



2017/2018 ANNUAL REPORT & ACCOUNTS

Northern Lincolnshire and Goole NHS Foundation Trust

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Chair's foreword

This year has been one of facing up to challenges and striving for improvement following our special measures status in early 2017.

In August we welcomed our new Chief Executive Dr Peter Reading to the Trust. Peter is a very experienced leader who has overseen considerable organisational change previously. His leadership, knowledge and experience is exactly what we need here at Northern Lincolnshire and Goole NHS Foundation Trust (NLaG) in order for us to make progress on our improvement journey.

I want to express my thanks to Richard Sunley, our previous Interim Chief Executive who stayed with the Trust to support Peter and provide continuity in leadership during a time of transition. Richard has been instrumental in leading the development of our operational capacity and in developing fresh and improved relationships with our partners and in engaging with our staff.

Our Council of Governors has been a constant source of support to me and the Trust at large. It is active in working to promote the organisation and its services and this year has taken its place on the national conference stage in representing the Trust.

NHS Improvement (NHSI), which is one of our regulators, has also been constant in its support to us as a very complex and challenged Trust, and for that I and the Board are very grateful indeed. Its teams

have supported our staff in looking at new ways of delivering services and it has challenged us to think differently. In addition to NHSI we have had the practical support of East Lancashire NHS Trust as our 'buddy'. It is helping us at various levels to find new ways of working.

In thanking those who have helped us over the year and continue to do so I must pay tribute to our local partners, the local authorities and clinical commissioning groups for their unwavering help and support. We have some firm foundations for partnership on which we can build going forward.

Our volunteers continue to make a huge contribution in their varied roles such as acting as guides in our hospitals to patients or relatives who are trying to find their way through to wards and departments. They offer reassurance and help at a time of worry and stress. I and the Trust Board are very grateful to them for their continued support as it means a lot.

We have seen unprecedented demand for our services over the last quarter of the year, usually described as 'winter pressures'. Our staff have demonstrated great courage and commitment to the Trust and their patients in continuing to provide the best care they



can in times of unrelenting pressure. I want to express my gratitude to each and every one of them for this and hope that we will all continue our improvement journey together.

I want to be clear; the Trust Board continue to keep quality and safety of care for patients our priority. This does mean however, that while seeing improvement in our financial position it is not as great or as swift as we might have liked because of this. But the care and safety of our patients comes first.

In tackling our service improvement we have established our overarching Improvement Programme – Improving Together. Improving Together has five key work streams – improving quality and safety, improving leadership and culture, improving access and flow, improving service strategy and improving finance, which address our areas of required improvement, including those related to the Care Quality Commission (CQC) inspection of 2016.

It must also be noted that during 2017 we continued to address the data quality



issues in connection with the information on the Trust waiting list which is used to manage delivery of the Referral to Treatment Waiting Times (maximum waiting time of 18 weeks) standard. Further information relating to this can be found within the Annual Governance Statement. We still have much to do in order to improve our position, work has undoubtedly been held up as we have had to focus on urgent care demands placed on the Trust.

Despite these challenges I firmly believe that our Trust values – ‘together we care, we respect, we deliver’ – underpins everything we strive to achieve across all our hospitals and good community services.

For our patients our values set

out what they can expect from us at each contact, whether that is on the phone, in writing, or face-to-face. It says we care about more than just the treatment they receive, that we will respect them and will endeavour to provide safe, compassionate, individualised healthcare services through working with them, when they need us most.

For our staff it says that, together, working as a single team is the way forward. By everybody getting involved we can improve the quality of our patients' care and their experience when they are in our care. This is true for everyone from a frontline patient-facing member of staff to those within corporate directorates supporting clinical

service delivery. We all have a stake and responsibility in contributing to our future and the services we provide to our local population. Improving Together is key to our success going forward.

During 2017/18 we also launched a new concept called Listening into Action (LiA). This is a mechanism by which staff can make suggestions and follow through with designing and implementing them in teams. This has provided the start for staff to drive forward changes to the ways in which we design systems and processes. I fully expect this to continue and evolve in the forthcoming year.

Anne Shaw
Chair

Anne P Shaw



Chief Executive's foreword

I have not yet been in post 12 months but in that short space of time I feel as if I have got to know the organisation, its issues and more importantly, its staff.

2017/18 saw the Trust go through some substantial changes and some exceptionally challenging times, not least being placed in financial and quality special measures.

I came into post in August 2017 in the knowledge that there was a lot to do if we are to turn the organisation around and come out of double special measures.

We are on a journey to develop our future, and progress can only be made thanks to the 'can do' attitude and enthusiasm of our staff.

They have been working incredibly hard over the past year to ensure patient safety remains at the heart of everything we do.

Whatever has been thrown at the staff – from increasing numbers of acutely ill patients coming through our doors to the 'Beast from the East' bringing in wintry weather and snow drifts, they have risen to the challenge.

I want to embrace their commitment and harness their passion. Together I know we can make real, sustainable changes to services ensuring they are fit for the future. We already have a significant amount of work underway to improve quality, and to change the culture of the organisation

through our Improving Together programme.

There are five workstreams which we are focusing on. These are: improving quality and safety; improving access and flow; improving leadership and culture; improving finances and developing a good service strategy.

We launched the Improving Together programme in response to the 2016 Care Quality Commission report in which we were rated as 'Inadequate' and placed into quality special measures. We have achieved much since then, but I am under no illusions that we still have a long way to go.

The results of our national staff survey, in which more than 2,000 members of staff responded, were disappointing but not entirely surprising. The key themes were around staffing levels, low morale, staff not feeling able to contribute to improvements and a lack of opportunities for training and development.

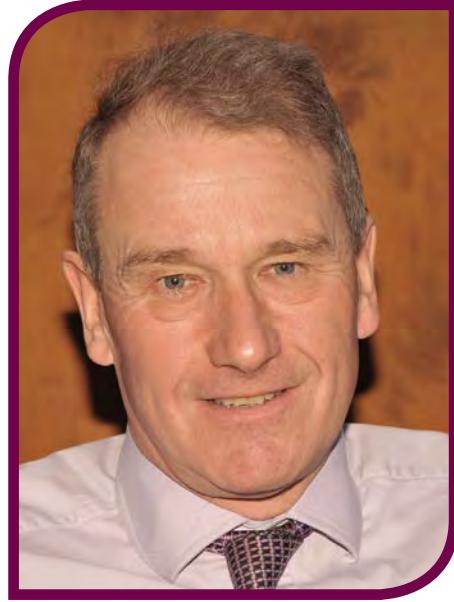
What was encouraging was that 69 per cent of staff said they were enthusiastic about their job and 85 per cent said their role made a difference to patients. I have introduced a clear focus on staff well being as I know that every member

of staff from back office admin staff, to nurses, porters, doctors, pharmacists, community staff, allied health professionals, domestics, and consultants all have a part to play in turning round this organisation.

One thing I hope I have demonstrated so far is that their voice counts. I want to hear about their successes, and their concerns and issues as we have to work together if we are to make changes. One of our initiatives last year was Listening into Action, which aims to empower staff to make changes and bring their improvements ideas to life.

We have also appointed a Freedom to Speak up Guardian, Mr Makani Hemadri, to give staff a confidential route to raise concerns about anything at the Trust. It is essential they have someone they can confide in to raise matters that are important to them.

Mr Hemadri and I meet on a regular basis so that he can raise concerns with me. In addition to this we have also introduced our Pride and Respect project which provides an alternative way for people to raise concerns about people or



teams displaying unacceptable behaviours or poor professional standards. More than 100 staff have volunteered to help us shape and implement this project which will roll out across the Trust in 2018.

As with many other trusts across the country we are also having to think more innovatively about the way we recruit and retain our staff. The NHS as a whole is trying to appoint to posts from a diminishing pool of people, so we are having to look at new ways of ensuring we get the right staff, with the right skills and expertise delivering patient services.

We have to modernise our workforce to meet current and future challenges and one way we are doing this is by introducing new career pathways for non-medical practitioners, such as the advanced clinical practitioners. We have our first cohort currently studying for the Masters degree in Leadership and will be looking to extend this programme in the future.

Another way we are trying to 'grow our own' staff and retain existing people, is our wonderful apprenticeship programme. We have more

than 160 people already signed up to courses ranging from business admin to cardiology physiology. I am immensely proud of the fact we are providing such a wonderful range of courses from GCSE level, all the way to degree level.

Our People and Organisational Effectiveness team has also been hard at work developing a new retention strategy to try and encourage people to stay in the organisation. There is no one solution to strengthening our workforce, but hopefully with a variety of building blocks we will start to see some improvements.

As well as focusing internally on how we can improve, we are also working closely with our commissioners, local tertiary centres, the Humber Acute Services Review and the Humber Coast and Vale Sustainable Transformation Programme.

There is much work to do around ensuring services are fit for the future, as we know there is fragility around some of them such as Ear, Nose and Throat (ENT), haematology and urology. We know we have further fragile services and these will come under the spotlight as we work

with clinicians to ensure safe, sustainable services for the future.

Our finances also remain a challenge, but we are working closely with NHS Improvement to try and make savings where we can, as well as continue investment in our services and infrastructure.

NLaG has come a long way during 2017/18 in addressing the findings in the Care Quality Commission's inspection report which was published in April 2017, and our being placed in double special measures. I am confident that we have started our journey of improvement, however it would be remiss of me not to acknowledge that we still have a long way to go.

There are still challenges ahead of us such as our waiting times and our mortality position but we are getting a grip and we will see improvements as we drive forward change.

Finally, and most importantly of all, I wish to thank the staff for not only warmly welcoming me into the organisation, but standing by my side as we work together on our journey of improvement. It is a privilege to be their chief executive.

**Dr Peter Reading
Chief Executive**

Peter Reading

Overview of performance

The purpose of this overview section is to set out: the purpose and activities of the Trust; the issues and risks which could affect the Trust in delivering its objectives; an explanation of the adoption of the going concern basis; and a summary of performance for 2017/18 against national standards.

CQC: Registration and Essential Standards of Quality and Safety

During November and December 2016, the Trust received announced and unannounced visits by the Care Quality Commission (CQC).

Arising from the visits, significant concerns were raised in respect of A&E including: lack of comfort rounds; lack of risk assessment and documentation; cleanliness; infection control; environment and data recording.

There were also concerns in maternity relating to: lack of fresh eyes; lack of escalation and issues in respect of interpretation of CTGs. There were also concerns with the waiting list (RTT and outpatient department follow-up) recovery.

The Trust subsequently received a Section 29A Warning Notice requiring immediate improvements. The full visit report was published on 6 April 2017 and the Trust received an overall rating of 'Inadequate'.

Arising from the outcome of the visit, the Trust was placed in quality 'special measures'. A support package from NHS Improvement (NHSI) was put in place including

dedicated Improvement Director support to assist the Trust in the implementation of the 'Improving Together' programme and buddying support from East Lancashire NHS Trust.

Progress continues with the implementation, embedding and testing of agreed actions and the Trust Board receives a monthly 'Improving Together' progress report including compliance with key performance indicators (KPIs) intended to demonstrate the effectiveness and embedding of the improvements being put in place.

NHSI also introduced a System Improvement Board, which brings together all relevant stakeholders to support the Trust in the delivery of its improvement plan.

An announced re-visit to the Trust to test the improvement made was held between 8 to 11 May 2018. As part of the inspection process an unannounced visit was also

carried out.

As the inspection and corroboration process is not complete and the outcome is unknown as at the date of finalising this report, the Trust is not therefore fully compliant with the registration requirements of the Care Quality Commission (CQC).

Statement from Chief Executive on his perspective of the performance of the Trust

It's been a tough 2017/18 but our staff have continued to go the extra mile again and again. It has been humbling to be the Chief Executive for a workforce that is such a credit to the NHS.

When I first joined the Trust in



August 2017 I set out my five key priorities based on my first impressions.

These were safety, recruitment and retention, putting clinical leaders at the heart of the running the Trust, listening to staff and acting on what they tell us, and getting our spending under control. At the end of the financial year, those priorities remain the same.

Safety has, and always will, come top of our list of priorities. Specifically, we need to focus above all on four things; mortality, pressure ulcers, urgent, emergency and cancer care, and 52 week waiters. On mortality, in April 2018 we appointed two clinical leads and are redoubling our efforts around deteriorating patients and sepsis.

Last September we decided to focus on urgent, emergency and cancer care.

Despite the difficult winter we have achieved what we set out to do at the time of writing this report; the Trust's A&E system is now ranked the 12th most improved in the country, our cancer performance has improved and we are hoping to meet the national targets soon. In terms of our planned operations, 98.6 per cent of patients referred for an urgent procedure are operated on within six weeks.

Our vacancy rate continues to be a challenge, despite the best efforts of our recruitment team who are constantly looking at new and innovative ways to recruit. In medicine, we have a 24 per cent vacancy rate, it's

nine per cent in nursing, and 10 per cent for allied health professionals.

It's not just a recruitment issue though, we need to also work hard to keep the staff we do have and to make NLaG an attractive place to work.

We have made some headway in reducing medical vacancies over the winter, and we recruited dozens of new nurses and healthcare assistants.

Sadly the impact of the latter was negated by too many people leaving so we are redoubling our efforts in a range of different ways.

I often talk about rebuilding the organisation, and that's what we are doing, slowly and bit by bit. Improving our culture is a major part of this.



Our staff are our greatest asset. Staff engagement is vital and over the past year we have introduced Listening into Action (LiA) to empower people to bring their quality improvement ideas to life.

We also launched Pride and Respect to tackle some of the underlying issues in the organisation and more than 100 staff stepped forward to volunteer to take this work forward.

We listened to people's feedback about the name, which some staff felt wasn't inclusive, and have now changed it to Pride and Respect (our anti-bullying campaign).

Putting clinicians, and particularly doctors, at the

heart of running the Trust is something I have implemented elsewhere and seen the difference it can make.

In April 2018 we appointed five Divisional Clinical Directors (DCDs) to strengthen our divisions and put clinicians firmly in charge of how we plan and deliver clinical services.

Finally to the money; I have said before, and will say again, that getting a grip on our finances is essential, but it will not come at the cost of quality.

Although we still have a long way to go in terms of our deficit, we have stabilised what was a rapidly deteriorating position and we achieved £11m in savings last financial year.

We have been building trust

and confidence with our regulator, NHS Improvement and have agreed a savings target of £15m for 2018/19.

This will be a very tough ask (four per cent of our budget) but it is comparable to most trusts in the country.

The Trust Board has also spent a lot of time over winter, with clinicians, looking at service strategy, supported by the Nuffield Trust.

We are now working closely with Hull and East Yorkshire Hospitals on the Humber Acute Strategy which see us moving towards having a one warmer acute site and one cooler acute site.

Who we are and what we do

The Northern Lincolnshire and Goole NHS Foundation Trust (NLaG) is an acute foundation trust serving a population of more than 445,700 people across North Lincolnshire, North East Lincolnshire, East Riding of Yorkshire and West and East Lindsey.

The Trust was formed on April 1 2001 following the merger of North East Lincolnshire NHS Trust and Scunthorpe and Goole Hospitals NHS Trust, and has been a foundation trust since May 1 2007.

This means we have more freedom to act than a traditional NHS trust, although we are still closely regulated and must comply with the same strict quality measures as non-foundation trusts.

In April 2011 we became a combined and community services trust for North

Lincolnshire. As a result of this the name of the Trust, while acknowledging the geographical spread of the organisation, was changed during 2013 to reflect the trust does not just operate hospitals in the region.

NLaG provides acute and community health services. It offers services in three main hospitals – Scunthorpe General Hospital, Grimsby's Diana Princess of Wales Hospital and Goole and District Hospital – as well as in a range of community settings such as health centres, clinics, Louth hospital and in people's own homes. Further details are provided below.

Scunthorpe General Hospital (SGH)

The hospital was first built in the 1920's and occupies a 'land-locked' site surrounded by residential properties.

The site has grown over time with expanded buildings attached to original structures.

It provides the full range of district general hospital services, including emergency care centre, medicine, surgery and critical care, paediatrics, obstetrics and gynaecology, outpatients, diagnostics and therapy services.

The hospital has 370 overnight beds of which 95 are for surgery and critical care patients, 193 are for medical patients, with access to escalation beds when required, and 82 are for women and children.

Medical specialties on site include emergency ambulatory care and frail elderly assessment services, diabetes and endocrinology, cardiology (with facilities for cardiac catheterisation and pacing), respiratory

medicine, elderly care, dermatology, haematology and gastroenterology, stroke services including hyperacute, palliative medicine, rheumatology and neurology. Oncology, outpatient cardiothoracic surgery, plastic surgery and renal medicine are provided by visiting consultants from Hull.

There is a 22 bedded clinical decisions unit supported by ambulatory care and a short stay ward for acute medical emergency patients.

Surgical specialties on site include trauma and orthopaedics, anaesthetics, critical care, general surgery, breast services, urology, ophthalmology, ENT and maxillo-facial and orthodontics and pain services.

The hospital is equipped with eight main theatres; including two theatres dedicated to trauma and orthopaedic use (both with ultra-clean air facilities).

One theatre is dedicated to emergency work, staffed at all times. A separate session for acute trauma cases is reserved each day, including weekends.

Women and children services provide the entire maternity pathway using a more traditional service model comprising antenatal/postnatal clinics, a dedicated central delivery suite and a dedicated obstetric ward.

In addition gynaecology is provided through a range of outpatient clinics and an inpatient ward facility.

Acute/emergency paediatrics is provided by specialist nurses in A&E in conjunction with doctors.

The children's ward works

closely with A&E assessing and receiving medical and surgical patients ensuring the pathway is seamless.

An inpatient paediatrics service is provided caring for children aged 0-16 years, supported by a community service.

In addition a neonatal intensive care unit is based close to central delivery suite allowing easy access for mum to baby. There are also four transitional care beds managed by the neonatal team.

All the diagnostic and service departments are based on site including endoscopy, radiology with plain film, ultrasound, CT and MRI.

The hospital also hosts the Path Links laboratory for pathology and immunology.

Community and therapy services provide a wide range of support for inpatients, outpatients and throughout the community for adults, children and young people covering nursing, physiotherapy, occupational therapy, speech and language therapy, nutrition and dietetics, wheelchair services, orthotics, podiatry, psychology and community dental.

A satellite outpatient service in rehabilitation medicine is provided from premises in the nearby town of Brigg.

The development of three Care Networks, which is being led by North Lincolnshire Clinical Commissioning Group, will result in further integration of primary, community and social care provision.

Diana, Princess of Wales (DPoW)

The hospital was built on a single site

in 1983 which has undergone considerable expansion since then. It provides a full range of district general hospital services, including emergency care centre (ECC), medicine, surgery and critical care, paediatrics, obstetrics and gynaecology, outpatients, diagnostics and therapy services.

The hospital has 410 overnight beds of which 135 are for surgery and critical care patients, 191 are for medical patients, 84 are for women and children.

Medical specialties include diabetes and endocrinology, cardiology (including angiography, cardiac devices and permanent pacing facilities provided from a purpose built cardiology day case unit), respiratory medicine, elderly care, dermatology, haematology and gastroenterology, stroke services and rheumatology. Neurology, oncology, outpatient cardiothoracic surgery and plastic surgery and renal medicine are provided by visiting consultants from Hull.

The medical floor of the hospital has a 32 bedded medical assessment unit supported by ambulatory care and a short stay ward for acute medical emergency patients.

Surgical specialties on site include trauma and orthopaedics, anaesthetics, critical care, general surgery, breast services, urology,

ophthalmology, ENT and maxillo-facial and orthodontics and pain services.

The surgical floor of the hospital has a 28-bedded surgical assessment unit and short stay ward dedicated to the assessment and care of acute surgical emergency patients.

The theatre suite provides eight fully equipped theatres each with its own anaesthetic room, with two theatres dedicated to orthopaedic use (both with ultra-clean air facilities). One theatre is dedicated to emergency work, staffed at all times.

A separate session for acute trauma cases is reserved each day, including weekends.

Women and children services provide maternity services and paediatric services in a custom-built building comprising of maternity wards, gynaecology wards, dedicated obstetric theatres, children's wards and the child development centre.

Care throughout the maternity pathway is provided through a pregnancy assessment centre for antenatal and postnatal care. Complementary to this is the community midwifery service we provide.

Emergency/acute paediatric services are provided through the dedicated paediatric assessment and observation unit co-located in ECC. This is supported by a neo-natal intensive care unit and the children's ward, caring for medical and surgical patients.

Four designated beds are provided for babies requiring transitional care within the maternity unit.

We also have a range of outpatient clinics, providing

general paediatric clinics to specialist paediatric clinics. The pathway is continued through the delivery of community paediatrics, ensuring children are provided appropriate care at an appropriate setting.

All the diagnostic and service departments are based on site including endoscopy, radiology with plain film, ultrasound, CT and MRI. The hospital also hosts the Path Links laboratory for pathology and immunology.

Community and therapy services provide a wide range of support for inpatients, outpatients and throughout the community covering physiotherapy, occupational therapy, speech and language therapy, nutrition and dietetics, wheelchair services, orthotics, podiatry, psychology and community dental.

A satellite outpatient service in rehabilitation medicine is provided from premises in the nearby town of Brigg.

Goole and District Hospital

This is a purpose-built community-plus hospital which opened in 1988 integrating service from in and around the town of Goole.

Medical services include general medicine, elderly, cardiology, rheumatology, gastroenterology, dermatology a light treatment service, diabetes and endocrinology, haematology and immunology, oncology and a minor injuries unit.

The hospital has 44 overnight beds, 15 for surgical inpatients, 15 for medical inpatients and 14 dedicated neuro-rehabilitation beds.

Surgical services provided include general surgery, orthopaedics, ophthalmology,

ENT and audiology, gynaecology, urology and pain services. There is also a surgical day case unit complete with a theatre incorporating endoscopy services.

Two further main theatres are equipped for major orthopaedic work and other types of surgery. In addition, the site has a well-equipped ophthalmic suite and theatre and an outpatient department. Internationally renowned specialist laser treatment is provided at Goole in collaboration with the Yorkshire Laser Centre.

Women and children services provide outpatient consultant-led gynaecology clinics, colposcopy services, hysteroscopy services and a purely midwife led 'Home from Home' unit for low risk deliveries. A reduced level of consultant-led paediatric outpatient activity happens in Goole to try and provide care closer to home.

Therapy services are provided for both inpatients and outpatients with physiotherapy, occupational therapy, nutrition and dietetics and psychology services. There are two x-ray rooms together with mobile units, and an ultrasound room. The diagnostics department also provides a regular mobile MRI/CT service.

The hospital also provides a neurological rehabilitation centre. We are continuing to develop the hospital-based services focusing on expansion of elective care services and dedicated inpatient rehabilitation services.

Community services

The Trust also provides a wide range of community services across the region.

Key information about the Trust:

In 2017/18:

- There were 150,370 attendances to our emergency centres (A&Es)
- There were 108,504 admissions, including daycases
- Patients attended 373,470 outpatient appointments
- Around 4,323 babies were born.

With an operating income of £346,496k NLaG delivers services by working in partnership with three local authorities, three clinical commissioning groups, and a range of other providers including voluntary organisations and the private sector, as well as patients, their carers and the public.

It employs around 5,803 staff.

It delivers its services through six clinical groups:

- Clinical support services
- Community and therapy
- Path Links
- Surgery and critical care
- Women and children
- Medicine

There are also eight enabling ones:

- Chief Nurse
- Estates and Facilities
- Finance
- Governance and Assurance
- Operations
- People and Organisational Effectiveness
- Medical Director's office
- Strategy, Planning and Performance.

As a foundation trust NLaG also benefits from a membership of more than 6,122 staff and members of public, and has a Council of Governors which supports the Trust Board of Directors and holds them to account.

The annual report and accounts for 2017/18 have been prepared under the direction issued by NHS Improvement under the National Health Service Act 2006.



Our headquarters are at Diana, Princess of Wales Hospital:

Chief Executive's Office
Diana, Princess of Wales Hospital
Scartho Road
Grimsby
North East Lincolnshire
DN33 2BA
Tel: 01472 874111.



Our vision, mission, values and strategy

Working together we will deliver the high quality, innovative, safe and compassionate healthcare services.

Our values



Together we care – we care about providing safe, compassionate and attentive services for patients



Together we respect – we respect the dignity and individuality of each person in our care, and the professionalism and skills of our team members

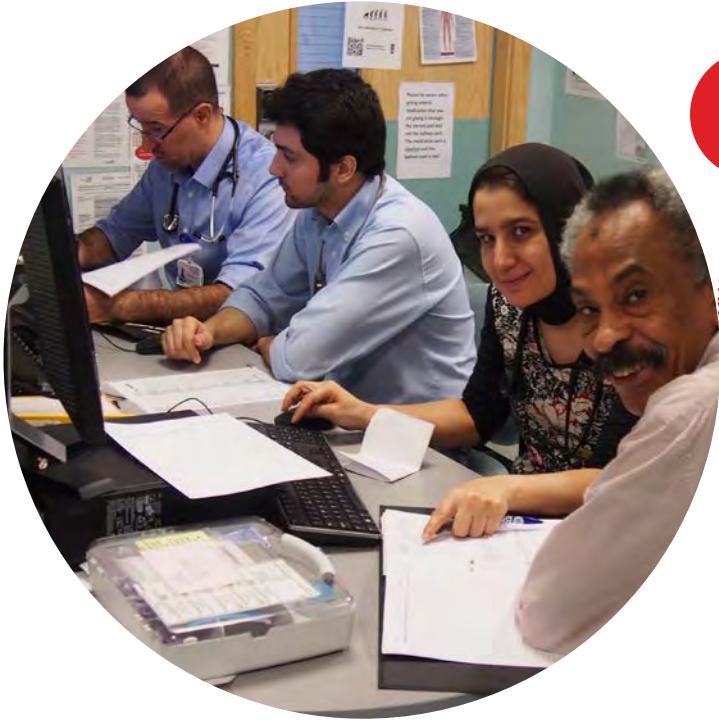


Together we deliver – we will deliver forward thinking services, through listening to, learning from, and empowering those we work with.



