level 2 or above for 2016/17. This has been monitored at the Finance and Performance Committee and Quality Committee during the course of the year and reported to the Trust Board. The

IG Steering Group reports to the Quality Committee through the Clinical Effectiveness Sub-Committee and reports are provided to the SIRO on an on-going basis.

76. Information Governance (data protection) incidents escalated to the ICO 2016/17

ID	Date	IG SRI Level	Breach Type	Volume	Clinical Safety Aspect	ICO Action
IGI/5538	Apr-16	2	Lost In Transit	10 sheets	No	No further Action Required
IGI/5654	May-16	2	Non-secure Disposal – paperwork	24 people on 8 pages	No	No further Action Required
IGI/5976	Jul-16	2	Lost In Transit	16 patients, 3 pages	No	No further Action Required
IGI/6573	Oct-16	2	Email to incorrect recipients	26 pages	No	No further Action Required
IGI/6801	Nov-16	2	Lost In Transit	5	No	No further Action Required
IGI/7866	Dec-16	2	Non-secure Disposal – paperwork	23 patients	No	No further Action Required
IGI/8114	Jan-17	2	Non-secure Disposal – paperwork	Exact number of papers unknown but, cover a period from June 2016 - Jan 2017	No	Awaiting final report from ICO
IGI/11505	Mar-17	2	Lost In Transit	1 A4 Sheet	No	No further Action Required

77. Cyber Security Incidents escalated to the ICO 2016-17

ID	Date	Cyber SRI Level	Cyber Incident Type	Internet Facing	Clinical Safety Aspect
CSI/8117	06/10/2016	1	Hacking of supplier system	No	No

NHS Pension Scheme – Statement of Compliance

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

Review of Effectiveness

79. As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report attached to the Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Trust Board, the Audit Committee and the Quality Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.
80. The overall level of the Head of Internal Audit opinion is: "Significant Assurance can be given that there is generally a sound system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently."
81. The Assurance Framework and the internal auditor's opinion on the effectiveness of the systems and processes supporting the Assurance Framework provide me with evidence that the effectiveness of controls that manage the risks to the organisation in achieving its principal objectives have been reviewed.
82. My review is also informed by internal and external information including:
- a) Detailed reports from the Trust's internal auditors (Mersey Internal Audit Agency) and external auditors (Grant Thornton)
 - b) Performance and financial reports to the Trust Board and its subcommittees
 - c) NHS Improvement performance management reports
 - d) NHS England Area Team performance management reports
 - e) Clinical Commissioning Groups performance management reports

- f) Governance reports to the Quality Committee, Audit Committee and Trust Board
 - g) Compliance with action plans as part of our performance management arrangements
 - h) Patient Led Assessments of the Care Environment
 - i) Care Quality Commission Report
 - j) Reports from external inspections and assessments during the course of the year from bodies such as Royal Colleges, Health Education North West etc.
 - k) Information Governance risk assessment against the Information Governance Toolkit
 - l) Feedback from local and national staff and patient surveys
 - m) The work of the Executive team within the organisation who have responsibility for the development and maintenance of the internal control framework within their portfolios.
83. Where reports have identified limitations in assurance these have been acted upon and in relation to auditors' reports have been monitored by the Audit Committee. The Trust Board and its subcommittees have been actively engaged in the on-going development and monitoring of the Assurance Framework and will continue to shape the iterative development of the Assurance Framework and its associated risk management systems and processes throughout 2017/18.

Significant Issues

84. The following issues have prejudiced the achievement of the priorities set during 2016/17 for the Trust
- a) Emergency Department Staffing
 - i. Mitigating actions taken include:
 - We have a number of Recruitment Open days planned in early 2017/18 to focus efforts on trying to fill the band 5 and 6 nursing vacancies. These open days are supported by a new target approach to advertising using social media, which have proven results when used in other Trusts.
 - There are open ended adverts for these vacancies and so applicants can apply at any time.
 - We are using international recruitment and extending the use of permanent recruitment agencies. We are partnering with a global resourcing company to implement a fully integrated advertising solution that will allow us to promote our employer brand and vacancies worldwide.

- We are also reviewing our recruitment and retention packages to incentivise doctors to work at the Trust.
- b) Agency staffing
- i. Mitigating actions taken include:
 - The Medical Agency Group and the Non-Medical Agency Group each meet monthly to review the detail and identify appropriate actions to ensure maximum use and productivity of our workforce. These groups report into the Executive Oversight Committee that meets monthly to review agency spend and receive assurance that risks and hotspot areas are being addressed in order to reduce agency spend in line with the target set by NHS Improvement. There are multiple workstreams which underpin our programme to reduce agency spend and ensure the most effective use of our resource.
- c) Delayed Transfers of Care
- i. Mitigating actions taken include:
 - The development of a process to systematically monitor and progress the discharge pathway for all medically optimised patients who required further input on discharge. This is a detailed and intensive process with updates running throughout the day as the Integrated Discharge Service case managers progress individual plans. This ‘trigger list’ is jointly owned by our key partners and daily review meetings are held to assess the complex case workload at 11am. If the system is under pressure senior managerial presence is fielded to the 11am Integrated Discharge Service review to lend support and provide feedback and escalation of themes and issues into the executive teleconference.
 - The implementation of a senior level Multi-disciplinary Accelerated Discharge Event (MADE) review of the ‘trigger list’ is held twice a week with CCG presence to assure the wider system that all cases are being dealt with in an effective and timely manner.
 - Continuing Health Care (CHC) reviews and weekly liaison meetings with the Clinical Support Unit/CCG and mental health teams ensure that more detailed operational scrutiny of all complex case patients is in place.
 - A weekly Delayed Transfers of Care situation report meeting is held with partners to agree the formal DTOC position as a sub-set of the over-arching trigger list caseload.
 - As a health and social care system much work has been achieved to ensure patients are not delayed. However, we still need to develop further

governance to fully mitigate the risk we hold as an organisation in relation to the delayed transfers of care. This would take the form of establishing system wide local agreements, policies, processes and pathways across all key partner organisations in relation to all the main areas that can contribute to delayed transfers of care. These being: assessment; funding arrangements; ongoing NHS care; intermediate care; care home provider assessments and transfers; home care arrangements; equipment provision; and home of choice and where disputes arise.

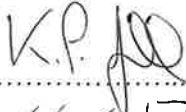
- Going forward we need to work to ensure the integrated discharge service has been staffed adequately across all organisations and potentially deploys a lead organisation model to ensure true integration of resources. This is nationally recognised as best practice and a much needed approach to safely manage the delayed transfers of care.

d) Mandatory Training

- i. Mitigating actions taken include:
 - The Trust changed the Mandatory Training system in April 2017 to on line delivery of Core Skills Training. There were three new subjects and this created the perception of deterioration in compliance. This was entirely anticipated in the changeover plan. The Trust has achieved the expected trajectory and all subjects are now well above 80% and five of them are at or above 90%. The Trust now has an up to date system that can provide information at Trust level and can be drilled down to individual level. Every member of staff now has to complete an e-assessment on each subject rather than complete a declaration of completion.
- e) Information Management and Technology
 - i. On Friday 12 May 2017 the functioning of the Trust was hit by a ransomware attack that affected many organisations across the world. As a result of the infection within the Trust's networks, there was an impact on the Trust's operational activity. The Trust is co-operating fully with instructions from NHS Digital and other government agencies. The source of the attack and the extent to which the Trust could have prevented this are still being investigated at the date of signing this statement.

Conclusion

85. In line with the guidance on the definition of the significant control issues I have no significant internal control issues to declare within this year's statement.
86. My review confirms that East Lancashire Hospitals NHS Trust has a generally sound system of governance and stewardship that supports the achievement of its policies, aims and objectives.

Signed  Chief Executive
Date: 16/17

Directors' report

Our Trust Board comprises the Chairman, six Non-Executive Directors and six Executive Directors as detailed in the Board profile below. The Director of Human Resources and Organisational Development, the Director of Operations, Director of Sustainability, Director of Communications and Engagement and the Company Secretary also attend the Trust Board to give advice within their professional remits. The Trust Board functions as a corporate decision-making body and Executive and Non-Executive Directors are full and equal members.

The Trust Board provides strategic leadership to the Trust and ensures that the Trust exercises its functions effectively, efficiently and economically. The Board monitors the arrangements 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. The

Non-Executive Directors of the Trust are appointed by NHS Improvement, acting on behalf of the Secretary of State for Health. They are each appointed for a four-year term which may be renewed subject to satisfactory performance. Non-Executive Directors are not employees of the Trust and do not have responsibility for day-to-day management; this is the role of the Chief Executive and Executive Directors but as a 'unitary Board', Executive and Non-Executive Directors share equal responsibility for the Board's decisions, and all share responsibility for the direction and control of the organisation.


The Trust Board meets 10 times a year 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 (www.elht.nhs.uk).

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 Executive Directors are appointed by a Committee comprising the Chief Executive and Non-Executive Directors following a competitive interview process.

Professor Eileen Fairhurst, Chairman February 2014 to present		
	Experience	Qualifications
	<p>Eileen Fairhurst was appointed to the Trust on 9th February, 2014. She is a highly experienced Chair and has chaired a number of large, complex public and third sector organisations.</p> <p>Eileen has been awarded an MBE in recognition of her contribution to the NHS.</p>	<p>BA (Econ) PhD DSc Fellow of the Royal Society of Medicine</p>
Mr Kevin McGee, Chief Executive, September 2014 to present		
	Experience	Qualifications
	<p>Kevin is a qualified accountant with over 20 years' experience of working within healthcare, with 15 years' experience at executive level. Prior to joining East Lancashire Hospital NHS Trust, he held a range of roles including Chief Executive of George Eliot Hospital NHS Trust, Director of Finance and Chief Operating Officer in large acute hospitals and Director of Commissioning and Performance Management at a Teaching Primary Care Trust.</p>	<p>BA (Hons) MSc</p> <p>Member of the Chartered Institute of Public Finance and Accountancy</p>
Mr Stephen Barnes, Non-Executive Director, January 2015 to present		
	Experience	Qualifications
	<p>Stephen Barnes was appointed to the Trust Board on 1 January 2015.</p> <p>He has been a local government chief executive in Lancashire for the past 22 years and prior to that was a director of finance in local government for six years.</p> <p>Stephen is an accountant by profession, a past President of the North West and North Wales region of the Chartered Institute of Public Finance and Accountancy and a past Examiner of the final part of the Professional Accountancy Examination.</p> <p>During his time in Local Government, Stephen has gained broad experience in strategic leadership, partnership working and joint venture initiatives across the private sector, including economic development and regeneration services and community development and engagement.</p> <p>Stephen was reappointed for a further four years in January 2017.</p> <p>Stephen was a member of the Audit Committee until March 2017.</p>	<p>Member of the Chartered Institute of Public Finance and Accountancy</p>


Mr Richard Slater, Non-Executive Director, January 2015 to present

	Experience	Qualifications
	Richard leads the Blackburn-based Northpoint Media group of businesses. Among its brands are Lancashire Business View magazine, Red Rose Awards, Fettle Events and Limitless PR & Marketing.	BSc (Hons) Cert Ed.
	He has previously served as a Non-Executive director at East Lancashire Chamber of Commerce and charity Curious Minds.	Member of the Professional Publishers Association Member of the Chartered Institute of Public Relations
	Richard was reappointed for a further two years in January 2017.	