Our aim is to provide accessible healthcare which meets the needs of the local population.





Our aim and objectives

Our aim is to provide accessible healthcare which meets the needs of our local population. Our objectives are grouped into five specific areas as part of the Improving Together Programme which focuses on those areas in most of need of improvement. They are:

1. Improving Quality

- To continuously focus on improving the quality of care provided to our patients, from the perspective of clinical effectiveness, patient safety and the patient experience
- The Board will continue to ensure that quality forms an integral part of its philosophy, practices and business plans and will drive the quality agenda across all levels and all areas of the business with all staff.

2. Patient Access and Flow

- To improve patient flow

through our hospitals, better flow through A&E, reduce out of hours bed transfers, increased capacity and improve the trust performance targets and waiting lists

- To ultimately achieve an improved patient experience

3. Service Strategy

- Through clinical leadership, to continuously review the services we offer to determine where best they can be provided whether they be in traditional hospital settings or in the community setting
- To effectively work with commissioners and, where appropriate, other providers to secure facilities and support services for delivery of the very best healthcare in an accessible way to our local population.

- Improved sustainability via clinical networks delivering scale and workforce opportunity

- To work within the Sustainability and Transformation Plan (STP) as part of the Humber Coast and Vale Network to support the wider opportunities for providing joint effective and efficient use of resources.

4. Improving Organisational Development and Culture

- To invest on our staff ensuring they are fully equipped to deliver now and in the future effective local

- healthcare
- To invest in innovative ways of working with local teaching and training centres to identify the doctors, nurses and other professional leaders of the future locally.
 - To ensure the Trust is an

attractive place to work and focus on retaining our staff

5. Finance

- To continuously strive to improve the financial position focusing on key areas in increased efficiencies and reduction in premium rate workforce

spend.

- Optimising our resources to ensure best use of every pound and reducing our current financial deficit position through identified work programmes

The graph below depicts how each of the above elements interlink:



Key developments during 2017/18

We have put in place a range of developments during the year to improve patient safety and enhance the quality of care. These include:

Endoscopy at Scunthorpe hospital

The new endoscopy unit which commenced in 2016/17 was opened in July 2017 following a £1.6million build to create a purpose built endoscopy and lower gastrointestinal (GI) suite.

The size and layout of the unit needed to be improved to ensure we could provide the timely access much needed by our patients.

The new layout of the unit provides a smooth transition for patients in a dedicated confidential and comfortable environment.

We have increased treatment rooms from two to three which will allow us to expand our services for patients participating in the national bowel screening programme.

Theatre D upgrade at Scunthorpe hospital

A theatre within the main theatre suite was upgraded to provide improved ultra-clean air facilities and redesign to incorporate a dedicated orthopaedic room to prepare the equipment for major surgeries.

This is part of a wider programme to upgrade all theatres within the main suite over the coming years.

New CT Scanner at Grimsby hospital

The existing CT scanner was in need a new replacement and the end of 2017/18 an

upgraded CT scanner was installed into the radiology department. This is part of the diagnostic strategy to increase and improve both MRI and CT facilities for the Trust.

GP Streaming

Attendances to Emergency Departments continue to increase, and a proportion of these patients have conditions or symptoms that could have been dealt with by services other than Emergency Medicine.

Streaming these patients away from or out of highly pressured A&E departments, to co-located GP led primary care services, ensures patients receive the care that they need and performance against the four hour standard improves.

As part of the wider transformation of urgent and emergency care services, all systems now need to ensure they have a robust streaming service in place.

To support these developments, the Trust has been successful in securing £900,000 to enable the development of GP Streaming within the A&E Departments.

The funding will improve streaming services, ensuring patients are seen by the most appropriate clinician and reduce the time they wait to be either treated and discharged or admitted into hospital for further care. Improving access and flow in this way is a key part of the trust's long-term strategy.

Ambulatory Care – Medicine and Surgery

The Trust has introduced ambulatory emergency care in both medicine and

surgery for appropriate emergency patients to be diagnosed and treated on the same day and sent home with ongoing clinical support and supervision as needed.

Evidence has shown that this approach has improved both clinical outcomes and patient experience, and reduced costs and pressures in the urgent care system.

Clinical teams adopting this new way of working have indicated managing significant numbers of emergency patients on the same day will avoid the need for full admission into hospital without affecting the quality or safety of their clinical care.

It is anticipated that the following benefits will be achieved:

- Positive impact on patient experience by reducing waiting times for patients attending the hospital on the urgent care pathway
- Improves quality service to emergency patients
- Support achievement of the A&E 4 hour wait times
- Positive impact on staff experience

Key issues and risks that affected the Trust in 2017/18

Risk type	Nature of risk	What we are doing
Insufficient capacity	Negative risk. Within key areas of resource the Trust does not have sufficient capacity to meet the demand.	Following a robust external validation of Trust data, the specialty teams have adopted the National Intensive Support model to enable greater clarity and depth of understanding of the challenge. Working as a system, on a specialty basis, actions are being taken which will either increase capacity or reduce demand. These actions are varied and reside either within the Trust or within the wider system.
Lack of sufficiently skilled and volume of workforce	Negative risk. The high vacancy rate across the spectrum of clinical staff is impacting upon capacity to deliver good care, consistently.	<ul style="list-style-type: none"> • Commenced a rolling programme of recruitment for Advanced Clinical Practitioners • Introduction of Physician Associates with a clear remit on where they will be able to offer the most impact and support • Introduction of Doctors Assistant and Nursing Associates post to support the doctors and maximise efficiency • Nursing and midwifery pre-registered apprenticeships to 'grow our own' • Investment in upskilling current staff as part of the workforce development.
Culture of the organisation	Negative risk. Through the results of national and local surveys, morale across our workforce needs to be improved.	<ul style="list-style-type: none"> • Rebuilding the organisation through: <ul style="list-style-type: none"> - Pride & Respect Programme - Clinical Engagement - Leadership Development - Recruitment & Retention - Listening into Action (LiA).

We temporarily moved Urology emergency inpatient services and all of the ENT inpatient care to one of our main sites. Haematology complex day case care transferred to our region's cancer centre in Hull. All these service moves were due to a reduction in clinical workforce and need to temporarily ensure the services were safe.

Our clinical leaders continue to develop the clinical strategy to ensure our services are sustainable for the future.

Going concern

1 Introduction

1.1 The accounting concept of going concern is fundamental in the way that the assets and liabilities of an organisation are recorded and included within the accounts. Under this concept the organisation is usually viewed as continuing in business for the foreseeable future to allow the accounts to be drafted. If the organisation could not continue to operate in the way it has been operating, the assets and liabilities would be recorded in the accounts on a different basis reflecting their value on the winding up of the entity. As a result, the assets would be recorded at a much lower break-up value and medium and long-term liabilities would become short term.

1.2 NHS Foundation Trusts are required to prepare their accounts in accordance with the relevant accounting rules, which are set out in the International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) as interpreted by the NHS Foundation Trust Annual Reporting Manual (ARM). The requirement to prepare accounts on a going concern basis is set out in IAS 1: Presentation of Financial Statements which states:

"An entity should prepare its financial statements on a going concern basis, unless:

- (a) The entity is being liquidated or has ceased trading; or
- (b) The directors have no

realistic alternative but to liquidate the entity or to cease trading,

in which circumstances the entity may, if appropriate, prepare its financial statements on a basis other than going concern."

"When preparing financial statements, directors should assess whether there are significant doubts about the entity's ability to continue as a going concern."

1.3 Auditors will consider what the directors have done to satisfy themselves that the accounts should be prepared on a going concern basis.

1.4 This paper aims to consider the basis on which the accounts should be prepared and present evidence for the conclusion reached on the going concern issue. It is important to note that the going concern consideration applies to the Northern Lincolnshire and Goole NHS Foundation Trust as an entity, and not the services which it delivers.

2 Required action for North Lincolnshire and Goole NHS Foundation Trust

2.1 To comply with IAS 1 management must, in preparing the annual statement of accounts, undertake an assessment of the Trust's ability to continue as a going concern.

2.2 In making this assessment, management should take into account all information about the future that is available at the time the judgment is made. As a minimum, this assessment should cover at least a 12 month period

from the date of approval of the accounts, although this period will need to be extended where management is aware of events and related business risks further in the future that may cast doubt on the going concern assumption.

2.3 The Trust is required to consider performance against the finance use of resources theme under the regulator's Single Oversight Framework.

3 Financial and Quality Special Measures

3.1 The Trust delivered a financial deficit of £37.9m in 2017/18, based on draft accounts. This clearly represents a significant variance from the original planned control total deficit for the year (excluding STF) of £23.5m.

3.2 In light of the deterioration NHSI Improvement formally placed the Trust in Financial Special Measures on the March 2017. This was shortly followed by the Trust being placed in Quality Special Measures, following the November 2016 inspection by the CQC. Through this process, NHSI will set specific financial and service objectives.

3.3 Financial and Quality Special Measures do not represent a requirement to cease trading within the next 12 months, or face regulator action to cease or modify our trading status in that period.

They are designed to support recovery of quality standards and financial and operational performance, supported by regulators.

4 Single Oversight Framework – Finance Use of Resource

4.1 The Finance Use of Resources metric aims to support providers in improving financial sustainability, efficiency and compliance with sector controls such as agency staffing and capital expenditure.

When assessing the Trust against this metric NHS Improvement considers the financial metrics shown below to assess financial performance by:

- Scoring providers 1 (best) to 4 against each metric
- Averaging individual providers' scores across all the metrics to derive a use of resources score for the provider.

4.2 Where providers have a score of 4 or 3 in the financial and use of resources theme, this will identify a potential support need, as will providers scoring a 4 (ie significant underperformance) against any of the individual metrics. Providers in financial special measures will score a 4 on this theme.

4.3 As NLAG is in Special Measures, it has a rating of 4 as a default – though it would in any case qualify for this rating based upon performance against the core metrics

The Finance Use of Resources metric aims to support providers in improving financial sustainability, efficiency and compliance with sector controls such as agency staffing

and capital expenditure.

When assessing the Trust against this metric NHS Improvements considers the financial metrics shown below to assess financial performance by:

- Scoring providers 1 (best) to 4 against each metric
- Averaging individual providers' scores across all the metrics to derive a use of resources score for the provider.

Each of the results for the Trust at the end of 2017/18 are shown below, however the Trust will score a 4 across all measures while under financial special measures.

Financial use of resource	Metric	Rating
Capital service cover	(6.116)	4
Liquidity	(19.718)	4
I&E Margin	(12.56%)	4
I&E variance from plan	(8.89%)	4
Agency	45.42%	3
Overall rating		4
Financial special measures override		4

5 Financial Sustainability – Going Concern

5.1 The Trust is currently tasked with delivering financial improvement in 2018/19, rather than being expected to meet the control total regime set by NHS Improvement. This reflects the supportive approach taken by the regulator, and the recovery based nature of Financial Special Measures.

5.2 Delivery of this level of improvement will require material improvement in productivity (averaging around 4 per cent), to support income projections, a savings

programme of approximately 4 per cent of expenditure, and also some degree of progress on strategic redesign of services, delivering verifiable improvement.

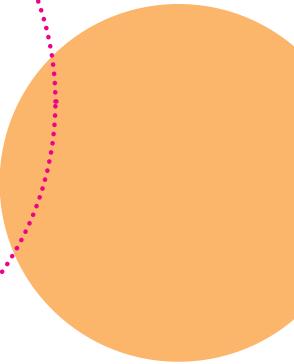
5.3 These are objectives which have been delivered in similar circumstances elsewhere, and reflect a reasonable recovery timeline anticipated by the regulator.

5.4 In addition to the savings programme the Trust has also identified planned risks to income driven by restrictions on CCG allocations. The Trust will need to engage in a comprehensive income and contract review process to ensure that all contracted services are appropriately priced and paid for by commissioners. Work is underway to take this forward.

5.5 The Trust will face other risks around inflation, regulatory pressures, contract challenges and other potential unknowns. These are part of normal operation of the Trust, rather than forming existential threats.

5.6 Any judgment on going concern status should be made in the context of the ongoing dialogue with the regulator, and the absence of any indication from them of a need to consider any substantial ceasing of current operations within 2018/19. At this point there is no indication of any degree of pressure to cease service delivery to the point at which the Trust's existence would be materially threatened within the 12 month timescale.

5.7 The Trust remains dependent upon central loan support to maintain cashflow. The experience of the Trust and



other providers since 2014/15 is that this means of liquidity support is now established as a critical element of the central provider management system. There are no grounds to expect such a system to be substantially altered during 2018/19.

5.8 The terms of loans are critical. At the point of maturity, the lender (the DH) is obliged to look at the affordability for the position of the organisation before deciding on the next step to take – conversion to PDC support, extension of the loan, or repayment. The Trust Board has stated its reliance upon this clause in the regulations when approving loan agreements.

5.9 In the context of the flexibilities set out in the regulatory framework for revenue support, the presence of the loans themselves do not constitute a fundamental threat to going concern of individual organisations.

6 Basis of Assessment

6.1 When concluding whether

or not the accounts for 2016/17 should be prepared on a going concern basis, IAS 1 requires that the Board will need to consider which of the following three basic scenarios is the most appropriate:

- (i) The body is clearly a going concern and it is appropriate for the accounts to be prepared on the going concern basis
- (ii) The body is a going concern but there are uncertainties regarding future issues which should be disclosed in the accounts to ensure a true and fair view
- (iii)(iii)The body is not a going concern and the accounts will need to be prepared on an appropriate alternative basis.

7 Conclusions

7.1 Given the evidence presented in sections 3, 4 and 5 above, and the criteria stated in paragraph 1.2 above, it is clear that the Trust is a going concern and it is appropriate for the 2017/18 annual accounts to be prepared on this basis.

7.2 It should be noted that, as stated above, there remain a number of risks attached to the Trust's financial and service plans. These are subject to active management through the Special Measures process, and as such do not represent a fundamental threat to operations through 2018/19. As such the risks outlined do not affect the decision to prepare accounts on a going concern basis.

8 Recommendation

8.1 The Trust Board is asked to consider the evidence presented above and to approve the recommendation that the 2017/18 annual accounts are prepared on a going concern basis (6.1 (ii) above).

Performance analysis

The Well-led Framework used by NHS Improvement identifies effective oversight by Trust Boards as essential to ensuring trusts consistently deliver safe, sustainable and high quality care for patients.

This includes robust oversight of care quality, operations and

finance.

At the Trust an Integrated Performance Report is submitted monthly to the Board for assurance. For the purpose of reporting, indicators are grouped into the five domains of quality (caring, safe, effective, responsive and well led)

identified by the Care Quality Commission.

Data is reported using a scorecard approach and performance is assigned a Red or Green (RAG) rating based on achievement against pre-defined thresholds. Under these assessments the ratings are:

RAG status	Performance Description
Red (R)	Not Achieved – the required standard has not been met and performance is not within an agreed tolerance
Green (G)	Achieved – the required standard has been met for this indicator

The monthly report to the Trust Board identifies performance against: key operational and quality requirements mandated nationally; activity against planned levels; and finance.

The purpose of this approach is to ensure the Board is provided

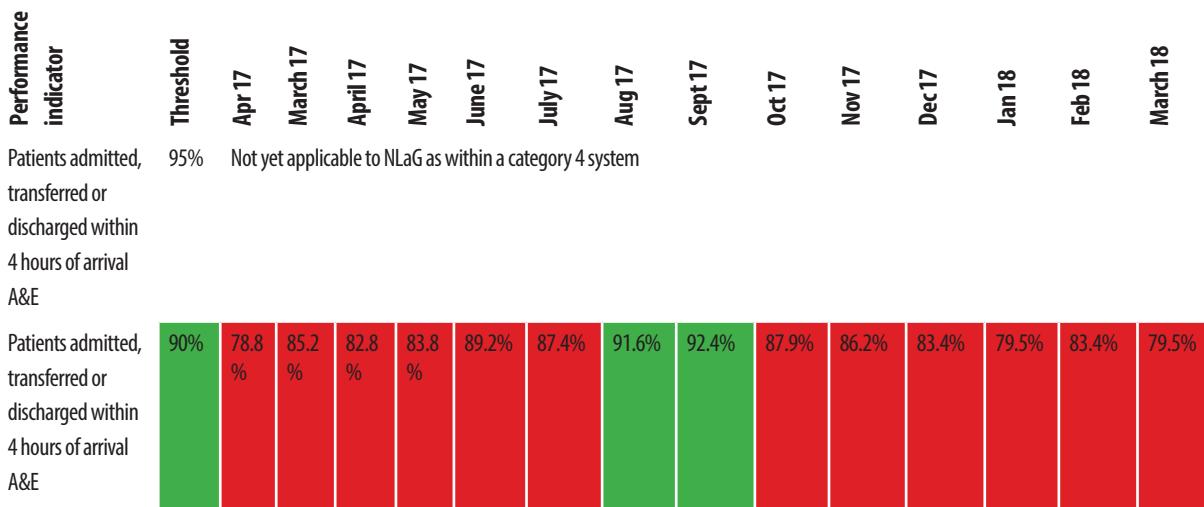
with robust and timely information on organisational and operational performance.

Further information is provided to the Board on an exception basis where under performance in a particular area or against a specific target is identified.

Performance against targets

The Trust's performance during 2017/18 is summarised below. These figures are based on the year end position reported to the Trust Board in its April 2018 Integrated Performance Report.

Responsive access and flow: unplanned care



Responsive access and flow: planned care

Performance indicator	Threshold	Apr 17	May 17	June 17	July 17	August 17	September 17	October 17	November 17	December 17	January 18	February 18	February 18
Cancer care													
2 week wait – urgent GP referrals	93%	95. 3%	97. 2%	95. 7%	95. 5%	97. 42%	96. 1%	96. 94%	97. 48%	96. 81%	94. 61%	97. 1%	96. 47%
2 week wait – urgent symptomatic breast referrals	93%	90. 7%	94. %	95. 3%	94. 9%	96. 12%	88. 1%	96. 88%	95. 96%	96. 20%	86. 21%	88. 46%	94. 29%
Patient waiting <31 days from diagnosis to first definitive treatment	96%	99. 2%	98. 0%	99. 2%	99. 3%	100. 00%	97. 9%	99. 3%	100. 00%	100. 0%	94. 61%	98. 5%	99. 2%
Patient waiting <31 day for subsequent treatment (surgery)	94%	100. 0%	100. 0%	100. 0%	86. 7%	100. 0%	100. 0%	100. 0%	92. 31%	100. 0%	82. 35%	100. 0%	100. 0%
Patient waiting <31 days for subsequent treatment (anti-cancer drug regimen)	98%	100. 0%	97. 5%	100. 0%	100. 0%	100. 0%	100. 0%	100. 0%	100. 0%	100. 0%	100. 0%	100. 0%	96. 97%
Patient waiting <62 days from urgent GP referral to first definitive treatment	85%	72. 7%	70. 5%	57. 1%	77. 9%	62. 16%	54. 4%	63. 10%	69. 94%	73. 55%	62. 09%	76. 10%	65. 93%
Patient waiting <62 days referral from an NHS screening service to first definitive treatment	90%	77. 8%	57. 1%	86. 7%	83. 3%	100. %	88. 2%	77. 78%	75. 0%	71. 43%	82. 4%	80. 8%	88. 89%



Financial performance

2017/18 was a difficult year for the Trust, and the challenges facing the organisation through the year are reflected in the financial performance.

Financial Special Measures

The Trust Board had signed up to its plan for the year with NHSI in November 2016, with a deficit forecast of £13m. However, the financial position deteriorated rapidly in the latter part of 2016/17.

Activity delivery was slowed, affecting income, and temporary clinical staffing costs and expenditure on outsourced treatment capacity increased sharply. As a result the Trust was placed in Financial Special Measures in March 2017, and entered 2017/18 in a position that made delivery of the financial targets set for the year impossible.

Due to changes in the Trust's leadership team, the Financial Special Measures process truly commenced in August 2017.

The Trust put in place a Turnaround Director, and a Service Transformation expert to support the rebuilding of management teams and to support the tightening of controls. The Trust also appointed Ernst Young (EY) as partners.

A financial Recovery Plan was agreed with NHS Improvement through the autumn, which set the Trust a target of £40.0m deficit, with recognition that delivery risks were such that £3m to £4m of shortfall on this target was likely.

Financial outturn 2017/18

At the end of the year, the Trust reported a final deficit of

£37.9m, significantly ahead of the £40.0m target. However, this position included two exceptional items:

1. The Trust received a final cash support payment of £2.3m;
2. The Trust's assets are revalued each year, and the upward valuation in 2017/18 supported the Trust's Income and Expenditure position by £2.8m.

These exceptional items are normally excluded from target comparisons. The realistic comparator therefore is a deficit of £43.0m. This was within the risk range agreed with NHS Improvement for the year.

Through 2017/18, the Trust has continued to struggle to make progress financially, with many of the issues that caused the problems in 2016/17 continuing to make life difficult both operationally and financially.

Income and contracting

The Trust had experienced difficult contractual relationships with its commissioners, and this made it difficult to establish clear plans for the year.

The Trust also struggled to improve on the number of elective, daycare and outpatient treatments delivered, particularly during the winter period.

The Trust followed national guidelines to ensure priority was given to urgent patients, with an impact on routine activity, which affected income.

Through the later part of the year, the Trust has been able to re-establish much

improved relationships with commissioners, and agreed a robust financial framework for the remainder of the year, which supported the Trust. Together, Trust and commissioners have started to build more effective forward plans. The Trust is also now more effectively engaged with the task of improving productivity and capacity in key services. Next year should therefore show significant further improvements.

Expenditure and savings delivery

In expenditure terms, the vacancy rates in the Trust's clinical workforce continued to have a financial impact. Recruitment and retention have remained difficult, given the Trust's geography and the nationwide shortages of key clinical staff groups. Temporary staff have been vital in maintaining safe services, but this has come at a continuing cost.

The Trust has also struggled to keep momentum across its savings programme, though through the second part of the year significant improvements have been made in key areas of control – expenditure on additional ad hoc clinical sessional work has been sharply reduced, and management teams have been effective at controlling avoidable expenditure.

The Trust has mapped out more clearly its forward plans for services through the year, and has been working with local partners to develop robust service and workforce arrangements. This work will be critical in delivering further

improvements next year.

Financial and Quality Special Measures bring their own financial burdens, with increased costs for management support and consultancy, and also increased interest charges for support loans. Work is ongoing with NHSI to limit these burdens in 2018/19.

Capital and infrastructure

The Trust has been able to set out a much more robust capital programme, rebuilding key infrastructure. In 2017/18, Scunthorpe's endoscopy suite, the new CT scanner in Grimsby, and the new staff residences at Grimsby have been major schemes, which will deliver benefits in 2018/19.

The Trust has also secured the first £4m of additional capital to support its modernisation plans for ward environments and diagnostic scanning capacity. There is a wide recognition that NLAG's recovery journey will require further investment in infrastructure.

NHSI has been extremely supportive of the Trust throughout the year, and will continue to provide assistance in 2018/19, as the Trust continues to rebuild, focussing on the clinical workforce and the quality of services.

The Trust will continue to ensure that patient safety cannot be compromised by financial constraints, a line fully supported by the Trust's Regulators.

Single Oversight Framework – Finance Use of Resources

The Finance Use of Resources metric aims to support providers in improving financial sustainability, efficiency and compliance with sector controls



such as agency staffing and capital expenditure.

When assessing the Trust against this metric, NHS Improvement considers the financial metrics shown below to assess financial performance by:

- Scoring providers 1 (best) to 4 (worst) against each metric;
- Averaging individual providers' scores across all metrics to derive a use of resources score.

Each of the results for the Trust at the end of 2017/18 are shown below.

Financial use of resource	Metric	Rating
Capital service cover	(6.116)	4
Liquidity	(19.718)	4
I&E Margin	(12.56%)	4
I&E variance from plan	(8.89%)	4
Agency	45.42%	3
Overall rating		4
Financial special measures override		4

With the Trust being in Special Measures, and automatic overall rating of 4 is applied.

Looking Forward to 2018/19

The Trust faces significant and ongoing service challenges, and the financial position reflects the extent of these difficulties.

Next year will be important in the Trust recovery journey. A plan has been agreed with NHSI to deliver a deficit of £43.7m, with further work required to work up comprehensive service improvement plans to improve efficiency and effectiveness.

This will be challenging work, but will improve the quality of services for patients.

As the Trust's management teams are renewed to better support clinical leaders, NLAG will be able to deliver significant improvements in 2018/19.

Social, community and human rights

Maintaining strong relationship with our local communities is an important priority for our organisation.

Our Chief Executive holds regular meetings with our local MPs to keep them informed of our progress and performance.

Representatives from the Trust regularly attend meetings of the local Health and Wellbeing Boards and our performance is monitored by the overview and scrutiny committees of North Lincolnshire, North East Lincolnshire and the East Riding of Yorkshire councils.

Regular communication takes place with our Trust members in the form of email updates, and invitations to attend our Trust Board meetings and governor events including drop-in sessions and discussion groups.

Our Trust magazine, News@NLaG is aimed at staff,

members, as well as the general public and includes a wealth of information about our services and our performance.

We also continue to engage with local education establishments to recruit healthcare and other students, and this has helped with our nurse cadet, traineeship and apprenticeship schemes.

Further information about our equality and diversity policy can be found within the report in the Equality section on page 125.

Details of any overseas operations

The Trust does not have any overseas operations.

Volunteers

The enormous contribution made by our volunteers continues to humble us as they dedicate their time for free.

We are truly grateful to the 500 volunteers who helped

out across our three hospital offering support and help to our patients and staff.

They tirelessly work in our hospitals providing a range of services from 'meet and greet' which sees them escorting patients and visitors around our sites, to assisting patients at mealtimes and helping in clinics.

Many more opportunities for volunteering are available and we endeavour to place each individual in the most appropriate area to suit their skills and expertise.