Mr David Wharfe, Non-Executive Director, 2013 to present

	Experience	Qualifications
	David was appointed in May 2013. He is an experienced Finance Director, having held a number of senior and Board level posts in NHS across the country since 1990.	BA (Hons) Member of the Chartered Institute of Management Accountants
	In 2002 he joined the newly-established Ashton, Leigh and Wigan Primary Care Trust as Director of Finance and Deputy Chief Executive, before being appointed to the post of Director of Finance and Contracting at NHS Lancashire in June 2011, a post he held until his retirement in March 2013.	
	David joined the Trust in 2013.	
	David is a member of the Audit Committee.	


Mr Jonathan Wood, Deputy Chief Executive and Director of Finance, 2009 to present (Seconded to Leeds University Hospitals NHS Trust from June 2016 to April 2017)

	Experience	Qualifications
	Jonathan Wood started at the Trust in September 2009, and was previously Director of Finance at North Cumbria University Hospitals Trust, having joined there from NHS North West. Prior to this he worked with Salford Royal Hospital NHS Trust. He joined the NHS in 1992 on the North Western Regional Finance Training Scheme and qualified as an accountant in 1996.	BA (Hons) Member of the Chartered Institute of Public Finance and Accountancy


Mrs Michelle Brown, Acting Director of Finance, July 2017 to April 2017

	Experience	Qualifications
	<p>Michelle joined the Trust in December 2006 from Calderstones NHS Trust, where she was Assistant Director of Finance. She has recently undertaken the role of Acting Director of Finance for the Trust, having 7 years' experience in the Deputy Director position. She is a qualified accountant and member of the Chartered Institute of Public Finance and Accountancy (CIPFA). An alumni of the National Financial Management Training Scheme, Michelle has trained and worked in a number of NHS organisations across North Wales and Lancashire, including North Wales Health Authority, Glan Clwyd and Wrexham Maelor hospitals and Burnley Healthcare NHS Trust.</p>	<p>BA (Hons) Members of the Chartered Institute of Public Finance and Accountancy</p>

Mrs Christine Pearson, Director of Nursing, January 2014 to present


	Experience	Qualifications
	<p>Chris trained at North Manchester General Hospital and qualified as a Registered General Nurse in 1984. In 1986 she decided to undertake district nurse training and, following completion of this, practiced in Rochdale until 1997.</p> <p>Following positions in education, professional development and locality management, she moved to North Manchester Primary Care Trust as Associate Director of Nursing. In 2006 she took up post as Associate Director of Quality & Professional Practice in Manchester Community Health.</p> <p>She moved to Salford Royal Hospitals NHS Trust in April 2011 as Deputy Director of Nursing.</p>	<p>BA (Hons) MSc</p>

Dr Damian Riley, Medical Director, July 2015 to Present


	Experience	Qualifications
	<p>Damian was formerly Regional Medical Director at NHS England (North) where he where he led a number of service and quality reviews for hospitals in the north of England. He also championed improvements in dementia, stroke and cancer care for patients.</p> <p>In a previous role as Medical Director of West Yorkshire PCTs, he led in a number of areas including extending access to general practice, leading the turnaround programme for West Yorkshire and urgent care, leading service redesign programme for diabetes care in Leeds, and was the clinical lead during the establishment of NHS 111 services in Yorkshire and Humber. Damian is a clinical assessor and trainer for the National Clinical Assessment Service.</p> <p>Damian, studied medicine at the University of Manchester and also has over 20 years' experience as a GP in diverse and challenging communities.</p>	<p>MBChB BSc (Hons) DCH DoccMed MRCGP</p>

--	--	--


Mr Martin Hodgson, Director of Service Development, November 2009 to present

	Experience	Qualifications
	<p>Martin Hodgson joined the Trust in November 2009, from Central Manchester University Hospitals NHS Foundation Trust, where he was Executive Director of Children’s Services. He has considerable operational management experience and of implementing major strategic change, including the reconfiguration of children’s services across Manchester.</p> <p>Martin takes a lead role in the service development, planning and contracting agenda.</p>	<p>BA (Hons) Postgraduate Diploma in Human Resource Management</p>

Mr Richard Smyth, Non-Executive Director, March 2017 to present






	Experience	Qualifications
	<p>Richard is a solicitor with 40 years experience of regulatory issues and criminal litigation. He has had a highly successful career as a criminal lawyer and held senior positions in well known law firms representing a wide range of clients including global corporations and professional individuals. His work has included compliance, governance and risk management advice as well as conducting serious and complex cases mainly within the context of business and finance.</p> <p>Richard is the Chair of the Audit Committee (from February 2017)</p>	<p>BA (Hons)</p>

Miss Naseem Malik, Non-Executive Director, September 2016 to present

	Experience	Qualifications
	<p>Naseem started her public sector career in Local Government. She is a former Commissioner at the IPCC and has held NED roles at Blackburn with Darwen Primary Care Trust and Lancashire Care NHS Foundation Trust.</p> <p>Naseem is also a qualified (non-practicing) solicitor</p>	<p>BA (Hons) Member of the Law ociety Member of the Royal Society of Arts</p>

Mr John Bannister, Director of Operations (Non-Voting), December 2016 to present

	Experience	Qualifications
--	------------	----------------

	<p>John joined the Trust in September 2016. He qualified as a Chartered Physiotherapist in 1986 and worked in a number of clinical roles across different organisations before moving into General Management in 2001.</p> <p>Since then, he has undertaken roles as Divisional Manager in Therapy and Diagnostics, Surgery and Critical Care and most recently Deputy Chief Operating Officer before joining ELHT.</p>	<p>MA</p>
Mr Keith Griffiths, Director of Sustainability (non-Voting), November 2016 to present		
	<p>Experience</p> <p>Keith has worked as a Director of Finance in specialist and acute NHS providers for over 20 years across the north of England. Keith has significant experience of working across complex political health systems and has ensured Trusts deliver financial surpluses.</p>	<p>Qualifications</p> <p>BSc (Hons) Member of the Chartered Institute of Public Finance and Accountancy</p>
Mrs Christine Hughes, Director of Communications and Engagement (Non-Voting), June 2016 to present		
	<p>Experience</p> <p>Christine has a long and successful career in communications in the NHS including at Preston Primary Care Trust and Mersey Care NHS Trust, where she was director of communications for 10 years. Following a highly productive interim period here in ELHT, she became a permanent member of the team in June 2016.</p>	<p>Qualifications</p> <p>MA BA (Hons)</p>
Mr Kevin Moynes, Director of HR & OD (Non-Voting), October 2013 to present		
	<p>Experience</p> <p>Kevin joined the Trust on 1st October 2013 as the Interim Director of HR and Organisational Development. He joined the NHS in 1978, qualifying as a Registered Nurse (RGN) in 1981 and later as a Registered Sick Children's Nurse (RSCN) in 1986. He obtained his Master's Degree in Nursing from the University of Bradford in 1993.</p> <p>In addition to his NHS experience, Kevin has worked in the USA and the Middle East and has held a Director of Nursing post within the hospice sector. Kevin leads the Trust's agenda relating to HR and OD with a key focus on Staff Engagement, Staff Health and Well-being, Recruitment and Retention, Learning and Development and Leadership and Talent Management.</p>	<p>Qualifications</p> <p>RGN RSCN MSc MCIPD</p>
Professor Michael Thomas, Associate Non-Executive Director, September 2016 to present		
	<p>Experience</p>	<p>Qualifications</p>

Professor Thomas joined the Trust in September 2016. He is a graduate of the University of Manchester where he studied healthcare he holds a Masters in Law from John Moore's University, gained a PhD in Psychotherapy from the University of Nottingham and is an alumni of the Said Business School, University of Oxford.

Fellow of the Higher Education Academy.

Fellow of the Royal Society for the Arts

Mike has served on a number of national committees, has led three social enterprise companies and continues to act as an advisor to third sector organisations and start-ups.

Member of the British Psychological Society

An ex-submariner Mike has worked on projects for many years which support military discharged service personnel to find new life and career opportunities. He works with a team of active ex-service academics and those with a special interest or specialism in the field of transition support and is the Director of the College for Veterans and Emergency Services.

Mrs Gillian Simpson, Director of Operations, October 2014 to January 2017

Mrs Elizabeth Sedgley, Non-Executive Director, January 2009 to February 2017 (Elizabeth was the Chair of the Audit Committee until February 2017)

Mr Peter Rowe, Non-Executive Director, February 2015 to March 2017



Directors' Statements and Register of Interests

So far as each Director is aware, there is no relevant audit information of which the Trust's auditor is unaware. 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 auditor is aware of that information, including making enquiries of his/her fellow directors and

the auditor for that purpose, and has taken such other steps for that purpose as are required by his/ her duty as a director to exercise reasonable care, skill and diligence. 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.

The Directors believe that the annual report and accounts taken as a whole are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS Trust's performance, business model and strategy.

It is the Board's belief that each Director is a fit and proper person within the definitions in the Health and Social Care Act 2008 (Regulation of Regulated Activities) (Amendment) Regulations 2014.

Each Director is:

- of good character
- has the qualifications, skills and experience which are necessary for carrying on the regulated

- activity or (as the case may be) for the relevant office or position is capable by reason of their health, after reasonable adjustments are made, of properly performing tasks which are intrinsic to the carrying on of the regulated activity or (as the case may be) the office or position for which they are appointed or, in the case of an executive director, the work for which they are employed
- not responsible for, been privy to, contributed to or facilitated any misconduct or mismanagement (whether unlawful or not) in the course of carrying on a regulated activity, or discharging any functions relating to any office or employment with a service provider, and
- not prohibited from holding the relevant office or position, or in the case of an individual from carrying on the regulated activity, by or under any enactment.

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

Name and Title	Interest Declared	Date last updated
<p>Professor Eileen Fairhurst Chairman</p>	<p>Professor at Salford University - until 31.12. 2017.</p> <p>Trustee, Beth Johnson Foundation - until 31.3.2017.</p> <p>Chairman of Bury Hospice – from 23.1.2017.</p> <p>A member of the Learning, Training & Education (LTE) Group Higher Education Board from September 2016.</p> <p>Chairman of the NHS England Performers Lists Decision making Panel (PDLP)</p>	<p>26.4.2017.</p>
<p>Kevin McGee Chief Executive</p>	<p>Positive Nil Declaration</p>	<p>26.4.2017.</p>
<p>Stephen Barnes Non-Executive Director</p>	<p>Chair of Nelson and Colne College</p> <p>Member of the National Board of the Association of Colleges - from 2.3.2017</p> <p>Vice Chair of the National Council of Governors of the Association of Colleges - from 2.3.2017</p>	<p>20.4.2017.</p>
<p>Naseem Malik Non-Executive Director (appointed 1 September 2016)</p>	<p>Independent Assessor- Student Loans Company- Department for Education - Public Appointment</p> <p>Fitness to Practice, Panel Chair: Health & Care Professions Tribunal Service (HCPTS) - Independent Contractor.</p> <p>Investigations Committee Panel Chair - Nursing & Midwifery Council (NMC) - Independent Contractor</p> <p>Member of the Law Society</p> <p>Fellow of The Royal Society of Arts</p> <p>NED and SID at Lancashire Care NHS Foundation Trust - until 29.07.2016.</p> <p>Worked for Blackburn Borough Council (now Blackburn with Darwen Borough Council) in 1995/6.</p> <p>NED at Blackburn with Darwen Primary Care Trust from 2004 until 2010.</p> <p>Relative (first cousin) is a GP at Darwen Health Centre (GP Practice)</p> <p>Relative (brother-in-law) is a Mental Health Nurse who works at Lancashire Care NHS Foundation Trust</p>	<p>28.4.2017.</p>