Volunteers from external agencies including the League of Friends and Hospital Radio also provide services that enhance our patients' hospital experience.

Information about environmental matters

The Trust's sustainability report can be found on page 127.



News from across the Trust during 2017/18





Health and wellbeing of our staff

We know that our staff are pivotal to everything we do as a Trust. Their health and wellbeing is critical to delivering high quality services for our local patients.

The Trust signed up to Listening into Action (LiA) which is designed to empower frontline staff from the grass roots upwards. LiA is not a 'project', 'programme' or 'initiative' but more of a movement that galvanises and re-engages staff. It gave them permission to act on their good ideas, with leaders and support teams collaborating with them, removing obstacles and enabling them to 'just do it'.

LiA is about championing working differently and empowering people to make the 'patient first' changes that they have always wanted to. A series of 'Crowdfixing' events were held inviting staff to share their ideas and frustrations out of which a number of 'quick wins' were implemented. These included:

- A number of training

sessions were held to increase the number of volunteers with expanded skills to provide assistance to ward staff by supporting patients at mealtimes, assisting with caring for dementia patients and answering phones at peak times

- The introduction of 40 new wheelchairs for patients visiting the hospitals, as sometimes they had been missing appointments/investigations slots due to mobility issues
- Staff on the intensive care unit at Grimsby devised a new survey specific to their department to collect feedback from patients, families and carers to help them continually improve their service
- Doctors in the medicine group have reduced the time in handover each morning, allowing them more time to spend with their patients
- The high dependency unit at Grimsby focused on improving its patient

flow and are now using an electronic discharge system. It has not only helped with flow but also patient safety and clinical governance compliance.

Also aimed at empowering staff is our Pride and Respect project which we launched in February 2018. Its aim is to change the culture of the organisation and has more than 100 staff members signed up to it who have volunteered to help.

We want to make sure that every single person who works for the Trust understands how their behaviour may affect colleagues, and that they feel empowered to hold others to account if their behaviours or professional standard fall below what is expected.

In addition to this we appointed our first ever Freedom to Speak-Up Guardian (FTSU) Mr Makani Hemadri, who is a consultant in general surgery. Acting in a genuinely independent and impartial capacity, his role is to work alongside the board and executive team to help support the organisation to become a more open, transparent place

to work.

He is supported by a national network of guardians who all share best practice in supporting members of staff who speak up and a local network of associate guardians at the Trust. His aim is to make sure that staff feel comfortable about speaking out when they need to, so we can not only improve the working lives of our staff but also the quality of care we provide to our patients.

Development of our staff

Our training and development department works closely with our recruitment team, as well as our workforce analysts, to ensure we have a skilled and competent workforce across our services.

As well as ensuring our staff undertake their necessary mandatory training such as challenging behaviours, information governance, antimicrobials, and dementia awareness they are also rolling out new apprenticeships.

The Trust has embraced the national apprenticeship levy and has surpassed its required number of apprentices which is 148. As of March 31 2018, there were 166 on an apprenticeship programme.

NHS Employers was so impressed with the work the Trust has done, that they showcased it as part of National Apprenticeship Week as a best practice model. There is range of clinical and non-clinical courses on offer ranging from level two to level six, which is GCSE to degree level.

It is not just those people coming into the organisation on an apprenticeship; we are also developing our existing staff to upskill them so they

grow and develop their own expertise in the area they work.

Safety of our staff

The Trust signed a joint working agreement with Humberside Police and the Crown Prosecution Service for Yorkshire and Humberside strengthening partnership arrangements in tackling violence and antisocial behaviour against our staff.

The Trust takes the stance that violence against any member of staff is unacceptable and will not be tolerated. The signing of this agreement shows the commitment of the parties to reduce the risks and the ongoing work together to achieve this.

In addition to this, the Trust's security provider ISS UK Healthcare invested £2,000 in new high-tech body cameras to be worn by their staff.

The shoulder-worn cameras – which record digital images and sound - will deter people from lashing out verbally or physically at members of NHS staff and the security team.

Investing in new staff

Our midwifery team appointed its first ever bereavement midwife Nick Kerry who is focusing solely on providing support and care for women who lose their babies. She has a wealth of experience and is on hand for women across the area providing vital care and compassion.

She is on hand for people who suffer the devastation of miscarriage, stillbirth, neonatal death or sudden infant death syndrome. When not caring for patients she is hard at work providing an education programme for doctors, midwives

and students.

Nick has also been instrumental in establishing rainbow clinics. These are a first for the area and are aimed at those women who have lost a baby/babies and are pregnant again.

The Trust saw not one but two new orthopaedic consultants join the Trust during the year.

Mr Mustafa Javed saw his career come full circle when he joined the team at Scunthorpe and Goole as he had previously worked on our wards as a surgical junior doctor. Specialising in upper limb surgery he is providing care for patients with shoulder and elbow problems, including sports injuries and trauma to the upper limbs.

Mr Aravind Desai joined the team at Grimsby hospital. He has a special interest in sports injuries of the shoulder and elbow.

We also saw the appointment of a new stroke consultant who joined the team at Scunthorpe hospital. Dr Mohamed Soliman who has worked at hospitals across the UK – including world famous Kings' College, Guys' and St Thomas' and Addenbrooke's – was attracted to NLaG after coming to visit the team. He was so impressed with the multidisciplinary working between all of the teams that he decided to take the post.

A former heart surgeon returned to the Trust



bringing with him a wealth of knowledge on how to transform the way information systems in the hospitals work.

Dr Steven Griffin, who is no stranger to the area having worked at Scunthorpe hospital as a visiting consultant for nearly 20 years, was appointed as the Trust's first digital and informatics associate medical director. His focus is to work towards a paperless hospital with the long-term goal being the roll out of electronic referrals, electronic notes and electronic prescribing.

A brush with royalty

Two members of staff from Grimsby hospital had a brush with royalty when they were invited to attend a special event highlighting the advances in communication aids and voice banking for motor neurone disease patients.

Jennifer Benson, clinical expert speech and language therapist, and Mandy Edwards, therapy rehabilitation technical instructor, were privileged to meet HRH The Princess Royal.

The event, which was organised by the Motor Neurone Disease (MND) Association, put the spotlight on the ongoing work in providing a voice to people living with the disease.

Jennifer has previously been recognised nationally for her work. She was a finalist in the compassionate patient care category of the HSJ awards in 2016. She has been helping patients with motor neurone disease and other neurological conditions, preserve their voices and was the first in the region to offer voice banking to her patients.

Our stars Awards

A fabulous night of glitter, glamour and celebration was held when the Trust came together to reward its staff as part of its annual Our Stars. More than 400 staff, volunteers and fundraisers turned out to see 16 winners pick up a variety of awards.

There was even a special 'Patients Choice Award' which went to consultant breast surgeon Jenny Smith.

Meanwhile the Rotary Clubs of Scunthorpe district picked up the Health Tree Foundation Charity Champion Award for their contribution to the Maternity Bereavement Suite at Scunthorpe hospital.

Fourteen other winners were announced on the night with staff ranging from doctors and nurses to physiotherapists and administrative staff all celebrated for their innovation, compassion and dedication to local patients.

- Compassion in Practice Award – Staff Nurse Isabel Lamb, ward 18, Scunthorpe
- Unsung Hero Award – James Wilson, Medical Engineering, Grimsby
- The Achiever Award – Garry Cowling, Ward 24 manager, Scunthorpe
- The Innovator Award – Consultant Anaesthetist Dr Namita Singh, Scunthorpe
- Rising Star Award – FY1 doctor Dr Wuraola Odunlami

- Sparkle Award for volunteers – chaplaincy volunteers at Grimsby
- Team of the Year Award (non-clinical) – linen team, Scunthorpe
- Team of the Year Award (clinical multidisciplinary team) – podiatry team, Grimsby
- Clinical Supervisor of the year – Consultant Paediatrician Dr Jailosi Gondwe, Scunthorpe
- Safety First Award – Consultant Miss Mariyah Mohammed, Scunthorpe
- Quality Improvement Award – Christopher Best, Scunthorpe theatres
- Apprentice of the Year Award – Georgia Whitelaw, payroll, Scunthorpe
- The Flying the Flag Award – Helen Yewdall, clinical development team, community and therapy services
- Chief Executive's Shining Star – Ward sister Sarah Rushby, C1 Holles, Grimsby.

Investment in services

Work got underway on a new £16.4million staff accommodation block at Grimsby hospital. It will provide accommodation for 'key workers' – they are hard-to-recruit staff including doctors and nurses. The block will consist of 96 student units and 124 studio apartments. Work began on the build in the summer of 2017 and completion is expected in late 2018 with staff moving in early in 2019.

In March we saw a new £600,000 state-of-the-art CT scanner become operational at Grimsby hospital. It was a

replacement for the old scanner which had been installed back in 2009.

In addition, the Trust has successfully secured capital monies for a second CT scanner to be installed at Scunthorpe hospital which is planned to be operational during the spring of 2019. Having two scanners at the hospital will allow for more patients to be seen.

Investment in pharmacy also came to fruition with the opening of a newly refurbished £1.5million aseptic unit at Grimsby hospital. The unit was completely refurbished and new equipment was installed. It is used to prepare treatments in an environment that is free from bacteria. Products are prepared within a pharmaceutical isolator which has its own sterile airflow. Intravenous chemotherapy and nutrition products are prepared in the unit for patients across both Scunthorpe and Grimsby hospitals.

Work on a £1.6million development at Scunthorpe hospital was also completed in August when the doors to a new endoscopy unit at Scunthorpe hospital opened. Located on the Church Lane side of the hospital, close to the main entrance, the unit also houses the lower gastrointestinal (GI) unit and stoma care services. The new unit will provide dedicated outpatient and day case facilities.

The Trust has invested in new handheld devices – smartphones and tablets – to help staff spot deteriorating patients. The devices have been issued to acute care wards and departments allowing staff to record vital

patient observations at the bedside.

This is helping staff to quickly recognise any patient whose condition may be deteriorating, so swift action can be taken. The devices, which use the latest NEWS 2 - national early warning score – record such things as blood pressure, pulse, temperature, respiration rate, oxygen levels and levels of consciousness/or confusion. Some of the new tablet devices will also be used to undertake sepsis screening, so that those patients requiring treatment can be identified quickly.

The work was undertaken as part of the deteriorating patient project. This is part of the Trust's wider Improving Together programme. The devices integrate with the Trust's existing electronic WebV system which is a bespoke 'virtual ward' system designed alongside clinicians. It is used by a range of staff including nurses, doctors, therapists and pharmacists to help improve the way patients are managed on hospital wards.

The system alerts staff when observations are due and overdue, gives access to test results and allows staff to view a whole ward or even an entire hospital virtually as a bed management system. Staff can see at a glance which patients are on which ward, under which consultant and whether they have any particular health needs such as diabetes or requiring

support with eating and drinking.

As the devices are mobile, staff can record observations quicker meaning patients who are deteriorating can be picked up faster and given the care intervention they need more quickly. The Trust has also rolled out a new escalation policy and process using the SBAR tool. This is a structured method for communicating critical information about patients who require immediate attention and action.

There were changes for women accessing midwifery services at Louth hospital. The service went on the move in May and for the first time is now able to offer antenatal and consultant-led clinics all under the same roof.

There was further good news for local women as the Trust is helping lead the way in improving bereavement care nationally around baby loss. Sands – the stillbirth and neonatal death charity – is working with a number of partners on the National Bereavement Care Pathway (NBCP) for pregnancy and baby loss.

The Trust is working with them on a pioneering project which aims to improve the overall quality of bereavement care. In addition to this, bereavement midwife Nick Kerry has introduced new rainbow clinics for women who have suffered the heartbreak of losing a baby. A rainbow baby is a child that is born to a mum who has previously suffered a late miscarriage (over 20 weeks), neonatal death, stillbirth or infant loss.

They are in addition to routine

midwife appointments, and provide tailor-made individual care and delivery plans. Women are seen at clinic at 16, 31 and 34 weeks although they will be able to contact the bereavement midwife in between for that little extra bit of support.

Neuro rehabilitation centre at Goole

The Trust took over the management of the brain injury unit at Goole hospital. The unit had been previously been operated in a joint partnership between NLaG and the Braun Injury Rehabilitation Trust. From September 1 all staff in the centre, which changed its name to the Neuro Rehabilitation Centre at Goole, were employed by NLaG. The centre provides specialist neurological rehabilitation for patients referred from across the country. Patients have continued to receive the same high quality, person centred care they have always received, with the same consultants leading on their rehab programme.

Developments in patients care

There have been numerous developments in patient care across the Trust with wards and departments always striving

to improve what they do on a daily basis. Here are just a few examples:

A new patient screening tool was rolled out across the Trust which has helped to spot sepsis. Adele Lloyd, sepsis specialist nurse, has been working with staff to embed the tool in acute care areas. It is quick and easy to use and identifies patients quickly so that the 'sepsis six' care bundle can be started. The screening tool can also now be accessed on tablet devices.

Also aimed at improving care was a pilot scheme aimed at reducing A&E visits at Scunthorpe hospital by mental health patients. NLaG and Rotherham Doncaster and South Humber NHS Foundation Trust (RDASH) teamed up to work on the scheme which also aimed to reduce unnecessary A&E attendances. The Great Oaks mental health unit in Scunthorpe, which is run by RDASH, treats patients who are suffering with their mental health. Around ten patients a week attend Scunthorpe A&E from the unit. Under the pilot scheme Great Oaks staff could refer patients to the NLaG unscheduled care team (UCT) who visited the patient on the unit, preventing a visit to A&E.





The UCT usually works with patients in their own home or care home during an episode of acute illness. The team includes registered nurses or paramedics who are able to assess, diagnose and treat a range of medical conditions. They are supported by healthcare assistants. The service operates 24/7 with staff assessing and treating medical conditions including chest infections, urinary tract infections, minor skin tears, injuries and assessments following a fall.

One of the key priorities for NLaG as part of its Improving Together programme has been to improve access and flow through its hospitals.

Awards and accreditation

Our maternity and neonatal services across North Lincolnshire and North East Lincolnshire were awarded the prestigious level three 'baby friendly' accreditation from UNICEF.

We were commended for the 'very high' standards of care pregnant women and new mothers receive, for taking every opportunity to initiate a discussion around feeding and

for the 'effective support' given to breast feeding mothers.

Stage three is about the outcomes for pregnant women, new mothers and their babies, that is; parents have had informative conversations regarding infant feeding, that they are able to make an informed choice about the method of feeding and that they receive consistent support and advice on their breastfeeding journey.

Our career confidence programme, which aims to get young people into full time employment, was shortlisted for a national award. The scheme, which is run in partnership with Job Centre Plus and Interserve Employment and Skills, was a finalist in the Health Education England's awards programme.

The scheme has successfully seen young people in the area equipped with the skills and knowledge needed to get on the first rung of the career ladder. Those on the course spend two weeks preparing for their new roles then four weeks of work experience out on wards

and in support services. They learn about using IT systems, the importance of infection control and other training which helps them apply for a position in the NHS in the future.

At the end of the programme students receive an accredited Level 1 qualification in customer service, health and safety and equality and diversity as well as a sought after place in the Trust's apprentice talent pool ready for a position on the apprentice programme.

The team behind the career confidence scheme were finalists at the National Widening Participation Awards 2017.

Signed: Dr Peter Reading

Date: 24 May 2018

Accountability Report

Directors' report

Composition of the Board

Name	Position	Term of office	Attendance at board meetings
Anne Shaw	Chair (appointed as a Non-Executive Director 12.8.13; appointed as Chair 15.9.16)	3 years	8 out of 8
Sue Cousland	Non-Executive Director (appointed 10.8.16)	3 years	5 out of 8
Neil Gammon	Non-Executive Director (Resigned 31.7.17)	3 years	2 out of 2
Linda Jackson	Non-Executive Director and Deputy Chair (appointed 30.9.14)	3 years	7 out of 8
Stan Shreeve	Non-Executive Director (appointed 7.6.12)	3 years	8 out of 8
Anthony Bramley	Non-Executive Director (appointed 3.1.17)	3 years	7 out of 8
Sandra Hills	Non-Executive Director (appointed 3.1.17)	3 years	6 out of 8
Dr Peter Reading	Chief Executive (appointed 14.8.17)	n/a	6 out of 6
Karen Jackson	Chief Executive (seconded to NHS Improvement from 3.1.17)	n/a	0 out of 0
Richard Sunley	Deputy Chief Executive and Director of Operations (from 31.8.17)	n/a	5 out of 8
Dr Karen Dunderdale	Deputy Chief Executive and Director of Operations (left the Trust 14.7.17)	n/a	1 out of 1
Wendy Booth	Director of Performance Assurance and Trust Secretary (appointed August 2012)	n/a	7 out of 8
Pam Clipson	Director of Strategy and Planning (appointed 13.6.14)	n/a	2 out of 2
Tara Filby	Chief Nurse (appointed 9.10.15)	n/a	7 out of 8
Karen Griffiths	Chief Operating Officer (resigned 3.7.17)	n/a	0
Mr Lawrence Roberts	Medical Director (appointed 2015)	n/a	3 out of 8
Dr Kate Wood	Acting Medical Director (from 1.10.17)	n/a	5 out of 5
Marcus Hassall	Director of Finance (appointed 1.8.14)	n/a	8 out of 8
Robert Toole	Acting Director of Finance (resigned 7.7.17)	n/a	1 out of 1
Jayne Adamson	Director of People and Organisational Effectiveness (appointed 1.8.16)	n/a	8 out of 8
Jug Johal	Director of Estates and Facilities (appointed 14.8.14)	n/a	2 out of 2
Claire Phillips	Interim Chief Operating Officer (17.7.17 to 30.7.17)	n/a	0 out of 0

Registers of interest

All Directors and Governors are required to declare their interests, including company directorships, on taking

up appointment and as appropriate Board of Governors and Board Directors meetings in order to keep the register up to date.

The Register of Directors' Interests and the Register of Governors' Interests are available on the Trust website at www.nlg.nhs.uk

Brief details of all directors who served during 2017/18 are below:



Anne Shaw

Chair

Anne heads up both our Board of Directors and Council of Governors. Anne is from the East Riding of Yorkshire but began her professional career as a staff nurse working in the A&E department at John Radcliffe Hospital, Oxford. She then went to work as a staff nurse and ward sister in Hull. Her career took a different route when she moved to teaching nurses which opened new doors for her as she joined The Open University, teaching within the health and social care department. Over the years Anne has also been a secondary school governor, a public sector director for the Doncaster Learning and Skills Partnership and Director of Aim Higher Humber. Anne was a non-executive director at the Trust for three years before taking up the role as chair in September 2016.



Sue Cousland

Non-executive director

Sue Cousland trained in the Grimsby School of Nursing and qualified as a State Registered Nurse in 1981. During her 38 years' experience in the National Health Service she has worked in a wide variety of clinical roles across the north of the country, before returning to Lincolnshire in 1997. Since then she has worked in both commissioning and senior managerial roles in Lincolnshire including Chief Nurse, Director of Operations and Deputy Chief Executive for Lincolnshire Community Health Services. Sue has retained her clinical qualification throughout her extensive career and continues to practice locally whilst also working for the Nursing and Midwifery Council as a Registrant panellist.



Neil Gammon

Non-executive director

Neil had a 37-year long career in the engineering branch of the Royal Air Force. He served in a dozen UK locations, as well as Germany and Saudi Arabia. His final post saw him commanding Royal Air Force Cosford and the Defence College of Aeronautical Engineering, where he was responsible for training aeronautical engineers for the three Service up until 2009. Neil has an Honorary Doctorate of Business Administration from the University of Lincoln.



Linda Jackson

Non-executive director

Linda is from Cleethorpes and studied hotel, catering and institutional management at Grimsby College before graduating with a Diploma in Management from the University of Reading. Her career in facilities management began in London where she secured a position of trainee manager for ISS Facility Services who provide facilities services across the NHS. Linda quickly worked her way up the ranks to hold positions including regional director providing facilities services across NHS organisations in the capital and became board director at the age of 38. In her last 10 years in the private sector she undertook a transformational change role responsible for implementing the company's new business and initiatives nationally within the NHS.



Stan Shreeve

Non-executive director

Stan is a semi-retired businessman and qualified accountant with experience at board level as CEO, CFO and NED in both the public and private sectors. Stan is used to working in change environments, with experience of evaluating, funding, integrating and reorganising businesses. He has worked extensively with venture capitalists and financial institutions. With VC backed Anker Stan gained experience of pan-European management and reorganisation within a culturally diverse business. He integrated acquisitions and reorganised businesses in most EU member states and has sector experience in FMCG, Food – including the management and development of brands, manufacturing environments including light engineering, service based IT and software businesses. Stan has worked in large multinational, SME and start up environments.



Anthony Bramley

Non-executive director

Anthony is an independent housing and regeneration consultant having retired in 2017 from a 38 year career in various public and private housing organisations around the country – with his last role as founding Chief Executive of 8,000 home social landlord Shoreline Housing Partnership based in North East Lincolnshire. A Fellow of the Chartered Institute of Housing, Tony is also chair of the Grimsby Institute of Further and Higher Education as well as being a governor at Grange Primary School in Grimsby. Married with grown-up children he lives in the Louth area.



Sandra Hills

Non-executive director

Sandra has a history of working in the NHS having joined as a student orthopaedic nurse in Newcastle-upon-Tyne in 1973. Did her general training in York and worked as a staff nurse in Bradford, Leeds and Durham where she then went on to do her midwifery and health visitor training. She went onto to work as a health visitor in the 1980s and became the first primary care facilitator in coronary heart disease for York in 1990. She transferred into management roles in the early 90's and has held a range of director level posts since 1999 including Chief Executive of a PCG, Assistant Chief Executive and Company Secretary for West Surrey Health Authority, Director of Clinical Services and Chief Nurse and then Director of Commissioning for Surrey Heath and Woking PCT. Over the past 10 years she has worked independently in a variety of interim Director level roles.

Executive Directors



Dr Peter Reading

Chief Executive

Dr Peter Reading joined us in August 2017. Peter has 33 years' experience as a manager and management consultant in UK healthcare, including 18 years as Chief Executive of five NHS trusts (teaching hospitals, DGHs and mental health). These include Leicester, UCLH, Doncaster and Peterborough. He has an outstanding record of leading people and organisations to high levels of achievement and of delivering successful organisational, clinical and financial transformation programmes. For the past three years Peter has been associate director with PwC's healthcare advisory practice, advising on leadership and on quality and financial transformation in more than a dozen NHS trusts across the country, including a number in Special Measures.



Richard Sunley

Deputy Chief Executive and Director of Operations

Richard Sunley was appointed Interim Chief Executive in March 2017 and then went on to become Deputy Chief Executive and Chief Operating Officer on October 2017. He has a longstanding career in the NHS having worked his way up from clerical worker to manager and director. He has held several senior positions including eight years as director of operations at Cambridge University Hospitals NHS Foundation Trust, three years as CEO at Scarborough and North East Yorkshire Healthcare NHS Trust and more recently a year's tenure as acting CEO at East Sussex Healthcare NHS Trust.



Tara Filby

Chief Nurse

Tara has worked at the Trust since 1987 when she joined the Scunthorpe and Goole school of nursing. She qualified in 1990 and landed temporary nursing roles at the former Glanford and Brumby hospitals before being appointed to a nurse role on ward 3 at Goole hospital. Tara went onto become a ward sister and then in 2003 she was asked to open and run a new surgical treatment centre at Goole, which she did as well as later opening the ophthalmic suite, and managing the surgical wards at the hospital. Tara left Goole in 2011 when she took on the role of assistant director of nursing at Grimsby hospital before being quickly promoted to the deputy chief nurse position. In 2015 she was appointed chief nurse.



Marcus Hassall

Director of Finance

Marcus was previously deputy director of finance at the Trust for three years, and has been at the Trust in a variety of finance roles since joining the previous Grimsby Health NHS Trust back in 1995. Marcus has spent his working career in NHS finance, having started as a finance trainee in Bradford.



Wendy Booth

Director of Performance Assurance and Trust Secretary

Wendy specialises in governance and risk management and is the lead for our complaints, legal, risk and quality assurance teams as well as our Foundation Trust office. She was appointed to her role in August 2012, having previously held the posts of head of governance and Trust Secretary, Assistant Director of Risk Management and Trust Risk Manager.



Jayne Adamson

Director of People and Organisational Effectiveness

Jayne prior to her appointment provided support as a specialist HR advisor and worked on Healthy Lives, Healthy Futures as the organisational development lead. Jayne has been an executive director in the NHS for seven years and prior to that has worked in the private sector with Smith & Nephew and Nestle.



Pam Clipson

Director of Strategy and Planning

Pam has been with the Trust since starting out as an apprentice straight from school in 1995. Pam has held a number of roles in the finance directorate since then, most recently as assistant director of finance and performance, leading the Trust's planning, contracting and information functions.



Jug Johal

Director of Estates and Facilities

Jug joined the NHS in 2006 after working his way up from transport administrator to group operation manager in a private logistics firm. He has worked in a number of roles at the Trust including transport manager and general manager for hotel services before being appointed to director of estates and facilities in August 2014. Jug oversees our estate, facilities and commercial services which include catering, cleaning, transport, security, parking, reprographics, property services and portering. He is also chair a Board Member of the National Skills Academy for Health and has won several national awards including including HefmA Project Manager of the Year.



Mr Lawrence Roberts

Medical Director

Mr Roberts has a wealth of experience having graduated from Charring Cross Medical School before being commissioned into the Royal Navy as a medical student on a short service commission. He worked as a ship's medical officer and on an air-sea rescue squadron and was also attached to the Royal Marines. He trained as a GP during his time in the Royal Navy before transferring to the Army where he trained in obstetrics and gynaecology. He also worked as a perinatal training fellow at the University College of London and became a consultant in 1994. He went on to take up the post of Command Consultant in Obstetrics and Gynaecology (British Army of the Rhine) and was promoted to lieutenant-colonel before being made redundant in 1996. He then joined Scunthorpe hospital as a consultant, and has held various posts.