Name and Title	Interest Declared	Date last updated
Peter Rowe Non-Executive Director (<i>retired 31 March 2017</i>)	Director – Rowe Creative Ltd	
Elizabeth Sedgley Non-Executive Director (<i>retired 3 February 2017</i>)	Accountant for various local firms	
Richard Slater Non-Executive Director	Positive Nil Declaration	19.4.2017.
Richard Smyth Non-Executive Director (appointed 4 February 2017) Associate Non-Executive Director (1 September 2016 – 3 February 2017)	Consultant Solicitor with DLA Piper UK LLP Law Firm. DLA Piper undertakes work for the NHS Spouse is a Lay Member of Calderdale CCG Sister is an advanced clinical nurse practitioner with Pennine Acute Hospitals Trust based at the Royal Oldham hospital. Member of the Law Society	02.05.2017
David Wharfe Non-Executive Director	Positive Nil Declaration	19.4.2017.
John Bannister Director of Operations (from 1 December 2016)	Positive Nil Declaration	25.4.2017.
Michelle Brown Acting Director of Finance (from 10 June 2016 to 2 April 2017)	School Governor at St Catherine’s RC Primary School, Leyland Husband works for North West Ambulance Service as an Emergency Technician	19.4.2017.
Keith Griffiths Director of Sustainability (from 6 November 2016)	Positive Nil Declaration	25.4.2017.
Martin Hodgson Director of Service Development	Positive Nil Declaration	20.4.2017.
Christine Hughes Director of Communications and Engagement	Director at CHIC Communications Ltd.	21.4.2017.
Kevin Moynes Director of Human Resources & Organisational Development	Governor of Nelson and Colne College	25.4.2017.
Christine Pearson Director of Nursing	Positive Nil Declaration	20.4.2017.
Damian Riley Executive Medical Director	National Clinical Assessment Service (NCAS) Clinical Assessor and Trainer - small amounts of work are undertaken in this role and funded by NCAS Member of British Medical Association Registered with General Medical Council Spouse employee - GP in Dyneley House Surgery, Skipton Sister is an employee of pharmaceutical company Novartis	19.4.2017.
Gillian Simpson Director of Operations	Spouses business (Simpsons Furniture, Colne) – provides cots for NICU at BGN	



Name and Title	Interest Declared	Date last updated
<i>(retired 15 January 2017)</i>		
Professor Michael Thomas Associate Non-Executive Director (appointed 1 September 2016)	Vice-Chancellor of UCLAN	1.9.2016.
Michael Wedgeworth Associate Non-Executive Director (appointed 1 April 2017)	Honorary Canon of Blackburn Cathedral in 2003 Assistant Priest at Blackburn Cathedral since 1995 Member of the Lancashire Health and Well-Being Board since 2011 Elected Public Governor at Lancashire Care Foundation Trust and Chair of the Patient Experience Group until April 2017 Chair of Healthwatch Lancashire since 2015 Healthwatch Representative on NHS governing bodies and Trusts since 2015 Member of the Lancashire and South Cumbria Sustainability and Transformation Programme Board and its workstream on Acute and Specialised Services since 2015 Board member of North West Connected Healthy Cities	26.4.2017.
Jonathan Wood Director of Finance (from 30 June 2016 to 3 April 2017 on secondment at Leeds Teaching Hospitals NHS Trust)	Positive Nil Declaration	20.4.2017.

Shadow Governors' Report

Composition of the Shadow Governors

The organisation has Shadow Governors to represent the views of local people. This means discussing matters such as the Annual Report and Accounts as well as keeping members informed. The Shadow Governors were elected by the public and Trust staff.

Our Shadow Council of Governors is currently made up of 13 elected individuals, 10 Public Shadow Governors and three Staff Shadow Governors. A brief biography of our Shadow Council members can be found below.

	Mr Brian Parkinson, Rossendale Having spent 46 years in the retail motor industry, Brian feels he can bring significant private sector experience to the role of Governor. Brian's reasons for becoming a Governor include the belief that public sector organisations must deliver best practice whilst managing the resource constraints of recent public sector funding reductions.
	Mr David Whyte, Hyndburn David is a retired manager, who previously worked in the theatre and music industry and is also a qualified English teacher. He has carried out voluntary work for the Trust and is concerned with ensuring that local communities have their views fed into the work of the Trust. His area of interest as a governor is in the monitoring and improvement of services for the benefit of patients.
Mrs Marion Ramsbottom, Blackburn with Darwen	

	<p>Marion is a former Non-Executive Director of ELHT and is a Trustee of Age UK Blackburn with Darwen Charity Board and also the Chair of Age UK Blackburn with Darwen Trading Board. Marion also works as an Associate Manager for Lancashire Care Foundation Trust, where she comes into regular contact with patients, their carers and family members. Marion's reasons for becoming a Governor include the desire to contribute the views of the population into future plans for the Trust, ensuring the delivery of high quality care to the local population.</p>
<p>Mrs Feroza Patel, Blackburn with Darwen</p>	
	<p>Feroza has served as a Governor for her local primary and secondary schools. She has also been a volunteer for Surestart Blackburn West where she developed a parent forum and also sat on the local management board. She has previously worked as a teaching assistant within primary school education where she was the parental involvement leader, managed the parents committee and organised community health events. Feroza's interests as a Governor include working with the community to develop services and improve the overall patient experience.</p>
<p>Mr Graham Parr, Pendle</p>	
	<p>Graham has a wealth of experience in senior positions within the NHS, including Executive and Non-Executive Director roles and more recently has served as the Chair of an NHS Foundation Trust. He is an Associate Member of two local mental health Trusts, which brings him into regular contact with service users and their families and is the Chairman of The Board of Trustees East Lancashire Hospice. Graham is also a Magistrate and a Trustee/Director of Coldwell Activity Centre. His reasons for becoming a Governor at ELHT are to provide a link in the community between the Trust Board and patients, to provide constructive challenge and scrutiny of the Trust and also to ensure that services provided to the local community are of the highest possible standard.</p>
<p>Mrs Vicky Bates, Pendle</p>	
	<p>Vicky is a retired healthcare professional with over 20 years' experience working as a nurse, midwife and health visitor. In addition she has experience in teaching nurses and health visitors and has worked as a health development worker within the voluntary sector. Vicky is Chair of her local Parish Council where she represents the views of her local community. She believes that the role of Governor will provide a unique opportunity to be involved in the change and development of the Trust for the benefit of the patient.</p>
<p>Canon James Duxbury, Ribble Valley</p>	
	<p>James is a retired parish clergyman, who has 20 years' experience as a member of the General Synod of the Church of England. Part of his role within the General Synod he was elected as Church Commissioner, representing all parish clergy in the Church of England. He has also been a member of the Board of Finance Executive, Pastoral Committee and Chairman of the Property Committee for the Diocese of Blackburn. James is looking forward to using his skills and experience to ensure that local communities are represented effectively during development of the Trust strategy.</p>
<p>Mrs Brenda Redhead, Ribble Valley</p>	
	<p>Brenda is a retired secondary school science teacher and until recently served as Vice-Chair of her local Parish Council. She has been the parish representative on the Parish Councils Liaison Committee and possesses skills in absorbing and evaluating information in preparation for action. Brenda also volunteers as a road safety trainer at her local primary school and a walks leader for Dales Rail. Her reasons for becoming a Governor include the belief that hospital services should be accountable to their users and consider the views of patients.</p>
<p>Mr Anthony (Tony) Harrison, Burnley</p>	



Tony was the Chair of Burnley, Pendle and Rossendale Primary Care Trust from 2004 to 2006, a member of the Community Health Council and a member of the Lancashire Health Scrutiny Group. Tony has experience working for a mental health charity and has chaired Mental Health Committees; he is also a member of the Health Working Party at Burnley Borough Council.

Mrs Christina Yates, Burnley



Christina is a Tenant Board Member at Calico Homes. Before retirement she worked in banking and finance and latterly as a warden in a sheltered housing complex. She has previously run a transport charity and oversaw the transfer of the assets to another charity upon its winding up. Her reasons for becoming a governor include wanting to put across the views of patients, ensuring the public have a say in future service developments and making ELHT the first choice hospitals for the population of East Lancashire.

Mr Karl Cockerill, healthcare assistants and other support staff



Karl has worked as part of the NHS for 18 years; his current role within the Trust is as an Assistant Practitioner within the Community Services Division. He has experience of working on staff engagement and organisational change projects. Karl is also Mediation Co-ordinator for the Trust. His reasons for becoming a Governor include ensuring that the views of staff are represented at Trust Board level and promoting staff engagement throughout the Trust.

Mrs Lee Barnes, scientific, therapeutic and technical



Lee has over 10 years' experience as a Physiotherapist in the Trust. She is a former union representative and has championed staff views and campaigned for positive change. She believes that all staff have a significant contribution to make to the success of the Trust. Lee became a Governor so that she could ensure that the ideas, experiences and concerns of staff are communicated and considered. She is also interested in promoting the work which staff are doing to the Board and wider community.

Mr Peter Dales, managers, senior managers and others



Peter has worked for the Trust for over 30 years and is currently employed as the Partnership Officer; the link between the unions and Trust management. Before this, Peter was the Procurement Manager for Pharmacy Services. In addition to his day-to-day role within the Trust Peter is the Staff Side Secretary for the Joint Negotiation and Consultative Committee (JNCC). Peter's motivation for becoming a Governor include the need to involve staff in Trust decision-making and ensuring that staff are able to provide the best quality of care to our patients.

Mrs Audrey Foy, Shadow Public Governor (02/10/2013 to 19/05/2016)

The Shadow Governors have been very active within the Trust and have been involved in a range of activities over the course of the past year. These include:

- CQC visit preparation meetings
- CQC-style mini-inspections
- PLACE Assessment training and visits
- Interviews for senior Trust positions, including director posts
- Interviews for consultant appointments
- Dementia Strategy meetings
- Bereavement Strategy Group meetings

- Cancer Peer Review panels
- Staff Engagement Sponsor Group meetings
- Employee of the Month selection panels
- STAR Award judging
- Nurse recruitment days
- British Orthopaedic Association Professional review panel
- Shadowing of Trust Executive Team members
- Foundation Trust Network Development sessions
- Various stakeholder and member events
- Integrated Care Group Patient Safety Walk-rounds
- Future Hospitals Programme work with the Royal College of Physicians
- Falls Prevention Scheme work
- Trust Signage Group meetings
- Patient Engagement schemes
- Nutrition and Hydration Steering Group meetings
- End of Life Care Steering Group meetings
- Outpatient Department meetings
- Improvements to patient discharge letters
- Employee Appeal panels
- Frailty Steering Group

The Shadow Governors are keen to hear the views of the population that they represent and can be contacted through the Company Secretariat Team at trustgovernors@elht.nhs.uk



Our Membership

Membership of our Trust is open to anyone aged 16 or over who lives in Blackburn, Burnley, Hyndburn, Pendle, Rossendale, the Ribble Valley and the rest of England.

There are two categories of members for our Trust:

- public
- staff

Membership means that local people and those using our services can turn the affinity they have with their hospital and community services into involvement and improved outcomes. Local communities, patients and staff, through their elected representatives, join with the Trust in deciding how we will work to improve services, enhance the experience of our patients and respond to local needs. We aim to have a membership which is representative of the population we serve. Being a member is a voluntary role and there is no financial benefit or cost.