Claire Phillips

Interim Chief Operating Officer

Claire grew up in the area and joined the Trust in 1999 as a clinical audit officer before moving to managerial positions in the operations directorate. She led the women and children, and surgery and critical care divisions, as well as worked across the directorates. Claire was appointed Deputy Chief Operating Officer in 2017.



Dr Kate Wood

Acting Medical Director

Dr Wood studied medicine at Glasgow University, graduating in 1994. She started work in anaesthetics in 1999 training in Hull, during which time she worked as a Senior House Officer and Registrar at Grimsby Hospital. She loved her time in Grimsby so much she returned in 2006 when she was appointed as a Consultant Anaesthetist. Since then she has held a number of managerial roles including Lead for Obstetric Anaesthesia in Grimsby, Clinical Director, Associate Medical Director and Deputy Medical Director and Acting Medical Director.



Dr Karen Dunderdale

Deputy Chief Executive and Director of Operations

Karen's last day as a Director in the Trust was on July 13 2017.



Robert Toole

Acting Director of Finance

He resigned from the Trust 7 July 2017.



Balance of the Board

Non-executive Directors are appointed to bring particular skills to the Board, ensuring the balance, completeness and appropriateness of the Board membership.

The Board of Directors considers the balance and breadth of skills and experience of its members to be appropriate with the needs of the Trust. The skill mix of the Board was considered by the Chair, Chief Executive, Trust Secretary and Director of People and Organisational Development following the Well-Led Review and in response to a Non-Executive Director vacancy, and the impending retirement of another Non-Executive Director.

All non-executive directors are considered to be independent, meeting the criteria for independence as laid out in NHS Improvement's Code of Governance.

Non-executive directors are appointed and removed by the Council of Governors, while executive directors are appointed and removed by the Chief Executive.

The chair, Anne Shaw, has no other significant commitments.

Operation of the Board

NLaG is run by a Board of Directors, comprising of a non-executive director who is the chair, and five other non-Executive Directors and five Executive Directors. The Executive Directors include: the Chief Executive, Deputy Chief Executive/Director of Operations, Chief Nurse, Medical Director and Director of Finance. The Director

of Performance Assurance/Trust Secretary and Director of People and Organisational Development attend meetings but cannot vote.

The Director of Strategy and Planning and Director of Estates and Facilities are no longer Board Directors.

The Chief Executive leads the executive team and is accountable to the Board for the operational delivery of the Trust.

The Chair of the Board is also the Chair of the Council of Governors.

The Non-executives scrutinise the performance of the executive management team in meeting agreed goals and objectives, and they receive adequate information to monitor the performance of the organisation.

They play a key role in taking a broad, strategic view, ensuring constructive challenge is made and supporting and scrutinising the performance of the executive directors while helping to develop proposals on strategy.

The Board sets the Trust's strategic aims and provides active leadership of the Trust. It is collectively responsible for the exercise of its powers and the performance of the Trust, for ensuring compliance with the Trust's Provider Licence, relevant statutory requirements and contractual obligations, and for ensuring the quality and safety of services.

It does this through the approval of key policies and procedures, the annual plan and budget for the year, and

scheme for investment or disinvestment above the level of delegation.

The Board meets monthly and its role is to determine the overall corporate and strategic direction of the Trust and to ensure the delivery of the Trust's goals and targets.

The Board has agreed a scheme of reservation and delegation which sets out those decisions which must be taken by the Board and those which may be delegated to the executive or to board sub-committees.

The Board of Directors has reserved powers to itself covering:

- Regulation and control
- The determination of board committees and membership
- Strategy, plans and budgets
- Policy determination
- Audit
- Annual report and accounts
- Performance monitoring.

The Board is also responsible for promoting effective dialogue between the organisation and the local community on its plans and performance, ensuring that the plans are responsive to the community's needs.

The board of directors receive feedback from Governors and members about the Trust, through attendance at meetings of the CoG and its sub-groups, direct face-to-face contact, surveys of members' opinions and consultations.

The Board is also responsible for ensuring proper standards of corporate governance are maintained. It accounts for the



performance of the Trust and consults on its future strategy with its members through the Council of Governors (CoG).

The Board works closely with the Trust's CoG. The Trust Chair is also Chair of the CoG and works closely with the Lead Governor to review all relevant matters. The Chair, Chief Executive, Trust Secretary and Membership Manager meet before each meeting of the CoG to set the agenda and review key issues. The Non-Executive and Executive Directors of the Board attend the CoG meetings as observers and take part in open discussions for part of each meeting.

Executive Directors or their deputies, and Non-executive Directors, are assigned to and are integral members of each of the CoG sub-groups. Participation in each quarterly sub-group ensures an understanding of the views of the governors and subsequently members of the public. During 2017/18, work was undertaken to align the CoG sub-groups and the Board assurance sub-committees and governor chairs of sub-groups attend Board assurance sub-

committees as observers.

The Trust Constitution details how disagreements between the Board of Directors and the Council of Governors will be resolved. Should a disagreement arise between the Board of Directors and the Council of Governors, such as would impair the decision making process or the successful operation of the Trust, then the Chair shall convene a joint meeting of the two bodies to consider the issue in dispute.

Should this meeting not resolve the issue then the Chair shall have the authority to make a decision on behalf of the Trust. This decision, and the reasons supporting it, will be communicated in writing to all members of both the Board of Directors and the Council of Governors. This has not been required during the period April 1 2016 to March 31 2017.

The Board ensures that adequate systems and processes are maintained to measure and monitor the Trust's effectiveness, efficiency and economy as well as the quality of local

healthcare delivery.

The Trust Devolution Policy including Reservation of Powers to the Board and Scheme of Delegation details which types of decisions are to be taken by the Board, and which decisions are to be delegated to the management by the Board of Directors.

The Board of Directors also has powers to delegate and make arrangements to exercise any of its functions through a committee, sub-committee or joint committee. The Board of Directors keeps the performance of its committees under regular review and requires that each committee considers its performance and effectiveness during the year.

The Trust has arranged appropriate insurance to cover the risk of legal action against its directors and is insured through the NHS Litigation Authority.

Deputy Chair

Good practice suggests that the Trust should have a Deputy Chair to stand in during any periods of absence of the Chair.

NHS Improvement's guidance states that this should be a Council of Governors appointment although it would be expected that the Chair would make a recommendation to governors. Linda Jackson, non-executive director, is the Deputy Chair. The Trust Constitution makes provision for this.

Senior Independent Director

The Senior Independent Director is a Non-Executive Director appointed by the Board as a whole in consultation with the Council of Governors.

The Senior Independent Director has a key role in supporting the Chair in leading the Board and acting as a sounding board and source of advice for the Chair. They also lead the performance evaluation of the Chair. Stan

Shreeve, Non-Executive Director, is the Senior Independent Director.

Board meetings

Public board meetings are held monthly and follow a formal agenda which includes an update from the Chief Executive, a patient story presented by the Trust's Patient Experience Practitioner, updates on the Trust's improvement plans, monthly capacity and capability on our wards, as well as minutes from sub-committees.

Attendance at public Board meetings April 1 2016 to March 31 2018

Name	30.5.17	25.7.17	26.9.17	28.11.17	19.12.17	30.1.18	27.2.18	27.3.18
Anne Shaw	P	P	P	P	P	P	P	P
Dr Peter Reading	-	-	P	P	P	P	P	P
Richard Sunley	P	P	A	A	A	P	P	P
Dr Karen Dunderdale	P	-	-	-	-	-	-	-
Marcus Hassall	P	P	P	P	P	P	P	P
Tara Filby	P	P	P	P	P	P	P	A
Mr Lawrence Roberts	P	P	P	A	A	A	A	A
Dr Kate Wood	-	-	-	P	P	P	P	P
Jayne Adamson	P	P	P	P	P	P	P	P
Robert Toole	P	-	-	-	-	-	-	-
Neil Gammon	P	P	-	-	-	-	-	-
Stan Shreeve	P	P	P	P	P	P	P	P
Linda Jackson	P	P	A	P	P	P	P	P
Sue Cousland	P	A	A	P	P	A	P	P
Sandra Hills	P	P	P	A	P	P	A	P
Anthony Bramley	P	P	P	A	P	P	P	P
Jug Johal	P	P	-	-	-	-	-	-
Wendy Booth	P	P	P	A	P	P	P	P
Pam Clipson	P	P	-	-	-	-	-	-
Claire Phillips	-	-	-	-	-	-	-	-
Karen Jackson	-	-	-	-	-	-	-	-
Karen Griffiths	-	-	-	-	-	-	-	-

 P – present

 A – absent

 – not applicable

Non-executive Directors

Non-executive Directors (NEDs) are appointed for a period of three years and can be appointed for a further period of three years. Any term beyond six years is subject to rigorous review.

Arrangements for the appointment and termination of Non-executive Directors are set out in the Trust Constitution.

The Constitution states that the Council of Governors has the power to appoint and remove the Chairman of the Trust and other Non-executive Directors. Removal can only happen if three quarters of the Council of Governors members approve the motion.

The Board determines whether each NED is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could affect, the person's judgement. All of our Non-executive directors are considered to be independent by the Board of Directors as per the Code of Governance for NHS Foundation Trusts.

The Chair is responsible for the leadership of both the Board of Directors and the Council of Governors.

As Chair of the Board of Directors she is responsible for ensuring the Board's effectiveness and setting its agenda.

As Chair of the Council of Governors she provides a pivotal link between Governors and Directors, especially the NEDs. Listening to the governors is one of the ways the Chair can hear the views of the local community. She regularly provides feedback to the Board of Directors on the views of the governors and the local community.

Non-executive Directors, including the Chair, Deputy Chair and Senior Independent Director, are appointed by the Council of Governors with the process being led by the Appointments and Remuneration Committee (ARC) for Non-Executive Directors.

The Chair, other Non-executive

Directors, and the Chief Executive are responsible for deciding the appointment of executive directors.

Evaluation of the Board/its committees/directors and Chair

Comprehensive arrangements are in place for reporting to the Trust Board on performance and key risks to future performance against a raft of targets/contractual obligations and indicators.

Risks in respect of compliance with other statutory requirements are escalated to the Trust Board via established governance and performance management frameworks including receipt by the Trust Board of quarterly Trust Assurance Framework and Risk Register reports.

More urgent risk issues are escalated directly to the Executive Team and the Trust Board via the relevant Executive Director.

The Scheme of Delegation,



which defines accountabilities for the delivery of performance, is monitored via the performance management framework led by the Chief Executive.

The Board ensures that relevant metrics, measures, milestones and accountabilities are developed and agreed so as to understand and assess progress and delivery of performance.

The Trust Board receives assurance through a suite of financial and non-financial performance reports including:

- The submissions of a monthly integrated performance report
- The submission of a monthly Improving Together progress report
- The submission of a monthly mortality report.

The Trust undertakes an annual evaluation of the Board and its sub-committees. During 2017/18 the Trust commissioned a Well Led Review. An improvement plan is in place in response to the findings and recommendations.

Development of the Board is essential in ensuring that it is functional, relationships are constructive, healthy and challenging, in making sure it has control of the business of the organisation and that it has robust plans in place for the future. A Board Development Programme is in place with external support.

Changes to the make-up of the Board provide an ideal opportunity to consider the professional requirements of the team, and to understand the new dynamics, behaviour and leadership style.

Each of the Board sub-

committees completes an annual review of effectiveness, and the outcome including agreed actions, are reported to the Trust Board.

Arrangements are in place to enable appropriate review of the Board's balance, completeness and appropriateness to the requirements of the Trust including following the Well Led Review.

The Board is also satisfied that the Trust applies those principles, systems and standards of good corporate governance which reasonably would be regarded as appropriate for a supplier of health care services to the Trust.

None of our directors or governors hold similar positions in any other NHS foundation trust. No Executive Directors were appointed as a Non-executive Director in other organisations during the year, and no Board director is a Governor or director of another foundation trust.

In compliance with the Code of Governance for Foundation Trusts, no Executive Director holds more than one Non-executive directorship of an NHS foundation trust or other organisation of comparable size and complexity.

How the Directors are assisted in their roles

Our Trust Board and Council of Governors are provided with high-quality information appropriate to their respective functions and relevant to the decisions they have to make. They receive assurance through a suite of financial and non-financial performance metrics

including such things as the monthly quality report, mortality report and monthly finance report.

The Board of Directors ensures that directors, especially non-executive directors, have access to independent professional advice, at the Trust's expense, where they judge it necessary to discharge their responsibilities as directors or to provide additional assurance on areas of challenge. The corporate Trust Secretary facilitates such events.

New Directors receive a full, formal and tailored induction on joining the Board of Directors.

They also have access, at the Trust's expense, to training courses and/or materials that are consistent with their individual and collective development. The availability of independent external sources of advice is made clear at the time of appointment.

Directors, governors and members are all supported by the Trust Secretary and the Trust Membership Officer.

Where Directors have concerns that cannot be resolved about the running of the Trust or a proposed action, any concerns are recorded within the Trust Board minutes. Minutes of the Trust Board are comprehensive and are





published in the public domain.

Our Trust Board, and in particular our Non-executive Directors, may reasonably wish to challenge assurances received from the executive management team.

The executive directors ensure, wherever possible, that the Non-executive Directors receive sufficient information and understanding to enable challenge and to take decisions on an informed basis. The Board minutes reflect any challenges of the executive management. There is also in place a schedule of Non-executive Director challenge roles whereby individual non-executives provide challenge in respect of specific areas of risk eg risk management, mortality, sustainability and quality.

Code of conduct for the Trust Board

All members of NHS Boards and clinical commissioning group governing bodies should undertake and commit to the practice of good governance and to the legal and regulatory

frameworks in which they operate.

As individuals they must understand both the extent and limitations of their personal responsibilities. To this end, in November 2012, the Professional Standards Authority (PSA) published new standards for members of NHS boards and CCG governing bodies in England. The standards cover three domains: personal behaviour, technical competence and business practices, and puts compassion and respect at the heart of NHS leadership. The standards also aim to capture existing standards, codes and principles (the Nolan Principles) by which NHS Board members are currently bound and are also intended to underpin existing systems for recruitment, training and development and appraisal.

In May 2013 the Trust Board formally signed up to these standards.

All Board directors meet the 'fit and proper persons' test as described in the provider

license as confirmed annually by each individual Director and collectively within the annual chairman's declaration to the Trust Board.

The Trust Board has maintained its support of the Nolan Principles of public life and has continued to make the majority of its decisions at Board meetings held in public.

To support this there is the Directors Code of Conduct, which applies to all directors and has been adopted by all Board members. This Code of Conduct builds on the NHS Code of Conduct and includes the Nolan principles of public life.

Board committees

The Board has established a number of formal sub-committees that support the discharging of the Board's responsibilities.

In addition to meeting the statutory requirements of having an Audit Committee and Remuneration Committee, we also have a Finance and Performance Committee, Quality and Safety Committee, and a Charitable Funds Committee (known as the Health Tree Foundation Trustees Committee).

Minutes of the sub-committees are presented to the Trust Board as is a monthly highlight report which provides escalation of issues and concerns for the attention of the Trust Board.

Each sub-committee comes under the remit of an executive director and is chaired by a non-executive director. Appropriate resource is allocated to ensure these sub-committees can undertake their duties.

Arising from the Well led Review commissioned by the Trust during 2017/18, changes have been made to the Trust's meeting structures (including the Board assurance sub-committees) in order to provide clear reporting lines and separation of management decision making from assurance.

As at March 31 2018, the current sub-committee structure is as follows:

Audit, Risk and Governance

The Audit, Risk and Governance Committee is a standing committee formally established by the Trust Board.

Formerly known as the Audit Committee, it consolidated responsibilities transferred to it from the defunct Trust Governance and Assurance Committee becoming the Audit, Risk and Governance Committee.

Terms of reference were duly updated and approved by the Trust Board.

The committee's remit is to ensure that effective internal controls and systems are in place, and compliance with law, guidance and codes of conduct.

It also oversees the establishment and maintenance of an effective system of internal control that supports the achievement of the organisation's objectives and monitors the integrity of the financial statements of the Trust.

The committee, which meets seven times per annum, is appointed by the Board from among the Non-Executive Directors of the Trust and consists of three core Non-Executive Director members.

There is cross membership with other standing committees. Minutes of Audit, Risk and Governance Committee meetings are submitted to other sub-committees, the Trust Board and the Council of Governors.

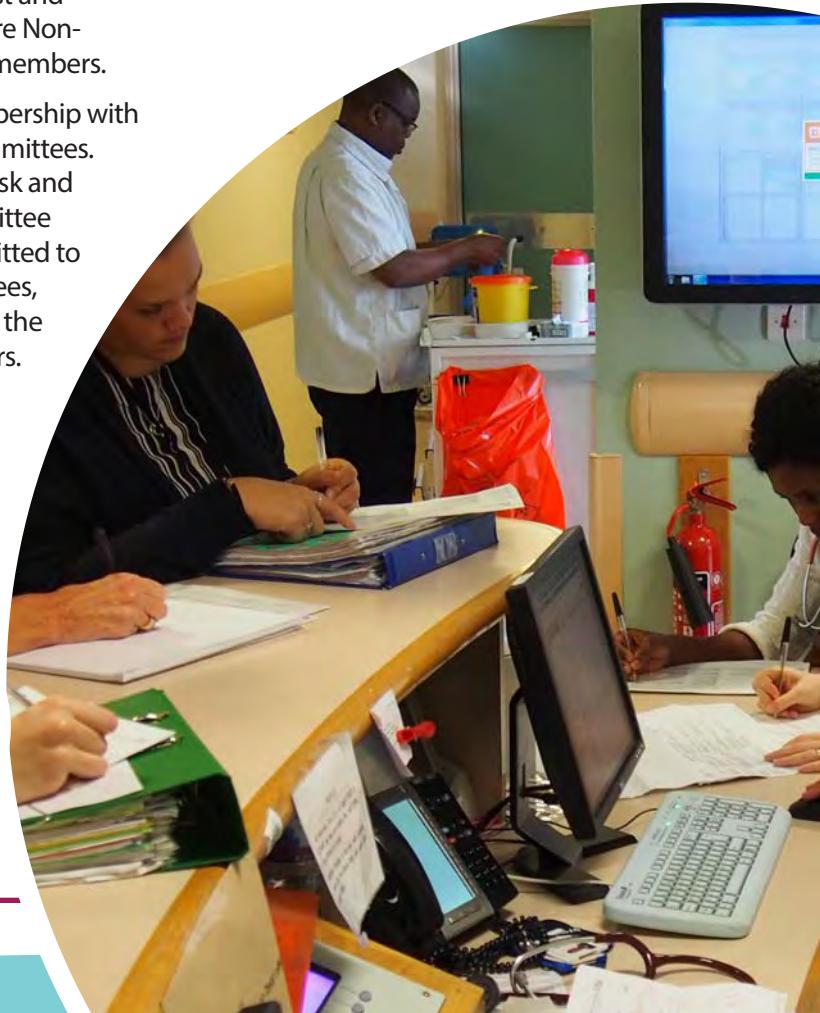
Internal Auditor services are provided by KPMG, appointed for three years on 1

June 2014 and awarded a one year extension for 2017/18 as allowed. Procurement rules require that a tendering exercise be undertaken for future provision thereafter.

Internal Audit's role is to provide an independent and objective opinion to the Chief Executive, the Audit, Risk and Governance Committee and the Board on the degree to which risk management, control and governance arrangements support the effective operation of the Trust.

The Head of Internal Audit produces an annual audit opinion on the effectiveness of the system of internal control.

The Head of Internal Audit and/or the Internal Audit Manager for the Trust will normally attend Audit, Risk and Governance Committee meetings and has a right of access to all Audit, Risk and Governance Committee members, the Chairman and



Chief Executive of the Trust. The Head of Internal Audit is accountable to the Director of Finance.

During 2017/18 the Audit, Risk and Governance Committee received regular written progress reports from its internal auditors outlining the status of the planned audit work for the year and the outcome of individual reviews performed, along with associated recommendations where appropriate.

The annual Head of Internal Audit Opinion, which forms part of the Annual Governance Statement in this report, contains details of high risk recommendations made during the year.

The internal auditors also provided regular useful technical update reports which highlighted to the committee the main technical issues impacting on the health sector at the time of each report.

The Audit, Risk and Governance Committee also monitors the implementation of all internal audit recommendations made, and has duly received progress reports at each meeting to enable monitoring of these actions.

The Trust's External Auditors are PwC who have been the Trust's External Auditor since 2012 and were re-appointed for a further three years in 2016 with the option for a one year extension following a tendering exercise.

Representatives of the Audit, Risk and Governance Committee acted as advisors to the Council of Governors in relation to this tendering exercise.

The Council of Governors convened a sub-committee to oversee the process and make a recommendation to the full Council of Governors.

The value of external audit services is disclosed in the Trust's financial statements (note 5.2 page 164) and is circa £74k per annum.

An annual review of effectiveness will be performed. PwC may also provide non-audit services to the Trust and the Trust has a formal policy for the engagement of the External Auditor for non-audit work to ensure that their objectivity and independence are safeguarded, and this policy is also subject to annual review by the Audit, Risk and Governance Committee.

The value of any non-audit services is routinely disclosed in the Trust's financial statements at note 5.2, but there was no such work performed by PwC during 2017/18.

The committee received and reviewed the draft financial statements and the audited accounts, as well as the Annual Governance Statement.

Due to the challenging financial deficit position of the Trust at the end of 2017/18, as with the previous three years, and coupled with being placed into Financial Special Measures in March 2017 one of the significant issues given full consideration by the Audit, Risk and Governance Committee as part of the accounts preparation process was the Trust's ability to continue as a going concern.

The Audit, Risk and Governance Committee considered this in detail and note 1.1.2 of the financial statements refer to the accounts being prepared on a going concern basis. The Audit, Risk and Governance Committee endorsed this as appropriate.

As part of the committee's regular review of its own governance arrangements it conducted a self-assessment workshop in January 2018, in line with the latest NHS Audit Committee Handbook (HFMA, 2014).

A review of its formal terms of reference was also undertaken to ensure that they remain up to date and fit for purpose.

As a result of this review only minor changes were considered necessary.

The Trust Board approved the

committee's terms of reference for a further year.

In line with the Foundation Trust Code of Governance, the Audit, Risk and Governance Committee also has a role in reviewing the organisation's arrangements for staff and

other individuals where relevant, to raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters.

In order to discharge this

function the Audit, Risk and Governance Committee received an initial introduction to the role of the Trust's Freedom to Speak Up Guardian at its June 2017 meeting, with a further update on progress and activity at the October 2017 meeting.

Schedule of Attendance at Audit, Risk and Governance Committee meetings 2017/18

Member / Attendee

	Apr-17	May-17	Jun-17	Aug-17	Oct-17	Dec-17	Feb-18	Overall Attendance
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Members:

Stan Shreeve – Chair
Neil Gammon – NED
Linda Jackson – NED
Anthony Bramley - NED

Y	Y	Y	Y	Y	Y	Y	Y	100%
Y	Y	Y1	-	-	-	-	-	100%
Y	N	Y	N	Y	Y	Y	Y	71%
-	-	Y2	Y	Y	N	Y	Y	86%

Regular Attendees:

Marcus Hassall – Director of Finance
Wendy Booth – Director of Governance & Assurance
Asst. DoF – Compliance & Counter Fraud
LCFS
Head of Procurement
Internal Audit
External Audit
Head of Quality Assurance
Head of H&S and Fire

N3	N3	N3	Y	Y	Y	Y	Y	100%
Y	Y	Y	Y	Y	Y	Y	Y	100%
Y	Y	Y	Y	Y	Y	Y	Y	100%
Y	N/A4	Y	Y	Y	Y	Y	Y	100%
Y	N/A4	N	Y	Y5	Y5	Y5	Y	100%
Y	Y	Y	Y	Y	Y	Y	Y	100%
Y	Y	Y	N	Y	Y	Y	Y	86%
-	-	-	Y6	Y	Y	Y	Y	100%
-	-	-	Y6	N	Y	Y	N	50%

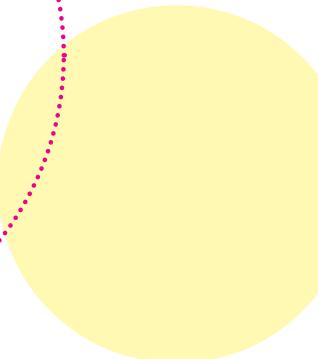
Ad-hoc Attendees:

Asst. DoF – Process & Control (NP)
Deputy Director of Finance (PC)
Chief Executive (RS)
Director of People & Organisational Effectiveness (JA)
Associate Freedom to Speak Up Guardian (DB)
Emergency Planning & LSMS (MO)
Listening into Action Lead (KF)
Deputy Director of Improvement (KH)
IT Network & Telecommunications Manager (JLH)
Associate Chief Operating Officer – Patient Access (JF)

Y	Y	-	-	-	-	-	Y	-
Y	Y	-	-	-	-	-	-	-
-	Y	-	-	-	-	-	-	-
-	-	Y	-	Y	-	-	-	-
-	-	Y	-	Y	-	-	-	-
-	-	-	Y	-	-	-	Y	-
-	-	-	-	-	Y	-	-	-
-	-	-	-	-	Y	-	-	-
-	-	-	-	-	-	Y	-	-

Notes:

- 1 Neil Gammon, NED, last meeting before leaving the Trust
- 2 Anthony Bramley, NED, first meeting as new member of the committee
- 3 Interim DoF in attendance in absence of substantive DoF
- 4 Not required to attend, Final Accounts meeting only
- 5 Interim Head of Procurement in attendance
- 6 First attendance at newly named Audit, Risk and Governance Committee (having extended remit from August 2017 for responsibilities transferred from the former Trust Governance and Assurance Committee).



Health Tree Foundation Trustees Committee

This committee was established as a formal sub-committee of the Trust Board, under the Trust Constitution Part IV Section 6.8 d. Its membership is appointed by the Trust Board among the Non-Executive and Executive members, and the local community, and consists of the following voting members: an independent Chair, three Non-Executive Directors, Chief Executive, Medical Director, Chief Nurse, Director of Finance and two independent trustees.