Remuneration and Staff Report

The Trust's Remuneration Committee has overarching responsibility for the remuneration, arrangements for the appointment and agreement of termination packages for Executive Directors and senior managers. The members of the Committee are the Non-Executive Directors of the Trust. The members are:

Professor Eileen Fairhurst
 Mr Stephen Barnes
 Mr Peter Rowe (until March 2017)
 Mr Richard Slater
 Mr David Wharfe
 Miss Naseem Malik (from September 2017)
 Mr Richard Smyth (from May 2017)

The Remuneration Committee is chaired by the Trust Chairman. Information on the term of office of each Non- Executive Director is provided in the Directors Report section of this Annual Report, from page 47 to page 57. The interests and details of the Trust Board are disclosed in the Directors' Register of Interests at page 55 of this Annual Report.

The Remuneration Policy of the Trust states that it does not make awards on performance criteria. Performance in the role of Directors is assessed separately by the Chief Executive Officer in relation to an Executive Director's role in leading the organisation and achieving performance objectives and by the Chairman of the Trust in relation to performance as a member of the Trust Board. The Trust will review its remuneration policy within the next three months to ensure that the policy covers the approach on the remuneration of directors for future years.

In assessing any pay awards during the course of the year, the members of the Committee have had due regard both for the average salary of the executive director in peer organisations and the changes in remuneration agreed as part of the Agenda for Change pay scheme. The Executive Directors have received changes in their remuneration only in cases that relate to changes in their executive and operational duties and in line with peer organisations.

The employment contracts of Executive Directors are not limited in term and notice periods are six months. The only provision for early termination is in relation to gross misconduct.

Financial information relating to remuneration can be found on pages 82 of the Financial Statements and Report section of this Annual Report.



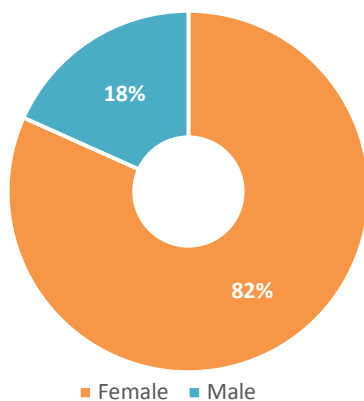
Staff numbers & composition (subject to audit)

The Trust is a major local employer and we employ over 7500 people. During the course of the year the Trust has worked hard to recruit and retain staff. The Trust now employs 110 WTE more than at the end of 2014/5. Our workforce consists of the following staff groups:

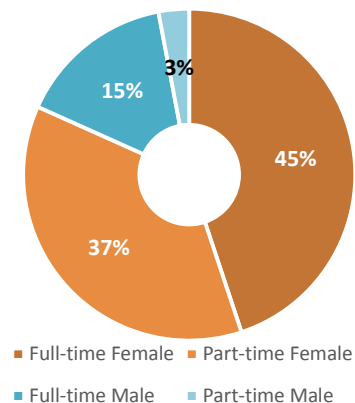
The Trust is fully committed to eliminating gender inequality and continues to monitor the gender profile of the workforce. The current profile is typical of other NHS organisations:

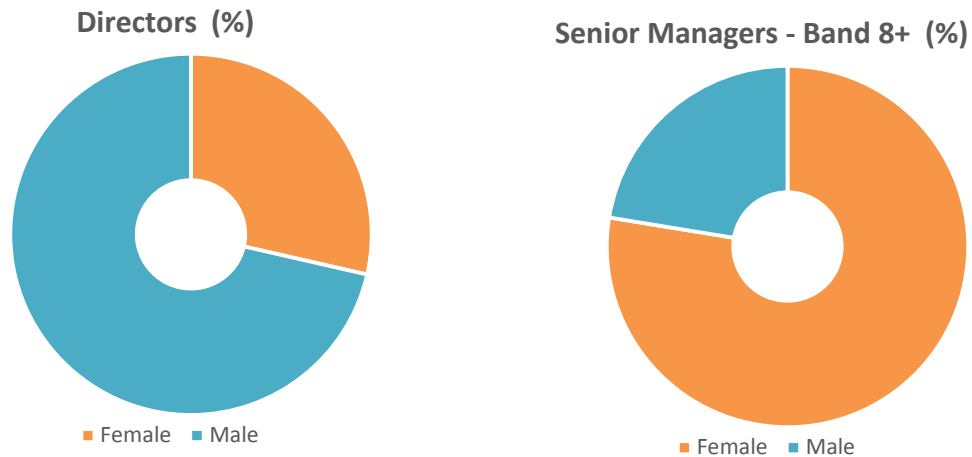
Staff Group	% Female	% Male
Additional Professional Scientific and Technical	2.14%	0.70%
Additional Clinical Services	15.75%	2.09%
Administrative and Clerical	18.22%	3.34%
Allied Health Professionals	6.11%	1.58%
Estates and Ancillary	5.32%	3.69%
Healthcare Scientists	1.26%	0.59%
Medical and Dental	2.74%	4.38%
Nursing and Midwifery Registered	30.06%	1.92%
Students	0.10%	0.00%
Grand Total	81.71%	18.29%

Gender (%)



Employee Category (%)





Sickness

The Trust continues to work hard to improve the health & wellbeing of its staff and to minimise absence due to sickness. Unfortunately the Trust has experienced a slight deterioration in its sickness absence rates when compared with 2014/15. This mirrors a regional and national trend.

Staff sickness absence	2016-17	2015-16
	Number	Number
Total days lost	76,025	75,094
Total staff years	6,926	6,807
Average working days lost	11.0	11.0

The Trust monitors sickness absence rates on a monthly basis in the workforce scorecard element of the integrated performance report.

Staff policies

East Lancashire Teaching Hospitals Trust recognises that good employment practices foster employee engagement, access to skills and development and support the delivery of safe, personal and effective care to our patients.

The Trust has developed a full range of employment policies to support staff throughout the employee life cycle. Policies are regularly reviewed in line with employment legislation and employment best practice. Policies are assessed to ensure that there is equality of opportunity for all job applicants and staff, including those who provide services

as volunteers. Specific policies have been developed to support staff with disabilities aimed at supporting their recruitment and their employment in the Trust.

The Trust employs policies to facilitate resolution to employment disputes in line with ACAS guidance. Staff are encouraged to 'speak out' if they have concerns in the workplace. In 2014/15 we introduced the role of 'Staff Guardian' to highlight the importance of raising concerns in the Trust.

The Trust has policies in place to ensure that staff have access to appropriate training, qualifications and access to continuing professional development; and staff are supported to develop their skills and grow their experience in line with any future roles that maybe expected of them

The Trust recognises a number of trade unions, with whom we consult on workforce training and development issues. In 2016/17 we continued our commitment to a systematic approach to engage and empower our employees in order to support our vision 'to be widely recognised for providing safe, personal and effective care'.

All our policies are consistent with our responsibilities under the Equality Act 2010 and are reviewed on a regular basis to ensure compliance and that they adhere to best practice

The Trust has a strong commitment to the delivery of education, training, and learning and development opportunities to ensure all our staff have the skills necessary to fulfil their role and contribute to excellent patient care. In addition to our ongoing mandatory training programmes, which are tailored for staff groups, we offer coaching and mentorship for personal and professional development.

Staff Engagement Indicators

The 2016 National Staff Survey demonstrated that ELHT has achieved its best ever ranking for staff engagement.

The results showed that for the second year in a row, staff ratings have improved which has helped ELHT maintain its position in the top 20 per cent of hospital Trust's for staff satisfaction and engagement.

The results show that as an organisation we continue to improve the support we provide for our most important asset, our staff. The results are also excellent news for patients as we know that high levels of employee engagement and satisfaction directly and indirectly influence the quality of patient care and customer satisfaction in our hospitals and clinics.

Likewise our quarterly Staff Friends and Family Test scores continue to improve and at Quarter four 82% of respondents recommended ELHT as a place for care/treatment and 75% recommended the Trust as a good place to work.

It is a testimony that so many staff would recommend the Trust as a place for care/treatment and as a good place to work and these are ELHT's highest scores since the implementation of the Staff Friends and Family Test.

Staff costs (subject to audit)

	2016-17			2015-16
	Permanently employed £000s	Other £000s	Total £000s	Total £000s
Salaries and wages	230,009	28,558	258,567	252,519
Social security costs	24,541	0	24,541	19,048
NHS Pensions Scheme	28,234	0	28,234	27,344
Other pension costs	3	0	3	4
Termination benefits	0	0	0	267
Total employee benefits	282,787	28,558	311,345	299,182
Employee costs capitalised	588	0	588	590
Gross employee benefits excluding capitalised costs	282,199	28,558	310,757	298,592
Staff numbers	2016-17			2015-16
	Permanently employed Number	Other Number	Total Number	Total Number
Average staff numbers				

Medical and dental	526	233	759	754
Administration and estates	2,087	135	2,222	2,169
Healthcare assistants and other support staff	1,267	278	1,545	1,418
Nursing, midwifery and health visiting staff	2,262	168	2,430	2,365
Scientific, therapeutic and technical staff	640	18	658	633
Healthcare Science Staff	190	0	190	186
Other	6	0	6	7
Total average staff numbers	6,978	832	7,810	7,532
Of the above - staff engaged on capital projects	17	0	17	16

Off-payroll engagements

The Trust employs the services of some staff through invoicing arrangements, rather than through payroll. The numbers of these staff falling under the following criteria are shown below.

All off-payroll engagements as of 31 March 2017, for more than £220 per day and that last longer than six months are:

	Number
Number of existing engagements as of 31 March 2017	13
Of which, the number that have existed:	
for less than one year at the time of reporting	11
for between one and two years at the time of reporting	1
for between two and three years at the time of reporting	1
for between three and four years at the time of reporting	0
for four or more years at the time of reporting	0

All staff paid through this arrangement are subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

All off-payroll engagements between 1 April 2016 and 31 March 2017, for more than £220 per day and that last longer than six months:

	Number
Number of new engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2017	3
Number of new engagements which include contractual clauses giving East Lancashire Hospitals NHS Trust the right to request assurance in relation to income tax and National Insurance obligations	0
Number for whom assurance has been requested	3
Of which:	
the number for whom assurance has been received	0
the number for whom assurance has not been received	3
the number that have been terminated as a result of assurance not being received	0
Number of off-payroll engagements of Board members, and/or senior officers with significant financial responsibility, between 1 April 2016 and 31 March 2017	0
Number of individuals that have been deemed "Board members, and/or senior officers with significant financial responsibility" during the 2016/17 financial year. This figure includes both off-payroll and on-payroll engagements.	11

No payments have been made during 2016/17 to former senior managers and no compensation on early retirement or loss of office or other exit packages have been made during this period.

Signed:



Kevin McGee, Chief Executive

Date:

16/17



INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF EAST LANCASHIRE HOSPITALS NHS TRUST

We have audited the financial statements of East Lancashire Hospitals NHS Trust (the "Trust") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the Department of Health Group Accounting Manual 2016/17 (the "2016/17 GAM") and the requirements of the National Health Service Act 2006.

We have also audited the information in the Accountability Report that is subject to audit, being:

- the single total figure of remuneration for each director;
- CETV disclosures for each director;
- the analysis of staff numbers and costs; and
- the fair pay (pay multiples) disclosures.

This report is made solely to the Directors of East Lancashire Hospitals NHS Trust, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Trust's Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors, the Accountable Officer and auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

As explained in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, the Accountable Officer is responsible for the arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources. We are required under Section 21(3)(c) and Schedule 13 paragraph 10(a) of the Act to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report by exception where we are not satisfied.

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Performance Report and the Accountability Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017, and to report by exception where we are not satisfied.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the financial position of East Lancashire Hospitals NHS Trust as at 31 March 2017 and of its expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the Department of Health Group Accounting Manual 2016/17 and the requirements of the National Health Service Act 2006.

Opinion on other matters

In our opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the Department of Health Group Accounting Manual 2016/17 and the requirements of the National Health Service Act 2006; and

- the other information published together with the audited financial statements in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance issued by NHS Improvement; or
- we have referred a matter to the Secretary of State under section 30 of the Act because we had reason to believe that the Trust, or an officer of the Trust, was about to make, or had made, a decision which involved or would involve the body incurring unlawful expenditure, or was about to take, or had begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we have reported a matter in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Trust under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We have nothing to report in respect of the above matters.

Certificate


We certify that we have completed the audit of the financial statements of East Lancashire Hospitals NHS Trust in accordance with the requirements of the Act and the Code of Audit Practice.

Karen Murray

Karen Murray
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

4 Hardman Square
Spinningfields
Manchester
M3 3EB

26 May 2017

Signed: 

Kevin McGee, Chief Executive

Date: 1/6/17.

Financial statements and report

Financial review for the year ending 31 March 2017

Financial duties

The Trust reported a £3.1m revenue surplus as at 31st March 2017, which equates to 0.6% of turnover. £16.7m of this surplus relates to revenue from the Sustainability and Transformation Fund, approved by the Department of Health and HM Treasury. This surplus is retained by the Trust and in the short term will help to improve the Trust's liquidity. The Trust delivered this outturn whilst continuing to support a significant Safely Releasing Cost Programme (SRCP), improving the way it delivers services. In addition, the Trust achieved all its other financial duties as detailed below.

	2016-17	2015-16
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

The Trust reported a £3.1m revenue surplus as at 31 March 2017 after the allocation from the Sustainability and Transformation Fund. The revenue break-even position is reported as:

	2016-17	2015-16
	£000	£000
Total surplus for the year	5,714	4,744
Add back exceptional items:		
Impairment charge / (reversals) to Statement of Comprehensive Income	(2,689)	3,096

Adjustments in respect of donated asset reserve	42	47
Underlying in-year surplus	3,068	7,887

Impairment charges

Valuation services are provided to the Trust by Cushman & Wakefield, a property services firm whose valuers are registered with the Royal Institute of Chartered Surveyors (RICS), the regulatory body for the valuation services industry. Following a full valuation of land and buildings as at 1 April 2015, Cushman & Wakefield has since provided desktop valuations of these assets as at the end of each financial year to ensure that the carrying amount of these assets does not differ materially from their fair value. These valuations reflect the current economic conditions and the location factor for the North West of England.

Impairment charges include impairments and reversals of previous impairments as a result of demolishing parts of its redundant estate and a change in the methodology of revaluing the estate. Where a revaluation reserve balance existed for these assets, the impairment has been charged against its revaluation reserve. Where no such balance existed the impairment has been charged to expenses. The Trust also saw an increase in the market value of some of its buildings and in such cases the gain has been taken to expenses as a benefit to the statement of comprehensive income where the asset had been previously impaired and otherwise to the revaluation reserve.

External Financing Limit (EFL)

The EFL relates to the Department of Health's measure of how well the Trust manages its cash resources. Trusts are not permitted to overshoot their EFLs. In 2016-17 the Trust undershot its External Financing Limit (EFL) by £0.2 million and therefore remained within the overall cash limit set by the Department of Health.

Capital Resource Limit (CRL)

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 2016-17, ELHT's CRL set by the Department of Health was £13.4 million. This represents the total that the Trust could invest in capital in 2016-17. The Trust under spent against this target by £1.6 million, an underspend on its capital programme. The cash associated with this underspend will be carried forward to 2016-17.

Better Practice Payments Code

Although it is not a financial duty, Trusts ensure that 95% of undisputed invoices are paid within 30 days of receipt of the goods or invoice, whichever is the later. The Trust has bettered last year's performance by improving how it processes payments.

Prompt Payments Code

The Trust continues to support the Department of Health's prompt payment code which is an initiative developed by HM Treasury and the Institute of Credit Management (ICM). Details of this code can be found at www.promptpaymentcode.org.uk

Payments made to non-NHS organisations (value)

	2016-17	2015-16
Total invoices paid	£160,137	£137,004
Total invoices paid in target	£154,909	£130,151
Percentage achievement	97%	95%

Charges for information

The Trust does not make charges for information, save for those required in relation to medical records in line with the relevant legislation. The Trust has complied with HM Treasury's guidance on setting charges for information.

Investment revenue

The Trust receives revenue from the interest earned on the management of its cash balances. Interest receivable in 2016-17 amounted to £168,000, compared with £178,000 earned in 2015-16.

Where our money comes from

In 2016-17, the Trust received income of £478 million compared with £467 million in the previous year, including £377 million for healthcare services provided to people living in East Lancashire and Blackburn with Darwen. Most of the Trust's income came from CCGs who purchase healthcare on behalf of their local populations. The Trust negotiates an annual contract with local CCGs for the payment of services. Much of this contract is driven by a nationally-determined tariff.

Where our money goes

From a total spend of £472 million in 2016-17, £311 million or 66% was spent on salaries and wages. Throughout the year the Trust employed an average of 6,978 staff, including 526 doctors, 2,262 nurses, 1,267 healthcare assistants and 640 scientific and technical staff, 190 healthcare science staff and 2,087 administration and estate staff.

£73 million was spent on clinical supplies and services such as drugs and consumables used in providing care to patients. In addition to this £0.5m was spent on consultancy staff, the Trust spent £75 million on non-clinical, establishment, maintenance and financing and capital-related items.

The Trust has continued to invest in healthcare facilities on all sites including a new Elective Centre at Burnley General Teaching Hospital and a new Aseptic Suite at Royal Blackburn Teaching Hospital, as well as significant investment in medical and IT equipment.

The remainder of its estate investment focussed primarily on improving existing infrastructure and in continuing rationalisation. In total the Trust invested £12.3 million in new building works, improvements and equipment across all its sites. A summary is provided below:

	£m
Estate infrastructure and environmental improvements	3.7
PFI lifecycle costs	3.3
Information Technology equipment	2.6
Medical equipment	2.0
Other expenses including fees	0.7
Total	12.3

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 appointed Grant Thornton to carry out the external audit of its 2016-17 accounts. The audit services provided in 2016-17 included the audit of the Trust's financial statements. The cost of these audits was £78,000.

Financial Outlook for 2017-18

The financial outlook for the National Health Service and the Trust continues to be extremely challenging. The effect of the wider economic position, combined with service pressures from increasing demand for services and public expectation, means that trusts must continue to drive efficiency savings. For 2017-18 the Trust will aim to release 3% of total resources as savings in addition to £3.8m of savings achieved non-recurrently in 2016-17. After these savings the Trust is forecasting a £0.9m deficit. The focus in 2017-18 is to achieve this control total while working with our financial and service colleagues across both Pennine Lancashire and other areas within the County to support the transformation of patient pathways and develop a new

model of care.

The Trust will continue to develop and improve its sites and facilities.

Summary financial statements

These financial statements are summaries of the information contained in the annual Accounts of East Lancashire Hospitals NHS Trust for 2016-17. The Trust's auditors have issued an unqualified report on these accounts.

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

Company Secretary

East Lancashire Hospital NHS Trust Royal Blackburn Hospital Haslingden Road

Blackburn, BB2 3HH

Full accounts are also available on the Trust's website: www.elht.nhs.uk

Statement of comprehensive income for year ended 31 March 2017

			Restated *
Presented in £000s	2016-17		2015-16
Gross employee benefits	(310,757)		(298,592)
Other operating costs	(147,629)		(150,164)
Revenue from patient care activities	435,430		440,304
Other operating revenue	42,089		26,463
Operating surplus	19,133		18,011
Investment revenue	168		178
Other gains and (losses)	(54)		(21)
Finance costs	(9,096)		(8,644)
Surplus for the financial year	10,151		9,524
Public dividend capital dividends payable	(4,433)		(4,780)
Retained surplus / (deficit) for the year	5,718		4,744
Other comprehensive income			
Net gain/(loss) on revaluation of property, plant & equipment	2,986		(8,188)
New PDC received	82		30
PDC repaid in year	(41)		(3,700)
Total other comprehensive income for the year	3,027		(11,858)
Total comprehensive income for the year	8,745		(7,114)
Financial performance for the year			
Retained surplus / (deficit) for the year	5,718		4,744
IFRIC 12 impairments and reversals	2,352		(11,262)
Non IFRIC12 impairments	(5,044)		14,358
Adjustments in respect of donated government grant asset reserve elimination	42		47
Adjusted retained surplus	3,068		7,887

During 2016-17, the Trust received non-recurrent revenue of £16.7m from the Sustainability and Transformation Fund, approved by the Department of Health and HM Treasury (2015-16 £nil).

During 2015-16, the Trust received non-recurrent revenue of £19.3m following a capital to revenue exercise, supported by HM Treasury (2016-17 £nil).

* Comparatives have been restated to show the net revaluation gain/(loss) taken to the revaluation reserve.

Statement of financial position as at 31 March 2017

Presented in £000s	31 March 2017	31 March 2016
Non-current assets		
Property, plant and equipment	288,841	282,650
Intangible assets	4,263	4,605
Trade and other receivables	1,181	1,172
Total non-current assets	294,285	288,427
Current assets		
Inventories	2,442	2,450
Trade and other receivables	20,266	21,021
Cash and cash equivalents	23,423	32,165
Total current assets	46,131	55,636
Total assets	340,416	344,063
Current liabilities		
Trade and other payables	(43,978)	(52,769)
Provisions	(1,097)	(1,322)
Borrowings	(3,194)	(3,399)
Capital loan from Department of Health	(200)	(200)
Total current liabilities	(48,469)	(57,690)
Net current assets	(2,338)	(2,054)
Total assets less current liabilities	291,947	286,373
Non-current liabilities		
Trade and other payables	(307)	(307)
Provisions	(3,881)	(3,482)
Borrowings	(108,445)	(111,815)
Capital loan from Department of Health	(1,400)	(1,600)
Total non-current liabilities	(114,033)	(117,204)
Total assets employed	177,914	169,169
Financed by:		
Taxpayers' equity		
Public dividend capital	174,214	174,173
Retained earnings	(38,788)	(44,932)
Revaluation reserve	42,488	39,928
Total taxpayers' equity	177,914	169,169

Statement of changes in taxpayers' equity for the year ended in 31 March 2017

Presented in £000s	Public dividend capital	Retained earnings	Restated *	Restated *
			Revaluation reserve	Total reserves
Balance at 1 April 2016	174,173	(44,932)	39,928	169,169
Changes in taxpayers' equity for 2016-17				
Retained surplus for the year	0	5,715	0	5,715
Net gain on revaluation of property, plant, equipment	0	0	2,989	2,989
Transfers between reserves	0	429	(429)	0
New PDC received – cash	82	0	0	30
PDC repaid in year	(41)	0	0	(3,700)
Net recognised revenue for the year	41	6,144	2,560	8,745
Balance at 31 March 2017	174,214	(38,788)	42,488	177,914
Balance at 1 April 2015	177,843	(51,679)	50,117	176,281
Changes in taxpayers' equity for 2015-16				
Retained surplus for the year	0	4,744	0	4,744
Net gain on revaluation of property, plant, equipment	0	0	8,188	8,188
Transfers between reserves	0	2,861	(2,861)	0
New PDC received - cash	30	0	0	30
PDC repaid in year	(3,700)	0	0	(3,700)
Other movements	0	(858)	860	2
Net recognised revenue for the year	(3,670)	6,747	(10,189)	(7,112)
Balance at 31 March 2016	174,173	(44,932)	39,928	169,169

* Comparatives have been restated to show the net revaluation gain/(loss) taken to the revaluation reserve.