It is tasked with overseeing and managing the affairs of the Trust's charitable funds. The working name of the charity is The Health Tree Foundation.

It ensures that the charity acts within the terms of its declaration of trust, and all appropriate legislation on behalf of the Trust Board as corporate trustee.

Its minutes are shared with the Trust Board. Further information about the charity is available on page 126.

Quality and Safety Committee

This committee was established as a formal sub-committee of the Trust Board.

Its purpose is to provide 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. Its membership includes: three Non-Executive Directors, Deputy Chief Executive/Chief Operating Officer, Medical Director and Chief Nurse. Its minutes are shared with the Trust Board.

Finance and Performance Committee

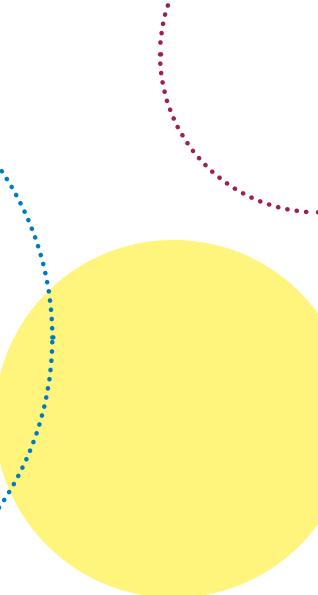
This committee was established as a formal sub-committee of the Trust Board.

It submits copies of its minutes for inclusion on the Trust Board agenda, and significant issues are escalated to the Trust Board via a monthly 'highlight' report.

Its core membership includes three Non-Executive Directors, Deputy Chief Executive/Chief Operating Officer, Director of Finance and

Turnaround Director.

Its remit includes: reviewing the annual and longer term financial plans, for revenue, capital and cash management, in line with the Trust's business planning cycle and obtaining assurance they are fit for purpose; reviewing the agreement of service contracts to secure Trust income; providing assurance to the Trust Board that appropriate budgetary control arrangements are in place to monitor and deliver annual financial plans; reviewing the Trust's performance against its annual financial plan and budgets, and monitoring any necessary corrective action plans, highlighting any significant concerns to the Trust Board.



Remuneration Committee

This committee was established as a formal sub-committee of the Trust Board.

It reviews and approves leadership needs and succession planning to ensure the Trust can fulfil its own strategic and statutory requirements for the two levels below executive level.

It also reviews and approves the overall structure of the Executive team in terms of structure, size, skills, knowledge, experience and diversity.

It also reviews and agrees on the remuneration of senior directors and commissions recruitment exercises to fill any vacancies amongst the Executive team.

It reports to the Trust Board through updates provided to the non-executive directors by the Trust Chair and the Council of Governors and

members of the public through a committee and remuneration report included as part of the Trust's statutory annual report and accounts. Its membership is made up of three Non-Executive Directors who are appointed by the Board.

In regular attendance are the Trust Chair, Chief Executive, Director of People and Organisational Effectiveness and the Board Secretary.

The above officers of the Trust will remove themselves from the committee when their own remuneration or performance is discussed.

Cost allocation and charging

The Trust has complied fully with the cost allocation and charging requirements as set out in HM Treasury and Office of Public Sector Information guidance. Payment by results

(PbR) provides a transparent, rules-based system for paying trusts; it rewards efficiency, supports patient choice and diversity and encourages activity for sustainable waiting time reductions. Payments are linked to activity and adjusted for casemix. Importantly, this system ensures a fair and consistent basis for hospital funding rather than being reliant principally on historic budgets and the negotiating skills of individual managers.

Donations

As an NHS foundation trust, we make no political or charitable donations. We launched our own charity – The Health Tree Foundation – and it continues to benefit from charitable donations received and is grateful for the efforts of fundraising organisations and members of the public for their continued support.

Payments Practice Code

	2017/18		2016/17	
	Number	£000	Number	£000
Total non-NHS trade invoices paid in the year	88,145	183,178	86,825	178,637
Total non-NHS trade invoices paid within target	27,316	39,017	25,925	42,997
Percentage of non-NHS trade invoices paid within target	31%	21%	30%	24%
Total NHS trade invoices paid in the year	3,560	24,256	3,400	20,173
Total NHS trade invoices paid with target	1,706	15,496	826	12,672
Percentage of NHS trade invoices paid within target	48%	64%	24%	63%

Income disclosures to auditors

The directors confirm that, as required by the Health and Social Care Act 2012, the income that the Trust has received from the provision of goods and services for the purposes of the health service in England is greater than its income from the provision of goods and services for any other purposes.

The Trust has processes in place to ensure that this statutory requirement will be met in future years.

The directors also confirm that the provision of goods and services for any other purposes are not materially impacted on our provision of goods and services for the purposes of the health service in England.

Statement as to disclosures to auditors

So far as each director is aware, there is no relevant audit information of which the NHS foundation trust's auditor is unaware and they have taken all 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.

'Relevant audit information' means information needed by the NHS foundation trust's auditor in connection with preparing their report.

A director is regarded as having taken all the steps that they ought to have taken as a director in order to do the things mentioned above, and:

- Made such enquiries of his/her fellow directors and of the company's auditor for that purpose; and
- Taken such other steps (if any) for that purpose, as are required by his/her as a director of the company to exercise reasonable care, skill and diligence.

Trust Board approach to clinical governance

The Trust adheres to the Code of Governance for Foundation Trusts and the Board is satisfied that the Trust applies those principles, systems and standards of good corporate governance which reasonably would be regarded as appropriate for a supplier of health care services to the NHS.

The effectiveness of the Trust governance arrangements continued to be tested during 2017/18 via internal and external testing

including internally via the annual internal audit programme and externally as part of a Trust commissioned Well Led Review.

An improvement plan is in place and ongoing in response to the findings and recommendations arising from that review including agreed support.

These improvements are captured as part of the Trust's Improvement Programme – Improving Together; specifically the Leadership and Culture workstream.

Monitoring occurs via the monthly Improving Together progress report to the Trust Board.

More detailed updates are provided quarterly to the Trust Board.

Changes have been agreed during 2017/18 to the configuration of the Trust's (central) governance team and arrangements; not least to ensure increased focus on clinical governance. To this end, key



responsibilities will be realigned as follows:

- Patient experience: to transfer to Chief Nurse from 1 May 2018
- Patient safety and clinical effectiveness to transfer to the Medical Director from 1 August 2018.

Work will commence in May 2018, supported by KPMG to strengthen the clinical governance arrangements at divisional level and building on recent changes to divisional leadership with the appointment of five new Divisional Directors, which will put clinicians firmly in charge of how we plan and deliver services.

The new Divisional Clinical Directors will have authority and responsibility for quality, the use of resources (including staffing and finances), performance and governance.

The Chief Executive as the Accountable Officer for NLaG follows the procedures set out by NHS Improvement in advising the Board and the CoG and for recording and submitting objections to decisions.

We ensure there is regular reporting to and dialogue with NHS Improvement.

This includes monthly accountability meetings (MAM) in respect of the Trust's position on performance and quality

and financial special measures.

Stakeholder relations

Collaborative working is key to the local health community.

Our approach is, and always has been, based on openness, honesty and a genuine desire to listen and act on feedback to improve our services and our patients' experience.

We work with our partners in the local 'health and care community' to continually progress our services which includes GPs, community healthcare providers, social care providers, charities, the ambulance service, mental health providers, local health scrutiny panels and the clinical

commissioning groups across our population footprint.

We are a member of the Humber Coast and Vale Sustainability and Transformation Plan (STP) with linkages into neighbouring STPs given our patient flows.

As part of this work the planning principles we have adopted focus on the priority to deliver the care needed by our patients as close to them as is safe and is financially viable to do so.

Further details about the STP are available in our Operational Plan which is available on the Trust website.

The governance structure associated with the Humber, Coast and Vale STP includes a Humber Acute Services Review Programme.

This structure enables the acute providers of Hull and

East Yorkshire and Northern Lincolnshire and Goole hospitals to come together to strengthen and further develop clinical networks.

The development of clinical networks will build upon the emerging clinic strategy.

For NLaG the emerging strategy includes maintaining an urgent and emergency care front door in each of the Grimsby and Scunthorpe hospitals with access to maternity and critical care.

The Trust has good stakeholder relations and regularly attends meetings of the overview and scrutiny committees and topical issues. The also has a Joint Working Protocol in place with the three local Health Watch organisations and there are twice yearly meetings with Health Watch and Trust governors.

The Trust also has monthly engagement meetings with the CQC and meets monthly with stakeholders through the System Improvement Board, put in place to provide support and challenge to the Trust following it being placed in special measures.

There are also quarterly engagement and listening events for Trust members and the public to meet with governors and either the Trust Chair, or a Non-Executive Director and the Membership Manager. The Trust has now moved to holding joint engagement events with North and North East Lincolnshire Clinical Commissioning Group and hope to establish something similar for the Goole and Howdenshire area.

The Trust also has in place a policy outlining those third parties with whom it has a duty to co-operate which is regularly reviewed and agreed by the Trust Board.



Complaints

We constantly strive to provide the best quality care to our patients but recognise that there will be occasions when they, their relatives or carers do not feel happy with their visit or the services they have received.

We welcome feedback from patients, their relatives or carers, as it provides us with the opportunity to investigate and learn from the occasions when things have gone wrong or the patient has had a poor experience. We also welcome any comments, concerns in addition to any compliments about the services we provide.

There are a number of ways an individual can provide the Trust with feedback relating to their experiences including through our comment cards provided throughout the Trust, our patient advice and liaison service (PALS), and formal

complaints process.

In 2017/18, the PALS team received:

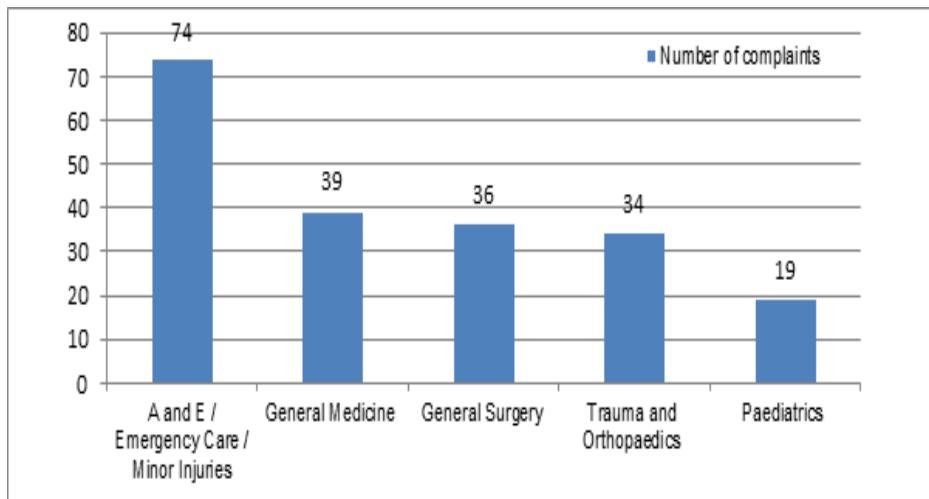
- 2,105 concerns; 273 of which were resolved within one working day
- 62 per cent of the concerns were responded to in the expected three to five working days, which is a 10 per cent increase on the previous year. It is however recognised that this figure needs to improve further and we will endeavour to concentrate efforts on this over the next year.

The Trust received 476 formal complaints throughout the year with 100 per cent of new complaints being acknowledged in three working days. In line with the Trust's Policy and Procedure for the Management of Complaints,

Concerns, Comments and Compliments, each complainant is allocated an individual complaints facilitator, who will liaise with them from the outset, obtaining specific questions and desired outcomes, ensuring that they are kept up to date throughout the investigation process.

The team ensure that an investigation is completed and an open and honest response is provided, either in written format or via a meeting.

Of the total number of formal complaints received, nine related to our community services; 245 related to Grimsby hospital; 20 related to Goole hospital; 200 related to Scunthorpe hospital and two spanned across a number of our sites. The top five areas of complaint were as follows:



Of the complaints closed during 2017/18, 54 per cent were responded to within 60 working days. We acknowledge that receiving a timely response is important to complainants and we will be seeking solutions to reduce response timescales over the next year.

As a Trust, we appreciate how important feedback is and just as we like to know when things go wrong, it is also helpful to know when we are doing things well. This not only helps boost staff morale and motivation, but also allows us to identify which areas are

doing better than others so we can then try to replicate the good practice across other areas of the Trust.

In 2017/18, 253 compliments were received by the Trust and formally logged by the central governance directorate. All compliments



received are circulated to the relevant management teams and are shared with staff to acknowledge and celebrate their successes. Examples of the compliments received are:

"Patient says she was very anxious when he arrived at the hospital for an ophthalmology procedure but felt everyone showed care and understanding. She would particularly like to thank Dr Dar who carried out the procedure and says she is more than happy with the results."

"It has been of great help at this difficult time, to be dealt with by professional and courteous people, enabling informed decisions to be made. The NHS has served me well and I wish to offer my sincere thanks to all concerned." (Urology)

"I am a senior nurse myself, having trained at this hospital

over 30 years ago, I am at present supporting my sister through her cancer pathway. Working currently in the NHS I am very aware of the impact the national position is having on our services. I attended an emergency oncology clinic yesterday to see a doctor, someone we have not seen before (as this was an emergency appointment) to find the clinic running at least 1.5 hours behind. The healthcare assistant apologised to us after some time and invited us to go for a coffee and return later. We did this and duly went in for our appointment at 6pm (scheduled for 4.45pm). The doctor was obviously running late and it had been a long day, however, he did not rush us, explained everything and spent considerable time explaining my

sister's unexpected results to us, ensuring we fully understood her plan moving forward. A thoroughly lovely gentleman who was supported by a cheerful and friendly healthcare assistant, in obviously challenging circumstances.

This experience made me continue to have faith in a system which is quite obviously broken from a national perspective, but it also made me proud to still be a nurse and ever grateful for the extra mile the staff in your organisation took yesterday in order to ensure we were given the time required.

Thanks to all."

Governors' report

Council of Governors

As a foundation trust, NLaG has a Council of Governors (CoG). The Board of the Trust is directly responsible for the performance and success of the Trust, and satisfying the CoG that the Board is achieving its aims and fulfilling its statutory obligations. Governors act as a link to the local community and report matters of concern raised with them, to the Board, via their quarterly CoG meetings. It receives and considers all appropriate information required to enable it to discharge its duties, and is provided with high-quality information appropriate to its function and relevant to the decisions it has to make.

Members of the Council of Governors during 2017/18

Name	Initial date elected	Date re-elected	Term of office	Term of office ends	Date of retirement	Political party
Public governors – East and West Lindsey						
Jeremy Baskett	19.4.16	-	3 years	19.4.19	-	
Christopher Bayne	19.4.16	21.10.16	3 years	21.10.19	-	
Public Governors - Goole and Howdenshire						
Janthea Capitani	19.4.16	-	3 years	19.4.19	-	
Rob Pickersgill	3.12.15	-	3 years	3.12.18	-	
Roy Taylor	21.1.11	3.12.15	3 years	3.12.18	31.5.17	
Barbara Jeffreys	28.7.17	-	17 mnths	3.12.18	-	
Public Governors – North East Lincolnshire						
Cheryl George	19.4.16	-	3 years	19.4.19	7.4.17	
Ann Maggs	13.12.16	-	3 years	13.12.19	-	
Brian Page	3.12.15	-	3 years	13.12.18	-	
Jeff Shaw	23.11.08	21.10.16	3 years	21.10.19	-	
Liz Stones	23.11.11	22.11.14	3 years	3.12.17		
David Walker	28.7.17	22.11.14	21 mnths	19.4.19	26.3.18	
Public Governors – North Lincolnshire						
Harpreet Atwal	21.10.16	-	3 years	21.10.19	5.5.17	
Maureen Dobson	28.11.07	21.10.16	3 years	21.10.19	-	
Paul Grinell	4.11.09	3.12.15	3 years	3.12.18	-	
Carol Anscombe	17.11.17	-	3 years	17.11.20	-	UKIP
John Anscombe	17.11.17	-	3 years	17.11.20	-	UKIP
Staff Governors						
Mr Sid Goel	28.7.14	-	3 years	28.7.17	28.7.17	
Mr Makani Hemadri	28.7.14	28.7.17	3 years	28.7.20	-	
Tim Mawson	21.10.14	28.7.17	3 years	28.7.20	-	
Tony Whyte	28.7.14	28.7.17	3 years	28.7.20	-	
Vacancy						
Stakeholder governors						
Vacancy – North Lincolnshire						
Melanie Dickerson – North East Lincolnshire	20.7.15	-	3 years	20.7.18	-	Conservative
John Barrett – Goole and Howdenshire Council	20.7.16	-	3 years	20.7.18	-	Conservative
Richard Young – North Lincolnshire	1.9.16	-	3 years	1.9.19	-	
Eddie McCabe – North East Lincolnshire	19.4.16	-	3 years	19.4.19		
Vacancy – Hull York						

Role of Governors

The CoG has a number of statutory roles and responsibilities, which are set out in a document, and are as follows:

- Appoint and, if appropriate, remove the Chair
- Appoint, and if appropriate, remove the other Non-Executive Directors
- Decide the remuneration and other terms and conditions of office of the Chair and other Non-Executive Directors
- Approve (or not) the new appointment of a Chief Executive
- Approve, and if appropriate, remove the Trust's auditor
- Receive the Trust's Annual Report and Accounts at a general meeting of the CoG
- Hold the Non-Executive Directors, individually and collectively, to account for the performance of the Board of Directors
- Represent the interests of the members of the Trust, and public
- Approve Significant Transactions as defined by NHSI guidance
- Approve an application by the Trust to enter into a merger or acquisition
- Approve amendments to the Trust's Constitution.

The council takes the lead in agreeing with the Audit Committee the criteria for appointing, re-appointing and removing external auditors. When the council ends an external auditor's appointment in disputed circumstances, the Chair will write to NHS

Improvement informing it of the reasons behind the decision.

There is a clear policy and a fair process, agreed and adopted by the council, for the removal of any Governor who consistently and unjustifiably fails to attend the meetings of the council or has an actual, or potential conflict of interest, which prevents the proper exercise of their duties.

Composition of the CoG and CoG meetings

The CoG comprises of the following constituencies:

Elected Public Governors

The CoG has 16 Governors elected from its membership that represent the four main catchment areas of the Trust. Public Governors are elected from within local authority areas. The number of Governors for each constituency is in proportion to the population within the area using NLaG services.

Area	Number
North Lincolnshire	5
North East Lincolnshire	5
Goole and Howdenshire	3
East and West Lindsey	2

Elected Staff Governors

There are four staff Governors who are elected by staff members.

Appointed Stakeholder Governors

The Trust has a further seven Governors who are appointed by partnerships or stakeholder organisations.

Governor elections were held three times during the year, as several had come to the end of their term of office. The results of each election are detailed below:

• **Elections ending July 18 2017**

For Goole and Howdenshire a public governor was elected for a term of 17 months (being the remainder of the term of office of the proceeding Governor who had retired). A new public governor was elected for North East Lincolnshire for a term of 21 months (being the remainder of the term of office of the proceeding governor who had retired), and three staff governors were elected for a term of three years.

• **Annual elections ending on November 17 2017**

Three new governors were elected for North Lincolnshire (all for a three year term of office).

The Council of Governors meets sufficiently regularly to discharge its duties. During the year April 1 2017 to March 31 2018 attendance at the Council of Governor meetings was as follows:

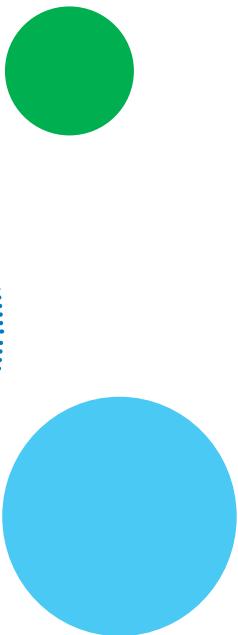
Governors	Council of Governor meetings						
	AR		AMM				
Constituencies	11.4.17	13.6.17	11.7.17	21.9.17	17.10.17	16.1.18	Total
East and West Lindsey							
Jeremy Basket	P	P	P	A	P	P	5 out of 6
Christopher Bayne	P	P	A	P	P	A	4 out of 6
Goole and Howdenshire							
Janthea Capitani	P	A	A	A	P	P	3 out of 6
Rob Pickersgill	P	P	P	P	P	P	6 out of 6
Barbara Jeffreys	n/a	n/a	n/a	n/a	P	A	1 out of 2
North East Lincolnshire							
Ann Maggs	A	A	P	A	A	A	1 out of 6
Brian Page	P	P	P	P	P	P	6 out of 6
Jeff Shaw	P	P	P	P	P	P	6 out of 6
Liz Stones	A	A	P	A	A	A	1 out of 6
David Walker	n/a	n/a	n/a	P	A	P	2 out of 3
North Lincolnshire							
Carol Anscombe	n/a	n/a	n/a	n/a	n/a	A	0 out of 1
John Anscombe	n/a	n/a	n/a	n/a	n/a	A	0 out of 1
Judith Bett	n/a	n/a	n/a	n/a	n/a	A	0 out of 1
Maureen Dobson	A	P	P	P	P	P	5 out of 6
Paul Grinell	A	P	P	P	P	P	5 out of 6
Robin Perry	A	A	A	A	n/a	n/a	0 of 4
Staff Governors							
Makani Hemadri	A	A	A	P	A	A	1 out of 6
Sid Goel	A	A	n/a	n/a	n/a	n/a	0 out of 2
Tim Mawson	P	P	P	P	P	P	6 out of 6
Anthony Whyte	A	P	P	P	A	P	4 out of 6
Stakeholder Governor							
John Barrett	P	P	A	P	P	A	4 out of 6
Eddie McCabe	P	A	P	P	P	P	5 out of 6
Melanie Dickerson	P	P	P	A	P	P	5 out of 6
Richard Young	A	A	A	A	A	A	0 out of 6

P Present

A Absent

n/a Not applicable





During the year April 1 2017 to March 31 2018 attendance by Non-Executive Directors (NED) and Directors at the Council of Governor meetings was as follows:

Name	11.4.17	13.6.17	11.7.17	21.9.17	17.10.17	16.1.18	Total
Anne Shaw - Trust Chair	P	P	P	A	P	P	5 out of 6
Jayne Adamson - Director of People and Organisational Effectiveness	A	A	A	A	A	A	0 out of 6
Wendy Booth - Director of Performance Assurance & Trust Secretary	A	P	A	A	A	A	1 out of 6
Pam Clipson - Director of Strategy and Planning	P	P	P	A	A	P	4 out of 6
Dr Karen Dunderdale - Deputy Chief Executive/Director of Operations	P	A	A	n/a	n/a	n/a	1 out of 3
Tara Filby - Chief Nurse	A	P	P	P	A	P	4 out of 6
Marcus Hassall - Director of Finance	A	A	A	P	P	P	3 out of 6
Jug Johal - Director of Estates and Facilities	P	P	P	A	A	P	4 out of 6
Claire Phillips - Deputy Director of Operations	n/a	n/a	P	A	A	P	2 out of 4
Dr Peter Reading - Chief Executive	n/a	n/a	n/a	A	P	P	2 out of 3
Mr Lawrence Roberts - Medical Director	A	P	A	A	A	A	1 out of 6
Richard Sunley - Interim Chief Executive/Deputy Chief Executive	A	A	P	A	A	A	1 out of 6
Robert Toole - Interim Director of Finance	A	P	A	A	n/a	n/a	1 out of 4
Tony Bramley - Non-executive Director	A	P	A	P	P	P	4 out of 6
Sue Cousland - Non-executive Director	P	A	P	A	A	P	3 out of 6
Neil Gammon - Non-executive Director	P	P	n/a	n/a	n/a	n/a	2 out of 2
Sandra Hills - Non-executive Director	A	P	A	P	A	P	3 out of 6
Linda Jackson - Non-executive Director	P	P	A	A	P	P	4 out of 6
Stan Shreeve - Non-executive Director	P	P	P	P	A	A	4 out of 6

P Present
 A Absent
 n/a Not applicable

Lead Governor

NHS Improvement (NHSI) requires that a CoG elects a Lead Governor to be the primary link with the Foundation Trust. A Lead Governor is elected by the full Council and would also be the formal link to NHSI if circumstances required direct communication between the CoG and the regulator. The Lead Governor is Paul Grinell, a public Governor for North Lincolnshire. He was elected as Lead Governor on July 2 2013, and re-elected on January 14 2016 by the CoG.

Governor engagement

There are four CoG business meetings and a CoG Annual Members' Meeting held in public each year. The Governors invite members of the Trust Board to attend to update them on specific items and each meeting includes reports from Governors, the Chair and from the Board.

Our Governors also hold Governor and Non-Executive Director briefings without the Executive

Directors in attendance to receive updates and discuss matters among themselves. They held eight such meetings during 2017/2018.

A review of the collective performance of the CoG is held annually in June and members of the Board of Directors are invited to attend and support this process. The review is led by the Trust Chair, supported by the Trust Secretary and Membership Manager, and utilises a framework document that incorporates NHS Improvement's Code of Governance. This meeting was held on June 13 2017.

The CoG has a number of active and vibrant sub-committees including Steering Group, Membership Working Group, Staff Governor Working Group, Quality Review Group and the Steering Group and Healthwatch. In addition to this Governors also have an Appointments and Remuneration board sub-committee.

NHS Improvement requires foundation trusts to provide forward planning for each financial year, prepared by the Board of Directors. Governors are consulted on the development of these plans and are able to input views from the members they represent.

Governors are supported and involved in many aspects of the Trust including undertaking Patient Led Assessments of the Care Environment (PLACE) visits, ward reviews and they also assist in the preparation for the Care Quality Commission Inspection by undertaking 'mock inspections' with members of staff.