Statement of cash flows for the year ended 31 March 2017

Presented in £000s	2016-17	2015-16
Cash flows from operating activities		
Operating surplus	19,130	18,011
Depreciation and amortisation	11,892	9,878
Net impairments and reversals	(2,689)	3,096
Donated Assets received credited to revenue but non-cash	(214)	(192)
(Increase) in inventories	8	(202)
Decrease in trade and other receivables	(2,520)	(6,573)
Decrease in other current assets	(8,190)	0
Increase in trade and other payables	(612)	3,752
Provisions utilised	738	(614)
Increase in provisions	17,543	1,925
Net cash inflow from operating activities	19,130	29,081
Cash flow from investing activities		
Interest received	170	178
Payments for property, plant and equipment	(9,119)	(5,584)
Payments for intangible assets	(1,261)	(1,992)
Proceeds of disposal of assets held for sale and PPE	140	137
Net cash (outflow) from investing activities	(10,070)	(7,261)
Net cash inflow/(outflow) before financing	7,473	21,820
Cash flows from financing activities		
Public dividend capital received	82	30
Public dividend capital repaid	(41)	(3,700)
Loans repaid to DH - capital investment loans repayment of principal	(200)	(850)
Capital element of payments in respect of on SoFP PFI	(3,575)	(1,826)
Interest paid	(9,048)	(8,611)
Dividend paid	(3,433)	(5,682)
Net cash (outflow) from financing activities	(16,215)	(20,639)
Net increase in cash and cash equivalents	(8,742)	1,181
Cash and cash equivalents at beginning of the period	32,165	30,984
Cash and cash equivalents at year end	23,423	32,165

* Comparatives have been restated following the reclassification of dividend and interest paid from the operating activities section to the financing activities section of the Statement of Cash Flows.

Remuneration Report

The information contained in the Remuneration Report has been subject to audit. As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

The senior managers of the Trust are its Board members, being those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments.

Salaries and allowances (subject to audit)

Post Held	From / Started	To / Left	2016/17				2015/16			
			Salary (bands of £5,000) £000	Expense payments (taxable) (to nearest £100) £00	All pension-related benefits (bands of £2,500) £000	TOTAL (bands of £5,000) £000	Salary (bands of £5,000) £000	Expense payments (taxable) (to the nearest £100) £00	All pension-related benefits (bands of £2,500) £000	TOTAL (bands of £5,000) £000
Executive Directors										
Chief Executive Mr. K McGee	01/04/16	31/03/17	170 - 175	0	0	170 - 175	165 - 170	0	132.5 - 135	300 - 305
Director of Finance Mr. J Wood	01/04/16	13/06/16	25 - 30	70	7.5 - 10	40 - 45	140 - 145	15	20 - 22.5	160 - 165
Acting Director of Finance Mrs. M Brown	13/06/16	31/03/17	95 - 100	0	170 - 172.5	265 - 270	n/a	n/a	n/a	n/a
Chief Nurse Mrs. C Pearson	01/04/16	31/03/17	125 - 130	0	80 - 82.5	205 - 210	120 - 125	0	2.5 - 5	120 - 125
Director of Operations Mrs. G Simpson	01/04/16	15/01/17	90 - 95	0	40 - 42.5	135 - 140	120 - 125	0	175 - 177.5	295 - 300
Director of Operations Mr. J Bannister	01/12/16	31/03/17	40 - 45	0	40 - 42.5	80 - 85	n/a	n/a	n/a	n/a
Medical Director Mr. D Riley	01/04/16	31/03/17	160 - 165	0	55 - 57.5	220 - 225	115 - 120	0	57.5 - 60	175 - 180
Human Resource Director Mr. K Moynes	01/04/16	31/03/17	115 - 120	0	50 - 52.5	165 - 170	110 - 115	0	42.5 - 45	150 - 155
Director of Service Development Mr. M Hodgson	01/04/16	31/03/17	125 - 130	46	57.5 - 60	190 - 195	125 - 130	58	30 - 32.5	160 - 165
Director of Communications and Engagement Mrs. C Hughes	01/06/16	31/03/17	85 - 90	0	185 - 187.5	275 - 280	n/a	n/a	n/a	n/a
Director of Sustainability Mr. K Griffiths	07/11/16	31/03/17	55 - 60	0	12.5 - 15	70 - 75	n/a	n/a	n/a	n/a

Post Held	From / Started	To / Left	2016/17				2015/16			
			Salary (bands of £5,000) £000	Expense payments (taxable) (to nearest £100) £00	All pension-related benefits (bands of £2,500) £000	TOTAL (bands of £5,000) £000	Salary (bands of £5,000) £000	Expense payments (taxable) (to the nearest £100) £00	All pension-related benefits (bands of £2,500) £000	TOTAL (bands of £5,000) £000
Non Executive Directors										
Chair Prof E Fairhurst	01/04/16	31/03/17	20 - 25	0	0	20 - 25	25 - 30	0	0	25 - 30
Non-Executive Director Mrs. E Sedgley	01/04/16	31/12/17	0 - 5	0	0	0 - 5	5 - 10	0	0	5 - 10
Non-Executive Director Mr. P Rowe	01/04/16	31/03/17	5 - 10	0	0	5 - 10	5 - 10	0	0	5 - 10
Non-Executive Director Mr. D Wharfe	01/04/16	31/03/17	5 - 10	0	0	5 - 10	5 - 10	0	0	5 - 10
Non-Executive Director Mr. S Barnes	01/04/16	31/03/17	5 - 10	0	0	5 - 10	5 - 10	0	0	5 - 10
Non-Executive Director Mr. R Slater	01/04/16	31/03/17	5 - 10	0	0	5 - 10	5 - 10	0	0	5 - 10
Non-Executive Director Mrs. N Malik	01/09/16	31/03/17	0 - 5	0	0	0 - 5	n/a	n/a	n/a	n/a
Non-Executive Director Mr. R Smyth	01/09/16	31/03/17	0 - 5	0	0	0 - 5	n/a	n/a	n/a	n/a
Associate Non-Executive Director Mr. M Thomas	01/09/16	31/03/17	0 - 5	0	0	0 - 5	n/a	n/a	n/a	n/a

Fair Pay Disclosure (subject to audit)

No director received performance related pay or bonuses for their director related services. The Medical Director received Clinical Excellence awards in relation to his non-director related roles. East Lancashire Hospitals NHS Trust is required to disclose the relationship between the remuneration of the highest-paid director in the organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the Trust in the financial year 2016-17 was £170,000 – 175,000 (2015-16: £165,000 - £170,000). This was 7.1 times (2015-16 6.9 times) the median remuneration of the workforce, which was £24,134 (2015-16: £24,319). The median pay calculation does not include external agency staff costs. All agency staff are paid via invoices and may include commission charges to the agencies.

In 2016-17, 24 employees (2015-16: 28 employees) received remuneration in excess of the highest-paid director. Remuneration ranged from £205 to £252,464 (2015-16: £0 to £362,015).

Total remuneration for the purposes of the highest paid director calculation includes salary, non-consolidated performance-related pay, benefits-in-kind, but not severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

	Real increase in pension completed at pension age*	Real increase in pension lump sum completed at pension age*	Total accrued pension completed at pension age at 31 March 2017	Lump sum at pension age related to accrued pension at 31 March 2017	Cash Equivalent Transfer Value at 1 April 2016	Real increase in Cash Equivalent Transfer Value*	Cash Equivalent Transfer Value at 31 March 2017
	(bands of £2,500)	(bands of £2,500)	(bands of £5,000)	(bands of £5,000)			
	£000	£000	£000	£000	£000	£000	£000
Mr. J Wood *	0 - 2.5	0 - 2.5	40 - 45	110 - 115	636	10	685
Mrs. C Pearson	2.5 - 5	12.5 - 15	55 - 60	170 - 175	1,046	118	1,164
Mrs. G Simpson *	0 - 2.5	5 - 7.5	50 - 55	160 - 165	972	91	1,087
Mr. D Riley	2.5 - 5	10 - 12.5	35 - 40	105 - 110	605	105	710
Mr. K Moynes	2.5 - 5	7.5 - 10	30 - 35	100 - 105	652	82	734
Mr. M Hodgson	2.5 - 5	2.5 - 5	40 - 45	110 - 115	608	90	698
Mrs. M Brown *	7.5 - 10	15 - 17.5	25 - 30	70 - 75	280	118	427
Mrs. C Hughes *	7.5 - 10	25 - 27.5	30 - 35	95 - 100	421	156	608
Mr. K Griffiths *	0 - 2.5	0 - 2.5	55 - 60	170 - 175	1,003	25	1,066
Mr. J Bannister *	0 - 2.5	5 - 7.5	40 - 45	125 - 130	716	31	810

* Where directors have not been in post for the entire year, as detailed in the salaries and allowances table, the real increases in pension, pension lump sum and Cash Equivalent Transfer Value are calculated based on their time in post.

Note that the Trust Chief Executive opted out of the NHS Pension Scheme during 2016/17.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Further information on how pension liabilities are treated in the Trust accounts can be found in the accounting policies in note 4.3 of the Trust accounts.

Quality report

The Trust has published its Annual Quality Account in line with Department of Health requirements and this is available on our website at www.elht.nhs.uk This Annual Report should be read in conjunction with our Quality Account which provides further key information about the Trust and our performance against quality requirements. It also highlights our major successes in the financial year.





Our Highlights

Best ever Staff Survey results

The Trust achieved its best ever ranking for staff engagement, according to results of the national NHS Staff Survey.

More than 3,500 staff completed the survey and the results demonstrate that, for the second year in a row, ratings have improved. The Trust has maintained its position in the top 20% of hospital trusts for staff satisfaction and engagement.

East Lancashire Hospitals scored significantly above the national average, with the following points being identified:

- Staff believed that the care of patients is the Trust's top priority;
- Staff would recommend the Trust as a place to work or receive treatment;
- Staff feel that the Trust acts on concerns and feedback raised by patients and families;
- Staff are satisfied with the resources and level of support available;
- Fewer staff are having to work extra hours.

Staff also agreed that they would be happy for a friend or relative to use the Trust's services.

The survey did highlight two areas for improvement. Feedback shows that the Trust ranked below average for staff receiving job performance appraisals and for the number of staff who believe the Trust provides equal opportunities for career progression.

Faster cancer diagnosis

The Trust has been chosen by NHS England to lead a national pilot scheme to look at ways of speeding up the diagnosis of cancer.

In partnership with NHS East Lancashire Clinical Commissioning Group and NHS Blackburn with Darwen Clinical Commissioning Group, the Trust's Cancer Services team will test and evaluate ways to speed up the diagnosis pathway. This will be initially for patients referred with suspected lung and upper GI (oesophageal and gastric) cancers.

The East Lancashire 28-day Cancer Pilot will mean that, for patients referred with suspected lung cancer, a Consultant Physician and a Consultant Radiologist will conduct a 'virtual clinic' to view and decide the next step, based on the patient's chest X-ray and CT scan results, before the patient attends their first outpatient appointment.

For patients referred with a suspected Upper GI cancer, a CT scan will be performed within 24-48 hours of the initial gastroscopy procedure.

The East Lancashire 28-day Cancer Pilot is a direct result of recommendations by the Independent Cancer Taskforce that from 2020, all patients will wait no longer than 28 days after a GP referral for suspected cancer to hear if they do or do not have cancer.

Community support

Members of the Masjid Anwaar Mosque in Blackburn, which includes its children & young people, have worked extremely hard to raise £2,500 for the Trust.

Representatives from the mosque, and some of the children from its after school madrasa, were invited to present the money that they have raised to the Trust Board, at a gathering of key Trust stakeholders. This event was to celebrate a new era of strong partnership between the Mosques and the Trust.

Trust Muslim Chaplain and Religious Advisor, Imam Fazal Hassan, was instrumental in this community engagement and mosque collaboration initiative. He said: "I am delighted about the multi-faith, multi-cultural collaboration and community cohesion that is fostered through this kind of charitable endeavour. I am very keen to develop my new hospital chaplaincy advisory role and help bring the people of East Lancashire together, regardless of beliefs or culture."

Landmark Robotic Cancer Surgery

Trust surgeons performed the 100th prostatectomy (removal of the prostate gland) operation, using robotic-assisted surgery, at the Royal Blackburn Teaching Hospital.

Consultant Urological Surgeon Mr Mohammed Masaarane successfully operated on a 56-year-old patient from Preston, using the hospital's da Vinci[®] Robot, to remove a cancerous prostate gland.

Affectionately known as 'Leo' by theatre staff at the Royal Blackburn Teaching Hospital, the £1.6 million robot delivers more precise cancer removal resulting in less pain; a shorter recovery period and hospital stay, as the surgery is far less invasive; less requirement for radiotherapy; improved long term outcomes for continence, and a faster return to normal, daily life.

Trust Launches ELHT&ME charity

We have changed the way charitable funds are collected by launching our charity – ELHT&Me – to encourage the public to get involved and to help raise funds for key equipment that will benefit patients and staff.

The name 'ELHT&Me' was suggested by Finance Officer, Fiona Hughes, and chosen as it reflected the fact that the Trust is central to the community and to individuals, either as a provider of care and treatment, a place to work, or as a supporter of local businesses. The Trust has recently recruited a Fundraising Officer to increase the amount of funding raised so that patients can benefit from state-of-the-art equipment and facilities not funded centrally.

The Trust previously had more than 20 different charitable funds supporting individual wards and services. These are now streamlined into the single ELHT&Me fund, with donors still able to stipulate how they would like their monies to be spent or which area they would like to support.

£100,000 chemotherapy unit appeal

A joint appeal with Rosemere Cancer Foundation, to raise £100,000 towards a new, world class chemotherapy unit at Burnley General Teaching Hospital, was achieved in less than 10 months. The appeal received such a show of public support that the Trust has re-drawn plans to make the facility bigger and better than first planned.

The appeal received tremendous support from the local community, including businesses, Burnley Football Club, schools, service organisations, scout and other groups plus lots of individuals, who took on various sponsored activities to help.

ELHT is funding 50 per cent of the new unit's costs, as well as day-to-day running costs. For breast cancer patients, this chemotherapy unit will mean that screening, consultations and any chemotherapy can all take place within the same area - currently, to access these services, patients have to visit two different parts of the hospital.

1-to-1 care: better care for vulnerable patients

Following a four month trial on wards at Royal Blackburn and Burnley General Teaching Hospitals, the Trust led a national directive to improve the quality and experience of 1-to-1 care for vulnerable patients.

1-to-1 care supports patients at risk of harm or those who need someone to stay with them at specified times to maintain their safety.

A number of hospital patients have psychological needs and require round the clock care. 1-to-1 care supports staff in getting to know the person as well as the patient – their likes/dislikes, how they behave at home and other personal information to help provide more personal, effective care.

1-to-1 care also means that we can involve carers and family members, who know the patient better than anyone else, in the care of their loved one so that they can be a reassuring presence at the patient's bedside.

Teaching status for Blackburn and Burnley Hospitals

The Trust officially changed the name of its two largest hospitals to reflect the importance it places on the education and training of doctors, nurses and other healthcare staff within the organisation.

The hospitals are now officially known as The Royal Blackburn Teaching Hospital and Burnley General Teaching Hospital, with signage at site entrances now changed to reflect this.

The Trust has a well-established reputation for undergraduate and postgraduate clinical education, placements, and training. We are significantly increasing the numbers of medical students who will undergo their training with us.

Teaching hospital status is an important step towards achieving 'University' status in the future; it will also help attract and retain high-quality clinical staff to provide the best care to our patients.

East Lancashire Elective Centre welcomes first patients

Phase 1 of the new £1 million East Lancashire Elective Centre at Burnley General Hospital, featuring an additional 14 beds for short stay surgery and a purpose-built procedure room, opened on schedule in October 2016.

This substantial investment in facilities at Burnley General Teaching Hospital means the Trust has extra capacity to perform more operations and provide better treatment for patients.

A significant number of patients who need endoscopy, minor surgery and day case procedures will now benefit from larger, purpose-built diagnostic and treatment facilities in the new East Lancashire Elective Centre.

Trust rated 'GOOD' following CQC inspection

Following a 'well-led review' inspection by the Care Quality Commission (CQC), the Trust's overall rating was upgraded to 'Good' in January 2017. The latest CQC review is a true reflection of the hard work of our committed and dedicated staff.

The CQC inspection looked at services, rating them on being *safe, effective, caring, responsive* and *well-led*. The report noted a number of highlights:

- Staff were caring, kind and respectful to patients and involved them in their own care;
- Staff were proud of the work they did and they felt that their views were valued;
- Cleanliness and hygiene was of a high standard throughout the Trust;
- The Trust had clear vision, objectives, values and improvement priorities;
- The Emergency Department/Urgent Care Centre had introduced a number of innovations that had improved patient care, experience and outcomes. It is now the second best provider in the region for treatment of patients with neutropenic sepsis;
- The Trust was higher than average for the 18 week referral-to-treatment target;
- Nurse staffing had improved across all areas;
- A full bereavement service was available across the Trust, with work underway with local religious leaders to improve on its utilisation by BME groups.

Refer-to-Pharmacy awards bonanza

When patients are discharged, they need to be referred to their community pharmacist, so that they can continue to receive treatment. This used to be a long, manual process until Alistair Gray, Clinical Services Lead Pharmacist, pioneered the electronic, Refer-to-Pharmacy scheme.

Alistair spotted the problem with this manual referral system and knew referrals between hospitals and community pharmacies would be more effective, both in terms of time and cost, if they could be made electronically. Alistair worked with software developers who were able to produce an electronic solution to launch the Refer-to-Pharmacy service. This service helps support patients, to ensure that they are not re-

admitted back to hospital, and it is beneficial for those with a long-term condition, and vulnerable, elderly patients using multiple medicines.

The Refer-to-Pharmacy service has gained recognition across the world, and Alistair and the team have already won several accolades, including the award for 'Best Evaluation or Monitoring Tool' at the Building Better Healthcare Awards.

Continued improvements in National Inpatient Survey

The Trust continues to show improvement, with 81 per cent of inpatients rating their care good or outstanding in the latest NHS Inpatient Survey.

The anonymous survey, carried out by the Picker Institute on behalf of 81 NHS Trusts across England, asked 1,250 ELHT inpatients to rate their experience of care and treatment at the Trust's five hospitals.

The results reveal the Trust was rated highly in a number of areas, including:

- 97 per cent of patients said their hospital room or ward was clean;
- 95 per cent said toilets and bathrooms were clean;
- 83 per cent say they were treated with respect and dignity;
- 79 per cent had confidence and trust in hospital staff.

Patients also rated the Trust significantly better than the national average for single sex sleeping areas and bathing facilities; noise at night from patients; the cleanliness of ward toilets, and discharge planning with other health and/or social services.

Overall, the results are encouraging and staff should be proud of their hard work. However, we are not complacent, and believe we can improve further. The survey results have been reviewed by the Trust Board, with action plans given to wards.

52 per cent reduction in complaints

There are occasions where issues arise, which require a more detailed investigation or explanation. However, the good news is that the Trust has made excellent progress in how it handles and learns from complaints, to benefit future patients.

The Trust also saw the number of formal complaints reduce by more than half in the two-year period ending March 2016. Between April 2014 and March 2016, the number of formal complaints made to the Trust fell from 700 to 334, which is a reduction of over 52 per cent.

Other highlights of note include:

- 25% reduction in complaints in the Family Care division, which includes the Burnley, Blackburn and Rossendale Birth Centres, as well as the Lancashire Women and Newborn Centre;
- Complaints about community health services (including District Nursing) remain very low, falling from 13 to just 4 in the last 12 months;
- The Trust's Integrated Care Group, which includes the majority of hospital wards, as well as Accident and Emergency and Urgent Care Centres, saw the number of complaints reduce from 237 down to 143 in the last year;
- Complaints about surgical procedures fell from 210 to 110 during 2015/16.

Double 'Baby Friendly' Accreditation for Infant Feeders

Twenty years ago, just 27 per cent of mums in East Lancashire breastfed but today that figure is up to 76 per cent, meaning more than three out of four local mums start to breastfeed. UNICEF has compiled a list of standards for maternity, health visiting, neonatal and children's centres, known as Baby Friendly accreditation, which allows organisations to help support mothers.

Baby Friendly accreditation is designed to provide parents with the best possible care to build close and loving relationships with their baby, and to feed their baby in ways which will support health and development. The Trust's Infant Feeding Team celebrated a double success by achieving the prestigious UNICEF Baby Friendly

Accreditation not once, but twice.

One of just a handful of NHS Trusts to win international recognition from UNICEF (United Nations Children's Fund), the Specialist Infant Feeding Team helped both Blackburn with Darwen Children's Centres, and the area's Health Visitor service, to gain UNICEF Baby Friendly status.

'Centre of Excellence' for Urogynaecology

The Trust became the first NHS Trust in Lancashire to become a recognised 'Centre of Excellence' for Urogynaecology.

Accreditation by the British Society of Urogynaecology means that the East Lancashire service, based at Burnley General Teaching Hospital, meets the highest UK standards for Urogynaecology set by the National Institute of Clinical Excellence, the British Society of Urogynaecology, and the Royal College of Obstetricians and Gynaecologists.

In the summer of 2016, assessors from the British Society of Urogynaecology visited BGTH to inspect the Urogynaecology facilities, physiotherapy department, operating theatres, and other clinical areas. Each member of the Urogynaecology team was interviewed and all patient facilities assessed individually.

Accreditation is proof that the team is working together to provide excellent treatment and continuously improve care for all patients, many of whom have suffered from long-standing pelvic floor conditions.

Burnley Hospital's one-of-a-kind apartment to help Neuro rehab patients

Some of East Lancashire's most seriously injured NHS patients are now able to benefit from the opening of a specially-adapted apartment at Burnley General Hospital's Rakehead Centre.

The stylish, one-bed apartment, featuring a spacious living area, bathroom, bedroom and specially-modified kitchen with adjustable worktops and retractable cupboard shelving, was built thanks to a £40,000 investment by the Trust.

This welcome addition will allow Rakehead staff to work closely with patients and their families, in order to help patients rehabilitate and adapt to independent living, before returning to their home environment, following a serious accident or stroke.

Safer parking at Royal Blackburn

Royal Blackburn Teaching Hospital, which has one of the largest hospital car parks in the North West, was awarded the Safer Parking Park Mark[®] Award from the British Parking Association (BPA). The Park Mark[®] scheme gives visitors and staff peace of mind that when they leave their vehicle in a hospital car park, it is in the best possible hands.

BPA inspectors, who awarded the Park Mark[®] to the Hospital for the 9th year in succession, praised the hospital for the very low levels of crime in its car parks and the user-friendly car park design.