The Chair invites Governors to take up one-to-ones with her where they are encouraged to attend Trust Board meetings. During the course of the year there have also been two bi-annual half day Governor and Non-Executive Director briefing and training sessions, and a further five sessions on topical health matters which have included:

- Sustainability Transformation Plan
- Operational plan
- Finance training including the forward plan and a simplified NHS finance and Trust update
- Winter pressures update
- Outpatient waiting lists
- Care Quality Commission updates
- Quality Account and various updates
- Staff engagement.

Governors held a series of quarterly Governor and Members' Forums and drop-in sessions throughout 2017/18 which then evolved into the Listening and Engagement events. Governors also utilise the Trust staff and member magazine, Trust website, membership portal website, news releases and emails to communicate with members. During the year Governors also attended a number of community engagement events and held various members recruitment events.

Holding the Non-Executive Directors to account for the performance of the Trust Board

Governors have an important role in making an NHS Foundation Trust accountable for the services it provides.

They bring valuable perspectives and contributions to its activities. Governors are expected to hold Non-Executive Directors to account for the performance of the Trust Board of Directors and the following sets out the principles of how Governors discharge this responsibility:

- To ensure that the process of holding to account is transparent and fulfils the statutory duties of the CoG
- To make the most effective and efficient use of time and resources, and to avoid duplication
- To reflect the NHS Improvement guidance that Governors should, via the Non-Executive Directors, seek assurance that there are effective strategies, policies and processes in place to ensure good governance of the Trust

- To be proportionate, recognising that Governors are volunteers and that Non-Executives are contracted.

The council has established a policy for engagement with the board of directors for those circumstances when they have concerns.

no time during 2017/18 has the CoG exercised its formal power to require a Non-Executive Director to attend a Council meeting and account for the performance of the Trust.

Non-Executive Directors attend all CoG meetings and rotate attendance at CoG sub-groups and Governors can hold them to account at any of the sessions as required and appropriate.

The Council of Governors is satisfied with its interaction and relationship with the board of directors and that is it appropriate and effective.

Appraisal and appointment

The Council of Governors has an Appointments and Remuneration Committee (ARC) for the appointment of Non-Executive Directors (including the Chair, Deputy Chair and Senior Independent Director). The committee has delegated authority to consider these appointments on behalf of the Council of Governors, and provide advice and recommendations to the full council in respect of these matters.

The committee also periodically reviews the process to be followed for the appointment of the Chair, Deputy Chair, Senior Independent Director and Non-Executive Directors,

including the means by which views will be obtained from the Trust Board on the qualifications, skills and experiences required for each position when considering potential candidates.

The committee, also on an annual basis, reviews the remuneration of Non-Executive Directors in the context to changes to the cost of living.

It also reviews the remuneration taking in reference to remuneration levels in comparable organisations. It also considers and makes recommendations for the Council of Governors for the reappointment of the Lead Governor.

The council will only exercise its power to remove the Chair or any Non-Executive Director after exhausting all means of engagement with the Board.

The Chair and other NED appraisals for 2017 have been undertaken and reported to the full Council.

Key items discussed in 2017/18

Some of the key items discussed by the CoG during the year were:

- Trust Board minutes
- Strategy and planning
- Sustainability and Transformation Plan and Healthy Lives, Healthy Futures
- Care Quality Commission
- Finance

- Internal sustainability plan
- Overview and ratification of the external auditor contract
- Monthly staffing report, staff morale and staff engagement
- Appointment of the Trust Chair and NEDs (and ratification)
- Performance compliance
- Trust Assurance Framework
- Quality development plan and performance indicators
- Feedback from CoG sub-groups
- Reports from Board committees:
 - Finance and Performance Committee (FPC)
 - Audit, Risk and Governance Committee (ARGC)
 - Quality and Safety Committee (QSC)
- Quality and Safety Patient Experience
- Mortality Assurance and Clinical Improvement
- Workforce and Organisational Development Committee (now subsumed within QSC)
- Infection and Prevention Control
- Audit

Membership

Membership Strategy

The Trust has a Membership Strategy for the period 2016 to 2019, which is updated with the help of the Governor's Membership Committee.

This strategy acknowledges that it is the responsibility of a foundation trust to recruit, communicate and engage with members and the broader public as a way of ensuring service provision meets the needs of service users.

The Trust's strategy aims to recruit a representative membership base that is actively engaged in working for the good of the Trust.

The key priorities of the strategy are:

- Membership community – to uphold our membership community by addressing natural attrition and membership profile short-fallings with member recruitment
- Membership engagement – to develop and implement best practice engagements methods with our members
- Governor development – to support the developing

and evolving role of our Governors.

Governors perform a key role in recruiting new members. They hold recruitment events within the hospitals, as well as community venues. Governors spend time at these events describing the role of a Trust member and gathering feedback on services across the Trust and its future plans.

All Governors can be contacted via the Trust Membership Office by emailing: nlg-tr.foundationoffice@nhs.net, or by ringing (03303) 302852 or writing to: The Membership Office, Scunthorpe General

Hospital, Cliff Gardens, Scunthorpe, North Lincolnshire, DN15 7BH.

An individual who wants to become a member must live within one of the four constituencies and aged 16 and above.

Currently the Trust has 6,122 public members. All staff are automatically enrolled as members on starting employment with the Trust and can choose to opt out if they wish.

The Trust's membership for 2017/18 and the planned membership for 2018/19 are shown below:

	2017/18 planned	2017/18 actual	2018/19 planned
Public constituency: At year start (April 1)	6,300	6,122	6,300
New members	550	720	550
Leaving members	200	175	200
Minimum required under Constitution	1400		1,400
Staff constituency: At year start (April 1)	7,200	7,211	7,200
New members	850	660	850
Members leaving	800	797	800



As at March 31 2018, the Trust had a membership of 13,363 (including 30 members with no date of birth). The number of new members for the period of 2017/18, including staff members was 1,380. The number of members leaving was 972, again, including staff. This is an overall increase of 201members. The tables below provide a detailed breakdown:

Figures as at March 31 2018

Total membership overview	
Public members	6,122
Staff members	7,211
(no DOB)	30
Total members	13,363

Age group – public members	Number	Percentage	Population*
0 to 16	26	0.42%	19%
17 to 21	508	8.30%	6%
22 +	5,557	90.77%	75%
(Not stated)	30	0.49%	n/a
Total	6,122	100%	100%

* Persons under the age of 16 have been excluded from the calculation of population percentages as they are not eligible for Trust membership

Breakdown by constituency

Constituency	Male	Female	Not stated	Total
Goole and Howdenshire	253	374	2	627
North East Lincolnshire	815	1,746	0	2,561
North Lincolnshire	1,029	1,758	2	2,787
East and West Lindsey	259	444	0	703
Staff	1,301	5,910	0	7,211
Total	3,404	10,232	4	13,893

Breakdown by ethnicity

Ethnicity	Number	Percentage	Population	Percentage
White	6,268	93.78%	372,737	97.63%
Mixed	31	0.46%	1,854	0.49%
Asian or Asian British	120	1.80%	5,529	1.45%
Black or Black British	32	0.48%	882	0.23%
Other	0	0%	786	0.21%
Not stated	233	3.49%	0	0%



The current Trust membership generally reflects the demographic of the population served, and is representative for the majority of categories.

Membership recruitment events will continue to be undertaken in 2018/19, some of which will target various groups to further ensure representative membership (eg 16-year-olds through schools and colleges etc).

Keeping in touch with members

Ensuring effective two-way communication with our members, via a combination of Trust and Governor managed formal and informal communications is very important to our organisation.

We issue a 'welcome' pack to all new members which provides an outline of the Trust and what we do. Our membership office strives to maintain contact with members using a variety of methods including:

- Trust website with a designated section for members
- Members' portal – an external website specially designed for member engagement



- Email – newsletters, invites to meetings and volunteer opportunities
- Face-to-face through informal governor drop-in sessions, membership recruitment and engagement events, and attendance at Governor and Member Forums
- Posters around the Trust sites and publicised with our partner organisations
- Twitter and Facebook

The Trust newsletter which is aimed at staff, members and the public is sent out bi-monthly and includes news from across our three hospitals and community services that we think we will be of interest to people, as well as event dates.

Our forum sessions provide members with an opportunity to listen to presentations and debate the hot topics of the day, and our drop-in sessions give people the chance to speak to Governors in private about issues they may be concerned about.

It is also an opportunity for people to pass on their praise for the services they have received. Feedback from the

drop-in sessions is shared with the Membership Office who forward on queries or seek responses on behalf of Governors as appropriate and feedback to the Governors.

Disclosures and declarations of interests

The Chair of the CoG has not declared any other significant commitments that require disclosure.

The Chair submits an Annual Declaration of Interest Statement and Fit and Proper Person Declaration which are reported in public at the Trust Board.

Governors are also required to complete a Declaration of Interest, which are held on a Trust Register and available from the Trust Secretary upon request.

Resolution of disputes

The Trust Constitution sets out the process for dealing with any dispute between the Council of Governors and the Trust Board. The Council and Trust Board have a positive working relationship, and the process has not been used during the 2017/18 year.

Remuneration report 2017/18

Introduction

The terms and conditions of employment for most of NLaG's employees are linked to the agreed national frameworks, for example Agenda for Change.

The exceptions to this are the Executive whose terms and conditions of employment and remuneration are determined by the Remuneration Committee.

The details of this are set out in this chapter of the Annual Report.

The NHS Foundation Trust Annual Reporting Manual indicates this means those who influence the decisions of the Trust as a whole, rather than the decisions of individual directorates or services.

For the purpose of this remuneration report the description of "senior manager" will refer to the Executive Directors and the Non-Executive Directors holding positions on the Trust Board of Directors.

The remuneration report contains details of senior managers' remuneration and pensions. It also sets out further information about the appointment of those senior managers (where these have occurred during 2017/18) as required by NHSI's Code of Governance. The narrative and figures in this report relate to those individuals who have held office as a senior manager of the Trust during the periods 2017/18 and 2016/17.

The information in this section is not subject to audit by our external auditors, but they will read the narrative to ensure

it is consistent with their own knowledge of the Trust. The auditable section is on page 77.

Annual statement on remuneration

The committee took a view on remuneration of each member of the executive team individually based on performance, job evaluation, external advice and guidance, internal relativities, market consideration and comprehensive benchmarking. Remuneration levels of other staff groups within the Trust, and in the wider NHS, were also taken in consideration.

The key decisions made on senior managers' remuneration in 2017/18 were as follows:

- The Remuneration Committee made its decisions concerning the chief executive and executive directors and there were no substantial changes to the policy or approach
- There was only two uplifts during 2017/18 and in both cases for taking extra responsibility.

Requirements from the Secretary of State in respect of salaries higher than that of the national salary of the Prime Minister, state that any salary over the threshold must receive ministerial approval. We received ministerial approval for the Chief Executive salary.

We have not paid out any compensation to any director during the year due to early termination of their contract. Loss of office is determined on a case by case basis.

Appointment and Remuneration Committee – Non-Executive Directors' remuneration

The overarching policy for the remuneration of the Non-Executive Directors is to award levels of remuneration in line with other comparable NHS foundation trusts, using benchmarked figures from a number of sources. The work of the committee is also in line with the requirement of paragraph 18(2) of Schedule 7 of the Health and Social Care Act 2006.

The Council of Governor's Appointment and Remuneration Committee decide on Non-Executive Director pay and terms and condition.

Senior managers' remuneration policy

All directors' performance is subject to an annual appraisal, the outcome of which is reported to the Remuneration Committee by the Chief Executive. This is prior to any decision being made on executive remuneration. The Trust had a number of Chief Executive and Executive movements during 2017/18 which resulted in this being postponed during 2017/18

For the Chief Executive, their appraisal is undertaken by the Chair of Trust with a report then submitted to the

committee this will be completed when the Chief Executive has been in post for a year in 2018.

The annual appraisal method is chosen as it is an effective way to assess performance against a range of performance targets and leadership responsibilities and includes feedback from non-executive directors.

In coming to any decision on remuneration, the committee takes account of the circumstances of the Trust, the size and complexity of the role, any changes in the director's portfolio, the performance of the individual and any appropriate national guidance. Senior managers are remunerated based on these decisions.

In considering senior managers pay the committee has benchmarked against 22 comparator Trusts on an annual basis and the NHS Providers benchmark. This is then reviewed by an external advisor to the committee using the Hay methodology where recommendations are presented. The committee also now follows NHSI pay table recommendations following the guidance being published. Final decisions are taken by the committee. It also took note of the requirement to consider any pay above a threshold of £142,500. This is a requirement from the Secretary of State in respect of salaries higher than that of the national salary of the Prime Minister. All salaries above this threshold have been sanctioned by his office.

Future policy tables

This section describes the policy narrative relating to the components of the remuneration packages for

senior managers (Executive and Non-Executive Directors). Each of the components detailed in those tables supports the Trust in terms of its long term strategic objectives.

Setting and reviewing pay is not a simple matter. It is vital to recruit and retain talent and to operate the pay system fairly; but it is also necessary to have a robust process for reviewing remuneration and to be able to demonstrate sensible use of public money.

In the case of executive jobs, we use the Hay Group Method of job evaluation to identify the scale and challenge in each role. This enables us to make real, like for like comparisons with jobs elsewhere in the economy if this is relevant; it also casts light on internal relativities and on the size of Northern Lincolnshire and Goole jobs compared to those in other trusts and elsewhere in the economy. This helps with the interpretation of remuneration data from the NHS, which tends to be rooted in titles rather than a true assessment of job sizes. This is particularly relevant in relation to pay gap analysis.

These findings then feed into broader discussion of policy and practice, to ensure that the future arrangements match the setting and the roles and are appropriate to the individuals.

The Hay Guide method of determining the relative importance of individual jobs:

The objective of any job evaluation method is to assist those involved in making consistent judgements. These judgements must be explicable and take into account the value standards of the organisation in which they exist. Hay provides a framework for making such

judgements, and for checking and assessing their overall consistency.

There are three broad facets which determine the size and importance of any job. These are:

ACCOUNTABILITY: The extent to which the position is held responsible for achieving results, and the degree to which it can directly or indirectly influence the business.

PROBLEM SOLVING: The degree to which the job is required to analyse events, draw conclusions, offer advice, make judgements or be innovative and creative.

KNOW-HOW: The amount of knowledge, skill and experience both general and specific that is needed to meet the Accountability and Problem Solving requirements.

Hay Charts yields numbers (units of job content) which quantify the judgements made. The total of these job units is a reflection of the "size" of the job and forms, when compared with those of other jobs, the pattern of internal relativities upon which the salary structure is based. Certain relationships exist between these common elements. Different types of job will need different combinations of the three.

The shape and composition of jobs will differ but their relative value to the organisation can still be explained and expressed through describing the jobs in terms of Know-How, Problem Solving and Accountability.

The Hay Group scheme has found widespread acceptance as it is based on the step difference principle, which is applicable to any job from the shop floor to the Chairman, can relate different cultures

and styles of organisation, and has been shown to be effective in both private and public sectors. Consequently it is now used by more organisations on a worldwide basis than any other single type of evaluation

scheme.

The Trust also includes a performance discussion at the same time as the annual review of roles and salary but does not apply a performance related

pay process.

No new elements were added within the remuneration packages during 2017/18 and no changes to the current elements were made.

Element	Policy
Base pay	Base pay is determined through job evaluation, market benchmarking and internal relativities and is used to attract and reward the right calibre of leadership to deliver the Trust's short, medium and long term objectives.
Pension	Executive directors are able to join the standard NHS pension scheme that is available to all staff.
Retention premium	A retention premium is paid to reflect the nature of the individual contribution of the post holder and encourage retention in the face of a difficult recruitment market. And in some cases in difficult to recruit into roles.
Bonuses	Bonuses were not given to staff, including senior managers.
On call payment	In relation to executive pay, no board members receive on call payment
Benefits	The Trust operates a number of salary sacrifice schemes including cycle scheme, child care vouchers, a car lease scheme and a computer scheme. These are open to all members of staff. The individual foregoes an element of their basic pay in return for a defined benefit.
Travel expenses	Appropriate travel expenses are paid for business miles.
Declaration of gifts	As with all employees senior managers must declare any gifts or hospitality according to Trust policy with a value in excess of £25.

Base salaries are set in line with market information and are designed to ensure retention, recruitment, of the calibre and experience required to deliver the aims of the Trust. Salaries are revised annually and uplifted only if:

- There is demonstrable evidence that an uplift is required to keep in line with the market
- A change of portfolio necessitates uplift.

The maximum value of each

pay element is determined on a case-by-case basis.

The NHSI guidance is also used for positioning of salaries using the tables and guidance produced.

Remuneration policy for Non-Executive Directors

Remuneration of the Chair and Non-Executive Directors for 2017/18 is as follows:

Name	Salary 2017/18	Salary 2016/17
Anne Shaw (Chair)	£50,000	£50,000
Linda Jackson	£12,500 £2,426 for Vice Chair	£12,500
Neil Gammon	£12,500 left July 17	£12,500
Stan Shreeve	£12,500 £2,426 for chair of the Audit Committee	£12,500 £2,426 for chair of the Audit Committee
Sue Cousland	£12,500 left March 18	£12,500
Anthony Bramley	£12,500	£12,500
Sandra Hills	£12,500	£12,500

Future Policy Table for Non-Executive Directors:

Element	Policy
Fee payable	They receive a base salary based on the number of days they work
Additional fees	They can claim a subsistence allowance
Percentage uplift (cost of living increase)	This is reviewed, although not applied
Travel	Appropriate travel expenses are paid for business miles
Uplift	Chair of the Audit Committee receives an uplift for being chair

Performance and appraisal of the Executive Directors

The system of appraisal is the same as all staff, in that the Trust's appraisal process, which is linked to our vision and values, is used to appraise executives.

Service contract obligations

HM Treasury has issued specific guidance on severance payments within 'Managing Public Money' and special severance payments when staff leave requires Treasury approval. Alongside this NHS providers have issued 'Guidance on pay for very senior managers in NHS Trusts and Foundation Trusts' in February 2017.

All contracts are permanent

with no fixed end date. However, one executive position is interim with an end date of May 2018.

There are no contractual provisions for payments on termination of contract. This is the case on a substantive or interim basis.

Policy on payments for loss of office

There is currently no provision within the Remuneration Policy for payment for loss of office on senior managers' contracts and no payments have been made during 2017/18. There is a clause which enables the Trust to reclaim relocation monies if the individual leaves within an agreed period of their

appointment. None have been claimed during 2017/18.

Statement of consideration of employment conditions elsewhere in the Trust

There has been no formal consultation regarding senior managers' Remuneration Policy.

Policy on notice periods

Executive Directors have to provide a period of three months' notice.

Signed: Stan Shreeve: Chair of the Remuneration Committee



Annual report on remuneration

This section includes a description of the work of the committees that are involved in the appointments of both the Executive and Non-Executive Directors, and in determining their respective salaries and remuneration. These are:

- The Remuneration Committee
- The Appointments and Remuneration Committee.

The Remuneration Committee (a sub-committee of the Board of Directors)

The Remuneration Committee is a sub-committee of the Trust Board and was established in accordance with the Trust Constitution and Monitor's NHS Foundation Trust Code of Governance (July 2014) for the purpose of setting the remuneration of Executive Directors of the Trust Board and those reporting directly to the Chief Executive.

It is responsible for determining the pay and terms of service

for Executive Directors and is accountable to, and reports directly, to the Trust Board.

Its key objective is to ensure that remuneration packages are sufficient to attract, retain and motivate executive directors of the quality required for the successful operation of the Trust, while avoiding paying excessively for this purpose.

Remuneration includes pay, all contractual terms and conditions, pensions and redundancy or settlement entitlements.

The committee also has delegated responsibility for recommending and monitoring the level and structure of remuneration of its senior managers.

The definition of senior manager for this purpose will include the first layer of management below board level (see NHSI's Code of Governance D2.2).

The committee is comprised of three Non-Executive Directors. Other Directors attend meetings or parts of meetings by invitation as required for specialist advice including the Chief Executive and Director of People and Organisational Effectiveness.

In accordance with NHI's Code of Governance no Director is involved in deciding his/her remuneration (Para D2a).

The Remuneration Committee is independent of the executive arm of the Board of Directors. However, during 2017/18 the committee has taken advice internally from the Director of People and Organisational Effectiveness (POE).

Between April 1 2017 and March 31 2018, the Remuneration Committee met five times. The table below illustrates the attendees and their attendance.



Name	Title	Date of attendance
Stan Shreeve	Non-Executive Director/Remuneration Committee Chair January 2017 to May 2017	27.5.17 16.11.17
Tony Bramley	Non-Executive Director/Remuneration Committee Chair from June 2017 to February 2018	27.05.17 16.11.17 15.2.18
Anne Shaw	Trust Chair/ Remuneration Committee Chair from March 2018	15.2.18
Neil Gammon	Non-Executive Director	27.5.2017
Linda Jackson	Non-Executive Director	27.5.17 16.11.17 15.2.18
Jayne Adamson	Director of People and Organisational Effectiveness	27.5.17 16.11.17 15.2.18
Wendy Booth	Director of Performance Assurance and Trust Secretary	15.2.18
Sue Miller	External Advisor	27.5.17
Wendy Stokes	Minute taker	27.05.17 16.11.17 15.2.18

Advice to the committee

External advice to the Remuneration Committee is provided by The Hay Group and People Pool – DAC Beechcroft.

They provide job evaluation and remuneration benchmarking from their NHS executive pay database and interpret that advice with recommendations for the committee.

They also support the job evaluation and pay review process for all Executive Directors.

This provided clarity of job size and relativities which facilitated decision-making on remuneration and enabled the Remuneration Committee to minimise risks of equal pay for equal value claims.

It also provided transparency of the methods of awarding pay and the pay decisions themselves, which mirrors the Agenda for Change process for other staff.

The Remuneration Committee appointed The Hay Group and DAC Beechcroft to provide advice during 2017/18

which was objective and independent in helping it make its decisions around executive remuneration. It paid DAC Beechcroft £4,719.84.

The decision was taken in May 17 to delay the reviews for that year until the appointment of a substantive Chief Executive.

Directors' contracts

Details of the contract start date for the Chief Executive and other members of the Executive Team who served during 2016/17 are set out in the table on the next page.



Name	Title	Date of contract	Notice period from the Trust	Notice period to the Trust
Richard Sunley	Interim Chief Executive	March 1 2017 to August 13 2017	Three months	Three months
	Interim Deputy Chief Executive/Director of Operations	August 14 to May 31 2018		
Karen Jackson	Chief Executive	September 2010	On secondment from January 3 2017 to January 3 2018	
Dr Karen Dunderdale	Deputy Chief Executive/ Director of Operations	June 29 2015	On secondment from July 24 2017 to July 23 2018 - date due to leave	
Dr Peter Reading	Chief Executive	August 18 2017		
Jayne Adamson	Director of People and Organisational Effectiveness	August 1 2016	Three months	Three months
Tara Filby	Chief Nurse	October 9 2015	Three months	Three months
Mr Lawrence Roberts	Medical Director	July 7 2015	Three months	Three months
Kate Wood	Acting Medical Director	October 1 2017 to June 30 2018	Three months	Three months
Wendy Booth	Director of Performance and Assurance	August 2012	Three months	Three months
Marcus Hassall	Director of Finance	August 2014	Three months	Three months
Pam Clipson	Director of Strategy and Planning	June 2014	Three months	Three months
Jug Johal	Director of Estates and Facilities	August 2014	Three months	Three months
Robert Toole	Interim Director of Finance	March 20 2017 to June 30 2017	n/a	n/a

There are no defined end dates to the contracts for substantive staff.



Details of the non-executive directors who have served during the course of 2017/18 are shown in the table below, along with details of their current terms of appointments. The tenure (length) of employment for Non-executive Directors is set out in the Trust's Constitution and is for three years, and then subject to reappointment. Any terms beyond six years is subject to rigorous review by the Council of Governors (CoG) and Non-executive Directors serving beyond this are subject to an annual reappointment.

Name	Appointment date	Start of current term	End of current term
Anne Shaw	15.09.2016	15.09.2016	15.09.2019
Linda Jackson	30.09.2014	30.09.2017	30.09.2019
Neil Gammon	01.08.2010	31.07.2013	31.07.2017
Stan Shreeve	07.06.2012	07.06.2015	07.06.2018
Sue Cousland	10.08.2016	10.08.2016	31.03.2018
Sandra Hills	03.01.2017	03.01.2017	03.01.2019
Anthony Bramley	03.01.2017	03.01.2017	03.01.2019

The Appointments and Remuneration Committee (a sub-committee of the Council of Governors)

The Appointment and Remuneration Committee (ARC) is a sub-committee of the Council of Governors. It sets the remuneration and terms of service for the Non-Executive Directors (NEDs), and it plays a role in the appointment of NEDs.

The table below shows the number of Appointments and Remuneration Committee meetings in 2017/18 that were attended by each member of the committee.

Public Governors	Meeting dates					Total
	5.4.17	6.9.17	6.12.17	6.3.18		
Jeremy Baskett	A	P	P	P	3 out of 4	
Paul Grinell (ARC chair)	P	P	P	P	4 out of 4	
Brian Page	P	A	P	P	3 out of 4	
Rob Pickersgill	P	P	P	P	4 out of 4	
Barbara Jeffreys			P	P	2 out of 2	
Tim Mawson	n/a	n/a	P	P	2 out of 2	
Liz Stones	A	A	A	A	0 out of 4	
Anne Shaw (Trust Chair)	P	A	P	A	2 out of 4	
Kathryn Helle (Deputy Director of Performance Assurance and Assistant Trust Secretary)	A	A				
Jayne Adamson Director of People and Organisational Effectiveness)	P	A	P	A	2 out of 4	
Wendy Booth (Director of Performance assurance and Trust Secretary)	P	P	P	P	4 out of 4	
Angie Davies		P				
David Sprawka			P			
Mano Jamieson				P		

Appointment of Executive and Non-Executive Directors in 2017/18

There was the appointment of a Chief Executive in August 2017 and the appointment of an interim Deputy Chief Executive /Director of Operations in August 17. This appointment is until May 18.