The hospital's car parking facilities also received praise for good levels of lighting, good signage, well-marked circulation routes and parking bays, and the provision of 84 designated Blue Badge spaces.

Bereavement care pioneer named 'Nurse of the Year'

An East Lancashire nurse, who works with families during the most difficult times in their lives, has won the 2017 'Nurse of the Year' award, which was presented by the British Journal of Nursing (BJN). The BJN Awards in London recognise and celebrate individuals who go above and beyond in delivering nursing care.

Erin Bolton, who is Bereavement Care Lead Nurse at East Lancashire Hospitals NHS Trust (ELHT), was announced the winner of the prestigious title, as she leads the way in delivering excellent support for bereaved families, as well as introducing new ideas to ensure we provide high quality and personal care.

Erin provides emotional support to patients, families and staff, helping them find practical support and specialist services. Among Erin's many bereavement initiatives at East Lancashire Hospitals has been the

introduction of care plans for dying persons and the introduction of 'Comfort Packs' of toiletries, used by family members and friends who choose to stay in hospital to support a patient reaching the end of life.

Trust is first worldwide stockist of all green traffic light food products

The Trust has become the first NHS facility, and the first organisation worldwide, to stock Boka Food's all green traffic light products.

Boka Food, a young and innovative company that boasts one hundred percent green traffic light products, have produced tasty, low sugar cereal bars which have gone on sale in the restaurants and vending machines across all five Trust hospitals. In particular, they will be sited at checkouts as a healthy choice, impulse buy.

This move is part of the Trust's commitment to the recently-launched NHS staff health and wellbeing CQUIN (Commissioning for Quality and Innovation), which is intended to improve the health of staff, patients and visitors. Among the specific requirements of the CQUIN is the banning of high fat, sugar and salt content foods from checkouts and a commitment to ensuring healthy options are always available.

The Trust will be selling all three flavours of the bars: apple and cinnamon, caramel, and strawberry. Each 31g bar contains a quarter of the recommended daily allowance of fibre and is below 100 calories.

Wards safer as hip fractures reduced

Staff are keeping their promise to provide safe, personal and effective care with no hip fractures being recorded on any ward in the past three months.

A recent report published by the Nuffield Trust found the number of hip fractures, known as 'Fractured Neck of Femur', in England has increased by more than 15% due to the increase in the numbers of geriatric patients.

However, at East Lancashire, zero hip fractures were recorded between September and November 2016 on inpatient wards at Royal Blackburn Hospital, Burnley General Hospital, Pendle Community Hospital, Clitheroe Community Hospital and Accrington Victoria Community Hospital.

Previously, an average of three patients a month suffered hip fracture after falling on a hospital ward.

The Trust's success in drastically reducing hip fractures for three months follows its achievements in cutting the overall number of inpatient falls by 19 per cent in the two-year period up to September 2016.

ELHT rises up national research league table

Almost 1,500 East Lancashire patients received the most advanced care in the NHS last year, after participating in pioneering research studies run by the Trust's staff.

The Trust performed extremely well in the national annual league table for clinical research, with 1,487 patients taking part in 79 studies in 2015/16. This is according to the annual Research Activity League Table, which was published by the National Institute of Health Research.

The number of new studies in the Trust increased by 41% from the previous year and was the largest increase by an acute hospital Trust outside London and South East England.

Falls Down

In 2015, the Trust set up a Falls Collaborative Initiative, which was trialled on five, designated wards (C5, C10, C14, B20 and B22), and it is paying off. The number of patients taking a slip, trip or fall on the five pilot wards has reduced by 36 per cent – in real terms, there have been 64 fewer falls between November 2015 and May 2016.

Even more impressive is the fact that on these wards, there was not a single fall which resulted in moderate or above patient harm during the entire six month period.

Among the initiatives introduced by Falls Collaborative nurses were:

- A bedside leaf system to identify patients known to be at risk of a fall;

- Patient communication cards with details of how they can promote their own safety;
- Increased bathroom supervision, as many patient falls occur when visiting toilet facilities.

The excellent work of the Falls Collaborative – and the best practice we have learned during the last few months – will now be rolled out on all wards as we work hard to reduce falls.

Stroke patients sitting comfortably, thanks to donations

Stroke patients at Royal Blackburn and Pendle Community Hospitals are benefitting, thanks to generous donations totalling £13,600 from several Blackburn community organisations.

In the last couple of years, the Trust has totally restructured its stroke service and fundraising has helped to provide first class care from admission following an acute stroke, through to specialist stroke rehabilitation. The donations, which were presented to specialist stroke nurses and members of the East Lancashire Hospitals Chaplaincy service, were used to provide eight, specialist chairs for patients.

Fundraising for the eight stroke chairs was the idea of Imam Fazal Hassan from the Hospital Chaplaincy Department, who worked in partnership with Blackburn community organisations. The Trust is grateful for donations from Masjid-e-Anwaar, Masjeed-e-Sajedeen, Masjid-e-Noorul Islam, Masjid-e-Hidaya and the Al-Imdaad Foundation.

Trust signs up to Care Campaign to support maternity staff

ELHT is one of the first Trusts in the country to sign a charter, which improves the health, safety and wellbeing of staff members who work in our demanding maternity departments.

The 'Caring For You' campaign and charter, launched by the Royal College of Midwives (RCM), aims to further support midwives, student midwives and maternity support workers who are under intense pressure and feel stressed.

The charter includes making sure that members of staff are hydrated and are taking enough breaks, as well as reinforcing the prevention of bullying in the workplace and having respect for each other which will contribute to a positive, working environment.

Keeping patients out of A&E and at home

The Trust, in partnership with North West Ambulance Service NHS Trust, recently introduced Occupational Therapist Rachel Bedwell into the Paramedic Team to improve the care of people in the community who have fallen.

The newly-formed partnership responds to falls in a Paramedic's car, often arriving at the scene quicker than an ambulance would. Once at the scene, following the Paramedic's medical assessment, Rachel performs a fall assessment which looks at how the person is managing in their home and identifies equipment or services that the patient needs if they are to remain at home, or considers whether they need to be admitted to hospital.

The large majority of patients value their independence, so being able to avoid an unnecessary admission to hospital is preferred. Introduced as a pilot in January 2015, the Falls Response Service has so far kept 2,000+ patients from having to be transported to A&E in Blackburn, following a fall at home.

Recognised for Armed Forces Support

The Trust has received the Bronze Award from the Armed Forces Covenant Employer Recognition Scheme (ERS).

The award is given to employers who pledge to support the armed forces, including existing or prospective employees and those who are open to employing reservists; armed forces veterans (including the wounded, injured and sick); cadet instructors, and military spouses/partners.

The Trust has a large number of staff who have either served in the Armed Forces or who are currently serving with the Reserve Forces or Cadet organisations. We fully support our staff in their Reserve roles as we believe that this brings extra and unique skills to the teams of which they are a part of.

Far fewer pressure ulcers

The number of pressure ulcers – commonly known as bedsores – which are developed by patients cared for by ELHT nursing staff has fallen by 200 in the past two years.

The reduction, which is down to 32 from 232 in the 12 months up to August 2014, continues a downward trend which began when Trust bosses and nursing staff set up a Pressure Ulcer Collaborative to minimise acquired pressure ulcers.

Among the innovative ideas helping hospital nurses reduce pressure ulcers are a major investment in very high specification hybrid mattresses, the *'Time to Turn'* red warning triangles next to patient beds and the appointment of a Pressure Ulcer Link Nurse on all wards and teams to support training.

New Chemotherapy Unit Opens at Royal Blackburn Teaching Hospital

Cancer patients are now able to benefit from the Royal Blackburn Teaching Hospital's new chemotherapy day unit which opened in March.

The new chemotherapy department, which has relocated from a small unit on the third floor to a larger, expanded area on the top floor of the hospital, provides more treatment and consultation rooms, along with a large reception and waiting area. There is now also a quiet room in the unit, where patients and their families can reflect as well as be given important information in a comfortable setting.

All six treatment rooms are more spacious with en-suite facilities, and one of the rooms is equipped with games consoles and a DVD player for teenagers and young adults. The relocation also means that there are job opportunities, as more staff are required.

National Flu Fighter Champions

The Trust is ranked as the second highest Trust in the country (behind Birmingham Children's Hospital) and the top Acute Trust, with 85.6% of all our staff vaccinated against flu. This is a fantastic achievement. Thank you to everyone who has contributed to this year's campaign, which has exceeded last year's total of 83.3%.

It is not just ELHT staff and patients who benefit from staff being vaccinated, as our Occupational Health Team pledged to donate one tetanus vaccination to Africa for every staff flu vaccination, meaning many lives will be protected in Africa.

First Head/Neck Cancer Robotic Surgery

Advances in surgical equipment have made it possible to remove tumours in the head and neck using robotic technology and minimally invasive techniques. Ms Naseem Ghazali, Consultant Oral and Maxillo-facial Surgeon, performed Lancashire's first mucosectomy, using the Trust's 'Da Vinci Robot'. The patient was given an 'all clear' diagnosis just ten days after surgery.

Live surgery showcases Trust teaching

Mr Makaram Srinivasan, Consultant Orthopaedic Surgeon, organised an international streaming of live orthopaedic surgery from theatres at Burnley Teaching Hospital. The live stream was watched by around 1500 delegates from 144 countries at the 10th Global ISKSAA (International Society for Knowledge for Surgeons on Arthroscopy and Arthroplasty) summit 2016 at the World Congress in New Delhi, India.

This event, which had special permission for live streaming from Trust Medical Directors, in view of the unique educational content, took several months to organise. It used the latest IT technology, to demonstrate surgery and skills to a wide group of doctors, specialists, therapists and trainees.

Mr Srinivasan moderated the live surgery shown in the convention hall in New Delhi, while Mr Rajan Mohan & Mr Goyal performed the surgery in theatres in Burnley.



Glossary

Accruals basis

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

Amortisation

The term used for depreciation of intangible assets-an example is the annual charge in respect of some computer software.

Annual accounts

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

Annual report

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

Asset

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

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.

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 straightaway.

Clinical Commissioning Group

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

Code of Audit Practice

A document issued by the National Audit Office and approved by parliament, which sets out how audits for the NHS Trust must be conducted.

Contingent asset or liability

An asset or liability which is too uncertain to be included in the accounts.

Group Accounting Manual

An annual publication from the Department of Health which sets out the detailed requirements for the NHS Trust accounts.

Intangible asset

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

International Financial Reporting Standards

The 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 audit.

Inventories

Stock, such as clinical supplies.

Non-current asset or liability

An asset or liability the NHS Trust expects to hold for more than one year.

Non-Executive Director

Non-executive directors are members of the NHS Trust Board 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 releasing 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 Statements

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

Private Finance Initiative

A way of funding a major capital investment, 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

Taxpayers equity, or the tax payers stake in the NHS Trust, arising from the Government's original investment in NHS trusts, when they were first created.

Receivables

Amount owed to the NHS Trust.

Remuneration Report

The part of the annual report that discloses senior officers' salary and pensions information.

Reserves

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

Statement of Cash Flows

This shows cash flows in and out of the NHS Trust during the period.

Statement of Changes 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 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.

Annual Governance Statement

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 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 financial position. In other words, they should faithfully represent what has happened in practice.



This document is available in a variety of formats and languages.

Please contact Trust Headquarters for more details:
East Lancashire Hospitals NHS Trust
Royal Blackburn Hospital
Haslingden Road
Blackburn
BB2 3HH

Tel 01254 732801

www.elht.nhs.uk