Off-payroll arrangements

For all off-payroll engagements as of 31 March 2018, for more than £245 per day and that last for longer than six months	2017/18 Number of engagements
Number of existing engagements as of 31 March 2018	4
Of which:	
Number that have existed for less than one year at the time of reporting	4
Number that have existed for between one and two years at the time of reporting	0
Number that have existed for between two and three years at the time of reporting	0
Number that have existed for between three and four years at the time of reporting	0
Number that have existed for four or more years at the time of reporting	0

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018, for more than £245 per day and that last for longer than six months	2017/18 Number of engagements
Number of new engagements, or those that reached six months in duration between 1 April 2017 and 31 March 2018	1
Of which:	
Number assessed as within the scope of IR35	1
Number for assessed as not within the scope of IR35	0
Number engaged directly (via PSC contracted to trust) and are on the trust's payroll	0
Number of engagements reassessed for consistency/assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2017 and 31 March 2018	2017/18 Number of engagements
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	1
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility". This figure should include both off-payroll and on-payroll engagements.	20

In any cases where individuals are included within the first row of this table, please set out:

Details of the exceptional circumstances that led to each of these engagements.	Current director on special leave
Details of the length of time each of these exceptional engagements lasted.	The contract ceased on 7 July 2017.

Directors' and governors' expenses

The following tables set out the total paid to directors (Executive and Non-Executive) and Governors for out-of-pocket expenses resulting from incurring costs of travel and subsistence during 2017/18 and in 2016/17.

Directors and Governors expenses 2017/18

2017/18	Total in office	Total receiving expenses	Total expenses £00's
Directors	20	18	£382
Governors	22	9	£35

Directors and Governors expenses 2016/17

2016/17	Total in office	Total receiving expenses	Total expenses £00's
Directors	21	12	£125
Governors	22	11	£47

Note: The number includes all Directors, Non-Executive Directors or Governors who served for any part of the financial year.

Remuneration of all other staff

Agenda for Change (AfC), the nationally introduced pay reform for the NHS which was introduced in October 2004, covers all directly employed staff, except very senior managers and those covered by the Doctors Dentists Pay Review Body.

For all local pay arrangements not determined by AfC, pay increases were consistent with AfC increases.

A robust system of appraisal and personal development planning has been adopted for all staff.

A different approach is adopted in relation to the Trust Executive

because all other staff are on national terms and conditions and the executive team members' remuneration is determined locally.

AfC staff have clear incremental progression, which is performance related, and medical and dental staff are on a separate contractual agreement which also allows for incremental progression and the award of substantial additional payments for clinical excellence.

They are also able to benefit from an annual cost of living award, if this is agreed nationally.

It was not felt appropriate for executive team members to be

on an incremental scale unless this involved performance related assessments.

The priority was to provide a simple, clear and transparent model in which senior posts are operating.

Salaries are inclusive and there is no additional cost of living award. Strategically, this strategy is designed to enable the Trust to recruit and retain the level of skills and expertise we cannot effectively function without.

The remuneration policy for senior managers is determined independently to that for employees of the Trust.

Audited directors' remuneration 2017/18

Name and Title

		2017/18				2016/17			
		Salary (bands of £5,000) £000's	Benefits on kind (£s, to the nearest £100) £s	Pension related benefit (bands of £2,000) £000's	Total (bands of £5,000)	Salary (bands of £5,000) £000's	Benefits in kind (£s, to the nearest £100) £s	Pension Related benefit (bands of £2,500) £000's	Total (bands of £5,000)
Dr J Whittingham	Chairman (resigned 14.9.16)	-	-	-	-	£15 - £20	-	-	£15 - £20
Mrs A Shaw	Chair (appointed 15.9.18)	£50 - £55	-	-	£50 - £55	£30 - £35	-	-	£30 - £35
Dr P Reading	Chief Executive (appointed 14.8.17)	£125 - £130	3,800	-	£130 - £135				
Mrs K Jackson	1.2 Chief Executive (seconded to NHSI 3.1.17)	-	-	-	-	£145 - £150	5,000	£62.5 - £65.0	£215 - £220
Mr R Sunley	3 Deputy Chief Executive (from 31.8.17)	£145 - £150	-	-	£145 - £150	£10 - £15	-	-	£10 - £15
Dr K Dunderdale	1.4 Deputy Chief Executive (acting CEO 3.1.17 to 28.2.17)	£35 - £40	12,000	£20 - £22.5	£65 - £70	£140 - £145	16,100	-	£160 - £165
Mrs J Adamson	7 Director of People and Organisational Effectiveness (appointed 1.8.16)	£125 - £130	-	-	£125 - £130	£80 - £85	-	£142.5 - £145.0	£225 - £230
Mrs T Filby	1.7 Chief Nurse	£115 - £120	10,200	-	£130 - £135	£115 - £120	5,600	£282.5 - £285.0	£410 - £415
Karen Griffiths	1 Chief Operating Officer (resigned 3.7.17)	-	-	-	-	£30 - £35	1,800	£2.5 - £5.0	£35 - £40
Mr Lawrence Roberts	1 Medical Director	£190 - £195	-	£52.5 - £55.0	£240 - £245	£190 - £195	3,200	£7.5 - £10	£200 - £205
Dr Kate Wood	Acting Medical Director (from 1.10.17)	£75 - £80	-	£75.0 - £77.5	£160 - £165	-	-	-	-
Wendy Booth	1 Director of Performance Assurance & Trust Secretary	£120 - £125	7,500	£65.0 - £67.5	£190 - £195	£120 - £125	4,700	£37.5 - £40.0	£160 - £165
Marcus Hassall	1 Director of Finance	£120 - £125	5,500	£37.5 - £40.0	£160 - £165	£110 - £115	4,600	£45.0 - £47.5	£160 - £165
Robert Toole	Acting Director of Finance (resigned 7.7.17)	£70 - £75	-	-	£70 - £75	£10 - £15	-	-	£10 - £15
Pam Clipson	Director of Strategy and Planning	£110 - £115	-	£20.0 - £22.5	£130 - £135	£110 - £115	-	£105.0 - £107.5	£215 - £220
Jug Johal	1 Director of Estates and Facilities	£110 - £115	10,100	£17.5 - £20.0	£140 - £145	£110 - £115	9,200	£80.0 - £82.5	£205 - £210
Claire Phillips	1 Interim Chief Operating Officer (17.7.17 to 30.7.17)	£0 - £5	2,000	£17.5 - £20.0	£20 - £25	-	-	-	-
Alan Bell	Non-Executive Director (resigned 31.12.16)	-	-	-	-	£5 - £10	-	-	£5 - £10
Anthony Bramley	Non-Executive Director	£10 - £15	-	-	£10 - £15	£0 - £5	-	-	£0 - £5
Sue Cousland	Non-Executive Director	£10 - £15	-	-	£10 - £15	£5 - £10	-	-	£5 - £10
Neil Gammon	Non-Executive Director (resigned 31.7.17)	£0 - £5	-	-	£0 - £5	£10 - £15	-	-	£10 - £15
Sandra Hills	Non-Executive Director	£10 - £15	-	-	£10 - £15	£0 - £5	-	-	£0 - £5
Linda Jackson	Non-Executive Director	£10 - £15	-	-	£10 - £15	£10 - £15	-	-	£10 - £15
Stan Shreeve	Non-Executive Director	£15 - £20	-	-	£15 - £20	£10 - £15	-	-	£10 - £15
		£000	£s			£000	£s		
Gross remuneration including national insurance and pension contributions		1,788	51,100			1,607	50,200		
Band of Highest Paid Director's Total Remuneration (£000)		£190 - £195				£190 - £195			
Median Remuneration (£000)		23	5			£22	5		
Ratio		8.6	6			8.6	6		

1 - Benefit in kind relates to lease cars

2 - Mrs K Jackson seconded to NHS Improvement from 3.1.17 to 31.1.18

3 - Mr R Sunley - Chief Executive from 1.4.17 until to 13.8.17 and Deputy Chief Executive from 31.8.17

4 - Dr K Dunderdale seconded to NHS Improvement from 14.7.17

5 - The median remuneration is the middle item salary when the annualised salaries of all members of staff including agency and seconded staff, (excluding bank staff and the highest paid director) are arranged in descending order.

6 - The ratio is obtained by dividing the highest paid directors salary by the median salary.

7 - The increase in pension related benefit reflects the full year effect of the Director

post.

8 - Where the calculation of the pension related benefit results in a negative value, this has been shown as zero.

Audited Pension Benefits 2017/18

Name and Title

Name and Title	
Dr Peter Reading	Chief Executive
Richard Sunley	Deputy Chief Executive
Jayne Adamson	Director of People and Organisational Effectiveness
Wendy Booth	Director of Performance Assurance & Trust Secretary
Pam Clipson	Director of Strategy and Planning
Dr Karen Dunderdale	Chief Nurse and Deputy Chief Executive (part year)
Tara Filby	Chief Nurse
Marcus Hassall	Director of Finance
Jug Johal	Director of Estates and Facilities
Claire Phillips	Acting Director of Operations (part year)
Mr Lawrence Roberts	Medical Director
Dr Kate Wood	Acting Medical Director (part year)

The Chairman and Non-Executive Directors do not receive pensionable remuneration, therefore there are no entries of pensions for the Chairman and Non-Executive Directors.

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.

The basis of CETV calculations are based in the Department of Work and Pensions regulations which came into force on October 13 2008.

This year the CETV's shows reduction in real term in most cases due to not having any inflation factors applied.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period. No inflation factors have been applied this financial year as per the guidance from NHS Pensions Agency.

**Name: Dr Peter Reading
Chief executive**



Date: 24 May 2018

Staff report

Our staff

We can only realise the Trust's vision and values – Together we care, respect and deliver – if we have an enthusiastic, innovative, hardworking and engaged workforce.

How they feel about working here and their commitment to their patients and the Trust are all essential if they are to provide outstanding care to our patients.

It is absolutely crucial that we recruit and retain the right people, and it is crucial that the organisation supports their health and wellbeing, enable them to maintain the highest knowledge and skills, and support them in doing their jobs.

We cannot underestimate the drivers and impact of double special measures on our workforce and what it will take to change the culture within our organisation.

The morale across our staff has been low as demonstrated through the national staff survey and the medical engagement scale.

Since these were undertaken in the autumn of 2017, the Trust has launched its Pride and Respect Programme (anti-bullying campaign). There has been a fantastic response from staff across all disciplines wanting to be involved.

Our quality improvement programme – Improving Together - has a focus on delivering safe staffing. We face critical workforce shortfalls across our workforce, medical and nursing staffing in

particular. We are in the process of refreshing our approach to workforce development which has a focus on designing alternative roles. The following provides an insight into progress to date:

Across our medical workforce

- We have commenced a rolling programme of recruitment for Advanced Clinical Practitioners across all divisions; these will be a combination of trainees and also, recruitment of qualified staff. These roles once qualified, will support the gaps within the medical rotas, as well as provide an improved experience for our Junior Doctors
- The Foundation Graduate post (FY3) is being considered; this would be a two year fixed term non-training post to support Junior Doctors in training. This role will also support to fill the medical rotas
- Physician Associates will be a new introduction to NLaG, although Trainees Physician Associates already receive work experience at this Trust. This post will be introduced as part of the workforce planning process, but with a clear remit where they are able to offer the most impact and support medical teams by taking on certain tasks that free up medical time
- To complement the medical workforce, there will also be the introduction of the Doctors Assistant post;

this will be a Band 3 post that supports the Doctors in a pro-active follow up capacity to maximise efficiency for medical practitioners by chasing and undertaking administrative tasks. These will be introduced in specific high pressure areas, particularly in where time restrictive activity applies, such as the four hour target in A&E.

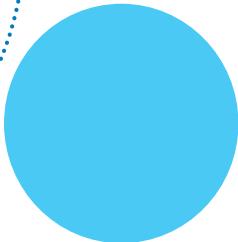
Across our nursing workforce

There will be the introduction of Nursing Associates (band 4), that will support the qualified nursing establishment.

This role is in response to the shortage of available band 5 Nurses. The first cohort will be employed within the medicine division.

Nursing and Midwifery are currently working through the feasibility of introducing pre-registered Nursing Apprenticeships to 'grow our own' as there is likely to be limited movement geographically for staff Bands 1-4, and these posts can be filled easily from within our local population.

We currently have a small number of Care Navigators within certain areas of the Trust, namely our acute medical unit and A&E. To release clinical time through reassigning non clinical tasks improves the



inpatient journey, reduces length of stay, reduces deconditioning and improves discharge planning.

The role of Care Navigators across the wards will be considered as part of the workforce planning process with divisions.

Across our workforce

Investment in upskilling current staff as part of the workforce development and retention agenda, such as with the Assistant Practitioners in Therapies, and the Pharmacy Support Technicians, 40 Health Care Assistants will be recruited onto the apprenticeship programme.

Development of roles which will free up the time of our critically short clinical teams enabling our most scarce resource to focus solely on providing care to our patients.

Other considerations will also be given over the next few years as to other innovative roles that could be introduced through the development of clear career progression routes, maximised use of the apprenticeship levy in line with Talent Management and

effective appraisals to support staff retention.

By helping to offer ways into health care posts via the Traineeship scheme and the Apprenticeship route can offer an interim and transitional approach by increasing the support within the Trust to release clinical time through reassigning non clinical tasks.

Nurse recruitment

Nurse recruitment activities have been successful, seeing a closing vacancy percentage of 9.3 per cent which equates to approximately 150 whole time equivalents.

This is a reduction from 10.88 per cent which peaked in August 2017. During the year a number of methodologies were used to attract and recruit nurses:

- Newly qualified nurse campaigns, working closely with local and national universities
- Campaigns designed to attract the experienced nurse from the UK and a small number from overseas interviewed using Skype facilities.

We have run a series of

successful targeted recruitment schemes to improve registered nurse staffing for areas with high vacancies such as the emergency care centre and maternity services.

We utilised social media and video campaigns which has resulted in increased interest in job applications.

We welcomed 67 newly qualified nurses into the Trust in September and October and are providing preceptorship supported by our continuing practice development team and using our well evaluated 'care camp' approach.

We have also within the nursing directorate been looking at not only recruitment but also retention.

Wide staff engagement resulted in the development of a Trust retention strategy and detailed plan that has been endorsed by NHS Improvement.

Keeping staff informed and engaged

Ensuring that we listen to our staff and take on board their views is pivotal in delivering better outcomes for patients and their care.



It is also recognised that where individuals feel valued and respected, this supports the retention of skilled staff and increases our attractiveness to potential recruits.

During 2017/18 we have undertaken Listening into Action. Its aim was to help us to connect better with everyone who works at the Trust to deliver the best outcomes for our patients and our staff.

Designed to empower people from the grass roots, it set out to empower people to make the 'patient first' changes they have always wanted to happen.

The Trust Board has also set aside dedicated time as part of their monthly meetings

to visit different areas of the organisation. Splitting up into four teams, the Executive and Non-Executive Directors visit wards and departments to talk to staff, patients and visitors.

We also:

- Publish a weekly team brief which is emailed out to all staff
- Bulletins are posted on the Trust's intranet
- All staff emails issued with news and updates
- A bi-monthly staff and member magazine is printed and distributed to wards and departments, and emailed out to all staff
- The Chief Executive holds

a monthly senior leadership community briefing.

Apprenticeships

The Trust has used apprenticeships for a number of years in traditional areas such as business administration but has not had a strategic approach to the utilisation of apprenticeships.

As a Trust we are faced with skills shortages and an ageing workforce and we know that 'growing our own' is a key strategy for

the development and retention of our managers and staff.

During the past 12 months, senior leadership teams have reviewed how the apprenticeship levy can support the Trust's key learning and development as well as recruitment and retention needs. The organisation took the decision to maximise use of the levy and to aim to achieve the government target of achieving 2.3 per cent of the workforce as apprentices.

The Trust's target for 2017/18 apprenticeships was 148 apprentices, and with the structured and sound approach adopted, we have already achieved 169 apprenticeship starts.

While the levy has been a contributing factor in driving change to the way that training is delivered and provided, leading up to its introduction work had already begun looking at how the management of apprenticeships could become more beneficial and focused on the needs of the Trust, as well as linked to the recruitment and retention strategy.

The Executive Team and Board have approved high quality apprenticeship provision as a fundamental component of the organisation's long-term workforce development strategy.

They receive regular reports as to the success of this provision in addressing specific hard-to fill vacancies, skill shortages and in improving patient care through a more flexibly highly skilled workforce.

Managers across the Trust have been engaged to provide information to existing staff about what is available,

dispelling myths and explaining how apprenticeships can help with workforce planning but ensuring managers understand the commitment apprenticeships need in terms of support and their team's commitment to an apprentice's development.

A current example, the Trust is looking to develop a nursing apprenticeship programme of sufficient quality to challenge conventional routes into nursing and attract young people direct into the organisation at grass roots level.

The Trust has adopted a set of quality principles to underpin the quality of apprenticeships, to demonstrate commitment and to ensure consistency across the Trust.

A centrally managed system was established to ensure that apprenticeship recruitment is always considered when a suitable vacancy arises.

In practice, this does not apply to every vacancy and offers are only made where it is believed that the Trust can deliver a quality learning experience.

As a result, apprenticeships are becoming embedded in a wide range of departments, and they are offered in a range of disciplines.

The recruitment and workforce team, together with our providers, have developed an innovative and robust entry-level apprenticeship scheme for specific job roles.

The Trust has also introduced a new recruitment process to create a talent pool of individuals who are considered 'apprenticeship ready' and this has vastly reduced the time it takes to recruit, using traineeships as one

of the recruitment tools. All our apprenticeships have a guaranteed job at the end of the training.

In terms of staff development, apprenticeships have been identified as a substantive opportunity to provide sound deep learning opportunities to provide staff development to support progression.

Employment contracts have been reviewed in agreement with the unions, and a structure implemented utilising apprenticeships as a key requirement in terms of development, competency and progression across Trust roles.

As a Trust we have broadened our delivery from two apprenticeships to 23 apprenticeships within the last year.

Provision includes level 3 engineering, level 5 healthcare, level 3, 5 and 6 leadership and management, level 5 facilities management and level 6 healthcare science. There are currently 84 individuals on higher apprenticeships.

Roles that traditionally would have been recruited to using fully qualified applicants are now available to new external applicants through an apprenticeship route, including engineering, allowing individuals to train and acquire competency.

This is about encouraging individuals to consider an apprenticeship instead of university and to support our local community. We have already been able to offer level 3 upwards opportunities to new recruits and there is potential for further opportunities including nursing.

The Trust's delivery became

subject to tender with the implementation of the Levy and we now have a small number of trusted and reliable providers delivering the majority of our apprenticeships.

The relationships are built on a shared ethos of 'quality provision to enhance patient journey' and training providers work in partnership together and with the Trust.

This is an innovative development as providers are obviously in competition with each other, but with tenders awarded it has been key to the Trust to have a consistent and joined-up approach to delivery and management of apprenticeships.

Providers have embedded their managers and assessors within NLaG. Managers and apprenticeship leads and assessors regularly meet with managers and teams focused on development, delivery, quality and joint working.

Specific providers have recruited assessors who are based within the Trust who report to the Trust's Head of People Development on a daily basis, as well as the provider's line manager.

This supports efficient and effective working practices including team working, communications and problem solving.

The embedded assessors attend internal training and communications, which allow them to fully instil the Trust's requirements into the apprenticeships; including attendance at Trust senior management meetings.

This ensures that Trust developments and operational



topics are embedded within delivery.

As part of the provider-employer relationship the Trust is also benefiting from other partnership opportunities including existing staff being able to engage in learning by attending apprenticeship sessions on an in-fill basis for modules; staff being offered training provider continual professional development (CPD) opportunities including assessor and mentoring training; and joint conferences for apprentices offered to other Trust staff and provider learners.

Apprenticeship programmes are designed to support the organisation's workforce development objectives to deliver better patient outcomes, while at the same time providing the learner with the skills, qualifications and ambition to succeed in their role and progress to the next level.

Apprenticeships have allowed us to offer development opportunities to existing staff that we were not previously able to offer including level 3 qualifications to band two roles.

Apprenticeship delivery across the organisation follows

consistent, clearly stated policies and procedures, and a clear and well understood apprenticeship 'identity' is used to help support positive perceptions of quality and relevance among learners and staff.

Learners are able to benefit from access to wider development opportunities and additional resources that are effectively integrated into their apprenticeship programme.

The Trust works with providers to ensure that the apprenticeship delivers what the Trust needs to make a real impact in the workplace.

Examples are property maintenance apprentices accessing computer aided design and specialist ventilation training; and engineering apprentices completing 17th edition training.

These courses are also being opened up to provide CPD for the provider's staff and to Trust staff not on the apprenticeship.

Although it is early days, managers and staff at the Trust are recognising a positive impact on staff retention, innovation and employee engagement.

Staff costs

In line with the HM Treasury requirements, some previous accounts disclosures relating to staff costs are now required to be included in the staff report

section of the annual report instead. The following tables link to data contained in the TAC and are included here for ease of formatting for the

annual report. They should not be included in the annual accounts and these tables are not a complete list of numerical disclosures for the staff report.

Staff costs		Group			
Number of material transactions with other revenue and capital payments from a number of revenue and capital payments from a number of:				2017/18	2016/17
		Permanent	Other	Total	Total
		£000	£000	£000	£000
Salaries and wages		188,987	9	188,996	187,830
Social security costs		19,435	–	19,435	17,184
Apprentices levy		999	–	999	
Employer's contributions to NHS pensions		21,458	–	21,458	21,436
Pension cost - other		–	–	–	–
Other post employment benefits		–	–	–	–
Other employment benefits		–	–	–	–
Termination benefits		–	–	–	–
Temporary staff		26,247	26,247	26,247	22,428
NHS charitable funds staff		–	–	–	–
Total gross staff costs		230,879	26,256	257,135	248,878
Total staff costs		230,879	26,256	257,135	248,878
Of which					
Costs capitalised as part of assets		–	–	–	–

Breakdown of male and female employees

At the end of the financial year, the breakdown of male and female staff was as follows (headcount):

	Director	Other senior managers	Employees	Total
Male	6	72	1,124	1,201
Female	4	136	5,002	5142
Total	10	208	6,126	6,344

*Senior managers have been classified as staff band 8 or above.

Workforce statistics

Average number of employees (WTE basis)	Group			
			2017/18	2016/17
	Permanent	Other	Total	Total
	Number	Number	Number	Number
Medical and dental	489	109	598	624
Ambulance staff	–	–	–	–
Administration and estates	1,257	26	1,283	1,285
Healthcare assistants and other support staff	1,085	33	1,118	1,125
Nursing, midwifery and health visiting staff	1,507	240	1,747	1,746
Nursing, midwifery and health visiting learners	–	–	–	–
Scientific, therapeutic and technical staff	1,033	24	1,057	1,051
Healthcare science staff	–	–	–	–
Social care staff	–	–	–	–
Other	–	–	–	–
Total average numbers	5,371	432	5,803	5,831
Of which:				
Number of employees (WTE) engages on capital projects	–	–	–	–

Workforce sickness absence figures

Figures converted by DH to Best Estimates of Required Data Return	Expected sign	Statistics published by NHS Digital from ESR Data Warehouse	
		2017/18 Number	2016/17 Number
Total days lost	+	55,202	58,155
Total staff years	+	5,401	5,430
Average working days lost (per WTE)	+	10	11

Staff policies and actions

Policies applied during the year for giving full and fair consideration to applications for employment made by disabled persons	The Trust has a recruitment and selection policy, which sets out how the Trust ensures fair recruitment practices throughout the attraction, selection and recruitment of candidates, including compliance with the JobCentre Plus "Disability Confident" standards. This is reviewed through the Trust's electronic tracking 'TRAC' recruitment system.
Policies applied for continuing the employment of, and for arranging appropriate training for, employees who become disabled during the period	The Trust adheres to the Equality Act 2010, and has in last financial year introduced an Equality Impact Assessment Policy and Procedure that supports, line managers to make reasonable adjustments and use referrals to the occupational health team to ensure the continued employment of employees who become disabled persons. In addition, the HR team provides direct support to staff affected and their managers.

Policies applied during the year for the training, career development and promotion of disabled employees	<p>There is equality access to training for all staff. Policies applied during the year for the training, career development and promotion of disabled employees are:</p> <ul style="list-style-type: none"> • Personal Development Review Policy • Recruitment Policy • Attendance Management Policy • Managing Employee Performance • Special Leave Policy • Safeguarding Policy <p>All our policies have an equality impact assessment.</p>
Actions taken in the year to provide employees systematically with information on matters of concern to them as employees	The Trust uses a variety of internal communications channels to inform staff including: all staff emails; a weekly team brief which is emailed to all staff; bulletins posted on the Intranet; chief executive monthly senior leadership community briefing; face-to-face channels and our staff/members magazine.
Actions taken to consult staff on a regular basis so that the views of staff can be taken into consideration in making decisions which are likely to affect their interests	The Trust has regular meetings with its Joint Negotiating Consultative Committee for formal discussions relating to staffing issues. Collective consultations would be enacted where there are more specific issues affecting employees ie restructures. In addition an initiative called Pride & Respect was launched which will involve employees in developing a cultural change programme designed to improve engagement with all staff.
Actions taken to encourage the involvement of staff in the trust's performance	2017 saw the launch of Listening into Action a nationally recognised grass roots initiative that empowers frontline staff to bring their improvement ideas to life.

Fraud, bribery and corruption statement

Fraud costs the NHS millions of pounds a year that could have been spent on patient care, so everyone has a duty to help prevent it.

NHS fraud may be committed by staff, patients and suppliers of goods/services to the NHS.

The Trust is committed to deterring and detecting all instances of fraud, bribery and corruption as far as possible within the Trust and ensuring that losses are reduced to an absolute minimum, therefore ensuring that valuable public resources are used for their intended purpose of delivering the best possible care and patient experience.

The NHS Counter Fraud Authority (NHSCFA) provides the national framework through which NHS trusts seek to minimise losses through

fraud.

The Director of Finance is nominated to lead counter fraud work and is supported by the Trust's Local Counter Fraud Specialist (LCFS).

The Trust follows the guidance contained in the NHS Provider Standards and ensures our contractual obligations with our local clinical commissioning groups are adhered to.

The Trust has a robust Local Counter Fraud, Bribery and Corruption Policy and Response Plan which provides a framework for responding to suspicions of fraud and provides advice and information on various aspects of fraud investigations.

The Trust also has a Standards of Business Conduct Policy which contains a statement from the Trust's Chief Executive in relation to ensuring that our organisation is free from bribery

and corruption.

There are references to counter fraud measures and reporting processes in various other Trust policies and procedures.

We have an in-house collaborative counter fraud arrangement with two other local acute NHS trusts, which allows us to have a LCFS permanently on site, supported by a small team of counter fraud specialists dedicated to combating fraud within a secondary care setting.

An annual work plan, approved by the Director of Finance with oversight from the Trust's Audit, Risk and Governance Committee, has been in place over the last year.

The key aims are to seek to proactively create an anti-fraud culture, implement appropriate deterrents and preventative controls and ensure that allegations of

fraud are appropriately and professionally investigated to a criminal standard.

Progress reports on all aspects of counter fraud work and details of investigations are received at each meeting of the Trust's Audit, Risk and Governance Committee.

The Trust has a well-publicised system in place for staff to raise concerns if they identify or suspect fraud.

They can do this via our LCFS, the Director of Finance, the Trust's electronic anonymous reporting system 'Bad Apple', via the NHS fraud and corruption reporting line on 0800 028 40 60 or online at www.cfa.nhs.uk/reportfraud

Patients and visitors can also refer suspicions of NHS fraud to the Trust via the same channels with the exception of the 'Bad Apple' reporting system which is an internal staff system.

Information on health and safety performance

Health and safety compliance is managed by the health, safety and fire team.

The Health, Safety and Fire Group is a sub-group of, and reports to, the Trust Audit, Risk and Governance (ARG) Committee, which is a sub-committee of the Trust Board.

During the period the health, safety and fire team transferred to the directorate of Estates and Facilities and now has closer links with Estates and Facilities.

Governance and Health and Safety Groups have been established as well as those existing with other groups such as ARG, Security Group and Joint Negotiating Consultative Committee (a

Senior Management Team from Estates and Facilities attends JNCC).

Highlight reports are submitted where appropriate to the relevant groups and board briefings on health and safety are undertaken at appropriate times.

Working with the Estates and Facilities directorate has strengthened the input of fire, health and safety advice into projects at an early stage to ensure projects are delivered on time and meet requirements when returned to operational use.

The Health, Safety and Fire Sub Group continues to review reports, policies and accident data on issues relating to the following areas of health and safety: fire, manual handling, security, training, estates and facilities, occupational health, staff incidents, stress, radiation protection and non-clinical risk management.

Health and safety incidents are logged on the Trust's Datix incident reporting system, while risk assessments are carried out and logged on the Safety, Health and Environment (SHE Assure) software package.

Health and safety training is mandatory for all staff on induction and additional health and safety training is delivered to staff where required.

As reported at the end of March there were five RIDDOR reportable accidents confirmed during 2017/18.

Information on occupational health

Our occupational health team works to try and keep our workforce as healthy as possible.

They provide a range of services to both NLaG and external companies including pre-employment health clearances, ill health assessments and support to stay in or return to work.

Members of staff can refer themselves to the service or can be referred by their managers.

The team continues to develop its IT systems to gain efficiencies and continuously reviews its processes to ensure they are lean and maximise their resources.

Their achievements during 2017/18 include:

- The Silver Healthy Workplace Award
- A flu vaccination uptake of 72.6 per cent of frontline workers which met the CQUIN target but more importantly kept staff, colleagues and patients safe
- Continuing positive feedback from the members of staff accessing the service.

Staff survey report

The Trust conducted an all-staff national census staff survey between September and December 2017. From the 6,156 eligible staff, 2,066 completed surveys were returned. The findings report was provided to the Trust, under embargo, in February 2018 and published on March 6 2018.

Response rate		2017/18		Trust improvement/ deterioration
	2016/17	Trust	Benchmarking group (trust type) average	
Response rate	41.4%	33.6%	45.5%	Decrease in 7.8%

The staff survey was just one of several mechanisms the Trust used to engage with staff during 2017/18, some of the other methods were:

- Listening into Action Pulse Check Survey and Crowdfixing events – here staff were encouraged to discuss their frustrations at work and from this, together with leadership teams, seek out and implement solutions
- Equality and Diversity in-house survey where staff were asked to comment on their sense of inclusion and equality of opportunity at work
- Barrett Organisational Culture Values Assessment which helped the Trust to review with its staff

the current vision and values and the associated 'standards of expected behaviour' framework.

In addition to the above, a monthly Chief Executive-led leadership community briefing was launched providing a new foundation for Board to ward information cascade.

This platform complements the existing bimonthly NLG@News newsletter, the local divisional newsletters and the weekly news and update which is emailed out to all staff.

Reviewing the staff survey results across the NHS as a whole reveals the impact of the overall pressures. This is reflected in the reduced number of staff nationally

recommending the NHS as a place to work.

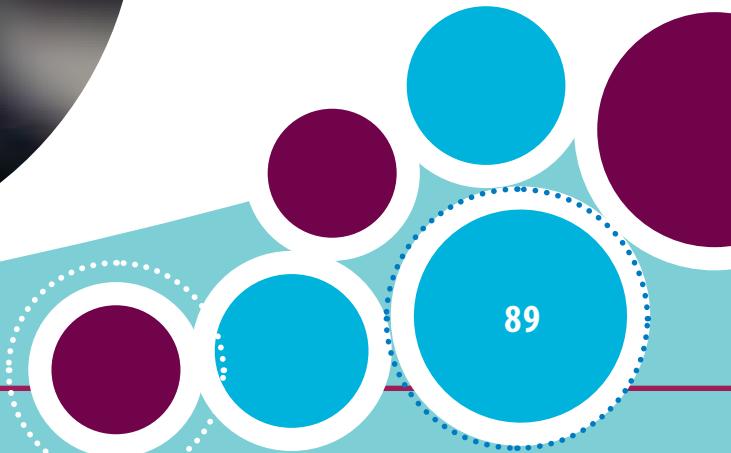
This trend was reflected locally in the Trust's own staff survey findings report. Although disappointing, it was not surprising given the Trust's organisational context of quality and financial special measures. Reviewing the Trusts staff survey 2018 key findings reveals:

- 0 have statistically significantly improved during 2017
- 13 remain unchanged from the 2016 staff survey report
- 19 have statistically significantly deteriorated in the last 12 months.

The staff survey results are as follows on page 89.

	Top 5 ranking scores			
	2016/17	2017/18		Trust improvement/deterioration
		Trust	Benchmarking group (trust type) average	
KF16 % of staff working extra hours	70%	71%	72%	Improvement
KF20 % of staff experiencing discrimination at work	11%	12%	12%	Deterioration
KF27 % of staff reporting most recent experience of harassment, bullying or abuse	47%	45%	45%	Improvement
KF29 % of staff reporting errors, near misses or incidents witnessed in the last month	92%	90%	90%	Improvement
KF11 % staff appraised in the last 12months	88%	86%	86%	Improvement

	Bottom 5 ranking scores			
	2016/17	2017/18		Trust improvement/deterioration
		Trust	Benchmarking group (trust type) average	
KF13 Quality of non-mandatory training, learning or development	4.02	3.90	4.05	Deterioration
KF7 % staff able to contribute towards improvements at work	65%	59%	70%	Deterioration
KF15 % staff satisfied with the opportunities for flexible working	44%	40%	51%	Deterioration
KF5 recognition and value of staff by managers and the organisation	3.30	3.21	3.45	Deterioration
KF32 Effective us of patient /service user feedback	3.51	3.41	3.71	Deterioration



Future priorities and targets

The Trust recognises that its greatest asset is its staff. As such the Trust's Improving Together plan contains numerous staff focused workstreams, including (but not limited to):

- Continuing the highly successful LiA Crowdfixing events
- Improving medical engagement, including the review of divisional structures and ensuring that effective clinical leadership is evidenced in the Trust and its decision making processes
- Further development of its nationally recognised apprenticeship programme
- Continued review of workshop establishments to enable the introduction of new roles such as Advanced Clinical Practitioners to support services and the medical rotas
- An extensive and targeted recruitment programme supported by a tailored Staff Retention Strategy and a wide range of retention deliverables.

The above workstreams performance and outputs are monitored through the Trust's Improving Together Oversight Committees and Improving Together Board. These

workstreams will positively contribute to overcoming staffs concerns within the 2017 staff survey.

Importantly though the Trust recognised that as well as these initiatives, transformational change is required if it is to see improvements in, among other things, staff survey results and staffs' perception of working at NLaG.

Consequently the Trust, rather than embarking on a multi-stranded transactional action plan to address all the concerns within the findings report, is instead investing in a two workstream, staff engagement orientated, transformation approach to address staffs concerns:

- **Staff Survey Workstream**
1: Significant and sustained corporate investment in staff engagement, including investing heavily in increasing staff voice to improve clinical/non-clinical services
- **Staff Survey Workstream**
2: Invest in divisional Staff Survey Action Teams. Each divisional leadership team, working in partnership with their own staff, to jointly agree between themselves a maximum of three areas from within the survey that

they want to improve within their area of work.

The above two workstreams will be monitored through the 'Culture and Organisational Development' Improving Together workstream.

Additionally progress reports will be presented at the Trust Management Board and Trust Board itself. The staff survey transformational workstreams started in April 2018. The measure of success will be taken from quarterly pulse check surveys aligned to staff survey key finding KPIs and ultimately by the findings within the 2018 staff survey report.

Expenditure on consultancy

The Trust during 2017/18 has spent £3,230k on consultancy fees compared to £551k in the previous financial year.

Staff exit packages

Foundation trusts are required to disclose summary information of their use of their use of exit packages agreed in the year. This disclosure reports the number and value of exit packages agreed during the year 2017/18.

Reporting of compensation schemes - exit packages 2017/18			
	Number of compulsory redundancies	Number of other departures	Total number of exit packages
	Number	Number	Number
Exit package cost band (including any special payment element)			
<£10,000	–	–	–
<£10,001 - £25,000	–	–	–
£25,001 - £50,000	–	–	–
£50,001 - £100,000	–	–	–
£100,001 - £150,000	–	–	–
£150,001 - £200,000	–	–	–
>£200,000	–	–	–
Total number of exit packages by type	–	–	–
Total resource cost (£)	£0	£0	£0

Reporting of compensation schemes - exit packages 2016/17			
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	Number	Number
Exit package cost band (including any special payment element)			
<£10,000	–	–	–
<£10,001 - £25,000	1	–	1
£25,001 - £50,000	–	–	–
£50,001 - £100,000	–	–	–
£100,001 - £150,000	–	–	–
£150,001 - £200,000	–	–	–
>£200,000	–	–	–
Total number of exit packages by type	1	–	1
Total resource cost (£)	£20,000	£0	£20,000

	2017/18		2016/17	
	Payments agreed	Total value of agreements	Payments agreed	Total value of agreements
	Number	£000	Number	£000
Voluntary redundancies including early retirement contractual costs	—	—	—	—
Mutually agreed resignations (MARS) contractual costs	—	—	—	—
Early retirements in the efficiency of the service contractual costs	—	—	—	—
Contractual payments in lieu of notice	—	—	—	—
Exit payments following Employment Tribunals or court orders	—	—	—	—
Non- contractual payments requiring HMT approval	—	—	—	—
Total	—	—	—	—
Of which:				
Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary	—	—	—	—



NHS Foundation Trust Code of Conduct

The NHS Foundation Trust Code of Governance (the Code of Governance) was first published in 2006 and was most recently updated in July 2014.

The purpose of the Code of Governance is to assist NHS foundation trust boards in improving their governance practices by bringing together the best practice of public and private sector corporate governance.

The code is issued as best practice advice, but imposes some disclosure requirements.

Northern Lincolnshire and Goole NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis.

The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is

based on the principles of the UK Corporate Governance Code issued in 2012.

For the year ending March 31 2018, the Board considers that it was fully compliant with the provisions of the NHS Foundation Trust Code of Governance.

The Board of Directors is committed to high standards of corporate governance, understanding the importance of transparency and accountability and the impact of Board effectiveness on organisational performance.

The Trust carries out an ongoing programme of work to ensure that its governance procedures are in line with the principles of the Code, including:

- Supporting governors to appoint non-executive directors and external

auditors with appropriate skills and experience

- Ensuring a tailored and in-depth induction programme for new non-executive directors and governors
- Facilitating an external review of the Trust's governance arrangements
- Working with governors to ensure they can engage with and hold the Board to account
- Ongoing review of compliance with the Code of Governance by the Council of Governors and Board of Directors when making decisions which impact on governance arrangements.

Full details on the disclosure required by the Code of Governance are below:

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
2: Disclose	Board and Council	A.1.1	<p>Clear statement detailing roles and responsibilities of the council of governors.</p> <p>Should also describe how any disagreements between the CoG and the board of directors will be resolved.</p> <p>Statement on how the board of directors and the CoG operate, including a summary of the types of decisions taken by each of the boards and which are delegated to the executive management of the board of directors.</p>	<p>Governor report – role of the governors</p> <p>Governor report – resolution of disputes</p> <p>Directors' report – operation of the Board</p>

2: Disclose	Board, Audit and REMCOM	A.1.2	<p>Identify the chairperson, the deputy chair, the CEO, the senior independent director and the chair of the audit and REMCOM.</p> <p>Also set out the number of meetings of the board and those committees and individual attendance by directors.</p>	<p>Directors' report</p> <p>Directors' report</p>
2: Disclose	Council of Governors	A.5.3	Identify the members of the council, including a description of the constituency or organisation they represent, whether they were elected or appointed, and the duration of the appointments. Should identify the lead governor.	Governor report – members of the Council of Governors
Additional requirement of FT ARM	Council of Governors	n/a	Statement about the number of meetings of the CoG and individual attendance by governors and directors.	Governor report – governor attendance at Council of Governors
2: Disclose	Board	B.1.1	Identify each non-executive director it considers to be independent, with reasons where necessary.	Directors' report
2: Disclose	Board	B.1.4	<p>A description of director's skills, expertise and experience.</p> <p>Alongside this a clear statement about the board's balance, completeness and appropriateness to the requirements of the FT.</p>	<p>Directors' report – brief details of serving executives and non-executives</p> <p>Directors' report – balance of the board</p>
Additional requirement of FT ARM	n/a	n/a	Brief description of the length of appointment of the non-execs, and how they may be terminated.	Directors' report
2: Disclose	ARC	B.2.10	Describe the work of the Appointments and Remuneration Committee (ARC), including the process it has used in relation to board appointments.	Governor report
Additional	ARC	n/a	An explanation if neither an external search consultancy nor open advertising has been used in the appointment of a chair or non-exec director	No Non-Executive Directors appointed in 2017/18
2: Disclose	Chair/CoG	B.3.1	<p>Chair's other significant commitments should be disclosed.</p> <p>Changes to such commitments should be reported to the CoG as they arise, and included in the next annual report.</p>	Directors' report
2: Disclose	Council of Governors	B.5.6	Governors should canvass the opinion of the trust's members and the public, and for appointed governors the body they represent, on the NHS foundation trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the board of directors.	Governor report – governor engagement

			The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	
Additional requirement of FT ARM	Council of Governors	N/A	<p>If, during the financial year, the Governors have exercised their power* under paragraph 10C** of schedule 7 of the NHS Act 2006, then information on this must be included in the annual report.</p> <p>This is required by paragraph 26(2)(aa) of schedule 7 to the NHS Act 2006, as amended by section 151 (8) of the Health and Social Care Act 2012.</p> <p>*Power to require one or more of the directors to attend a governors meeting for the purpose of obtaining information about the foundation trust's performance of their duties (and deciding whether to propose a vote on the foundation trust's or directors performance).</p> <p>** As inserted by section 151(6) of the Health and Social Care Act 2912).</p>	Governor report – holding the Non-Executive Directors to account for the performance of the Trust Board
Disclose	Board	B.6.1	The board of directors should state in the annual report how performance evaluation of the board, its committees, and its directors, including the chair, has been conducted.	Directors' report – operation of the Board
Disclose	Board	B.6.2	Where there has been external evaluation of the board and/or governance of the trust, the external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the trust.	Directors' report – Evaluation of the Board/its committees/directors and Chair
Disclose	Board	C.1.1	The directors should explain their responsibility for preparing the annual report and accounts, and state that they consider 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 foundation trust's performance, business model and strategy.	

			Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).	Directors' report - Statement as to disclosures to auditors
Disclose	Board	C.2.1	The annual report should contain a statement that the board has conducted a review of the effectiveness of its system of internal controls.	Directors' report - Trust Audit, Risk and Governance Committee
Disclose	Audit committee /control environment	C.2.2	<p>A trust should disclose in the annual report:</p> <ul style="list-style-type: none"> a) If it has an internal audit function, how the function is structured and what role it performs; or (b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes 	Director's report – Trust Audit, Risk and Governance Committee
Disclose	Audit Committee/Council of Governors	C.3.5	If the Council of Governors does not accept the Audit Committee's recommendation on the appointment, reappointment or removal of an external auditor, the board of directors should include a statement in the annual report from the Audit Committee explaining the recommendation and should set out reasons why the Council of Governors has taken a different position.	Not applicable
Disclose	Audit Committee	C.3.9	<p>A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The report should include:</p> <ul style="list-style-type: none"> (a) The significant issues that the committees considered in relation to financial statements, operations and compliance, and how these issues were addressed (b) An explanation of how it has addressed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length of tenures of the current audit firm and when a tender was last conducted (c) If the external auditor provides non-audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and independence 	Director's report – Trust Audit, Risk and Governance Committee

Disclose	Board/ Remuneration Committee	D.1.3	Where an NHS FT releases an executive director, for example to serve as a Non-Executive Director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.	Not applicable
Disclose	Board/ Membership	E.1.6	The board of directors should monitor how representative the NHS foundation trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	Membership report
Disclose	Membership	E.1.4	Contact procedures for members who wish to communicate with governors and/or directors should be made clearly available to members on the NHS foundation trust's website and in the annual report.	Membership report
Additional requirement of FT ARM	Membership	N/A	The annual report should include: (a)A brief description of the eligibility requirements for joining different membership (b)Information on the number of members and the number of members in each constituency (c)A summary of the membership strategy, an assessment of the membership and a description of any steps taken during the year to ensure a representative membership including progress towards any recruitment targets for members	Membership report - membership strategy
Additional requirement of FT ARM	Board/ Council of Governors	N/A	The annual report should disclose details of company directorships or other material interests in companies held by governors and/or directors where those companies or related parties are likely to do business, or are possible seeking to do business, with the NHS foundation trust. As each NHS foundation trust must have registers of governors' and directors' interests which are available to the public, and alternative disclosure is for the annual report to simply state how members of the public can gain access to the registers instead of listing all the interests in the annual report.	Membership report – disclosures and declarations of interests Directors' report – Registers of interest

Comply or explain	Board	A.1.4	The board should ensure that adequate systems and processes are maintained to measure and monitor the NHS FT's effectiveness, efficiency and economy as well as the quality of its healthcare delivery	Directors' report – Operation of the Board
6: Comply or explain	Board	A.1.5	The board should ensure that relevant metrics, measures, milestones and accountabilities are developed and agreed so as to understand and assess progress and delivery of performance	Directors' report - Evaluation of the Board/its committees/directors and Chair
6: Comply or explain	Board	A.1.6	The board should report on its approach to clinical governance.	Directors' report – Trust Board approach to clinical governance
6: Comply or explain	Board	A.1.7	The chief executive as the accounting officer should follow the procedure set out by NHS Improvement for advising the board and the council and for recording and submitting objections to decisions.	Comply
2: Disclose	Board	E.1.5	The board of directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the non-executive directors, develop an understanding of the views of governors and members about the NHS FT, for example through attendance at meetings of the CoG, direct face-to-face contact, surveys of members' opinions and consultations.	Directors' report – Operation of the Board
Additional requirements of FT ARM	Membership	n/a	The annual report should include: <ul style="list-style-type: none"> • a brief description of the eligibility requirements for joining different membership constituencies, including the boundaries for public membership • information on the number of members and the number of members in each constituency; and • a summary of the membership strategy, an assessment of the membership and a description of any steps taken during the year to ensure a representative membership [see also E.1.6 above], including progress towards any recruitment targets for members 	Membership report
6: Comply or explain	Board	A.1.8	The board should establish the constitution and standards of conduct for the NHS foundation trust and its staff in accordance with NHS values and accepted standards of behaviour in public life.	Directors' report – Code of Conduct of the Trust Board

6: Comply or explain	Board	A.1.9	The board should operate a code of conduct that builds on the values of the NHS foundation trust and reflect high standards of probity and responsibility.	Directors' report – Code of Conduct of the Trust Board
6: Comply or explain	Board	A.1.10	The NHS foundation trust should arrange appropriate insurance to cover the risk of legal action against its directors.	Directors' report - Operation of the Board
6: Comply or explain	Chair	A.3.1	The chairperson should, on appointment by the council, meet the independence criteria set out in B.1.1. A chief executive should not go on to be the chairperson of the same NHS foundation trust.	Membership report – disclosures and declarations of interests
6: Comply or explain	Board	A.4.1	In consultation with the council, the board should appoint one of the independent non-executive directors to be the senior independent director.	Directors' report – Senior Independent Director
6: Comply or explain	Board	A.4.2	The chairperson should hold meetings with the non-executive directors without the executives present.	Governor report – Governor engagement
6: Comply or explain	Board	A.4.3	Where directors have concerns that cannot be resolved about the running of the NHS foundation trust or a proposed action, they should ensure that their concerns are recorded in the board minutes.	Directors' report - How the Directors are assisted in their roles
6: Comply or explain	Council of Governors	A.5.1	The council of governors should meet sufficiently regularly to discharge its duties.	Governor report – composition of the Council of Governors
6: Comply or explain	Council of Governors	A.5.2	The council of governors should not be so large as to be unwieldy.	Governor report – composition of the Council of Governors
6: Comply or explain	Council of Governors	A.5.4	The roles and responsibilities of the council of governors should be set out in a written document.	Governor report – role of the governors
6: Comply or explain	Council of Governors	A.5.5	The chairperson is responsible for leadership of both the board and the council but the governors also have a responsibility to make the arrangements work and should take the lead in inviting the chief executive to their meetings and inviting attendance by other executives and non-executives, as appropriate.	Governor report – governor engagement
6: Comply or explain	Council of Governors	A.5.6	The council should establish a policy for engagement with the board of directors for those circumstances when they have concerns.	Governor report – holding the Non-Executive Directors to account

6: Comply or explain	Council of Governors	A.5.7	The council should ensure its interaction and relationship with the board of directors is appropriate and effective.	Governor report – holding the Non-Executive Directors to account
6: Comply or explain	Council of Governors	A.5.8	The council should only exercise its power to remove the chairperson or any non-executive directors after exhausting all means of engagement with the board.	Governor report – appraisal and appointment
6: Comply or explain	Council of Governors	A.5.9	The council should receive and consider other appropriate information required to enable it to discharge its duties.	Governor report – Council of Governors
6: Comply or explain	Board	B.1.2	At least half the board, excluding the chairperson, should comprise non-executive directors determined by the board to be independent.	Directors' report – Operation of the Board
6: Comply or explain	Board/ Council of Governors	B.1.3	No individual should hold, at the same time, positions of director and governor of any NHS foundation trust.	Comply
6: Comply or explain	ARC(s)	B.2.1	The nominations committee or committeees, with external advice as appropriate, are responsible for the identification and nomination of executive and non-executive directors.	Comply: Directors' report
6: Comply or explain	Board/ Council of Governors	B.2.2	Directors on the board of directors and governors on the council should meet the "fit and proper" persons test described in the provider licence.	Directors' report – Code of Conduct for the Trust Board. Membership report - Disclosures and declarations of interests
6: Comply or explain	Remuneration Committee	B.2.3	The nominations committee(s) should regularly review the structure, size and composition of the board and make recommendations for changes where appropriate.	Comply
6: Comply or explain	ARC committee	B.2.4	The chairperson or an independent non-executive director should chair the nominations committee(s).	Comply
6: Comply or explain	Nomination Committee(s)/ Council of Governors	B.2.5	The governors should agree with the nominations committee a clear process for the nomination of a new chairperson and non-executive directors.	Governor report -Appraisal and Appointment
6: Comply or explain	Nomination Committee(s)	B.2.6	Where an NHS foundation trust has two nominations committees, the nominations committee responsible for the appointment of non-executive directors should consist of a majority of governors.	Comply
6: Comply or explain	Council of Governors	B.2.7	When considering the appointment of non-executive directors, the council should take into account the views of the board and the nominations committee on the qualifications, skills and experience required for each position.	Membership report – appraisal and appointment

6: Comply or explain	Council of Governors	B.2.8	The annual report should describe the process followed by the council in relation to appointments of the chairperson and non-executive directors.	Membership report – appraisal and appointment
6: Comply or explain	Remuneration Committee	B.2.9	An independent external adviser should not be a member of or have a vote on the nominations committee(s).	Remuneration report
6: Comply or explain	Board	B.3.3	The board should not agree to a full-time executive director taking on more than one non-executive directorship of an NHS foundation trust or another organisation of comparable size and complexity.	Directors' report
6: Comply or explain	Board/ Council of Governors	B.5.1	The board and the council governors should be provided with high-quality information appropriate to their respective functions and relevant to the decisions they have to make.	Directors' report – Operation of the Board Governor report – Council of Governors
6: Comply or explain	Board	B.5.2	The board, and in particular non-executive directors, may reasonably wish to challenge assurances received from the executive management. They need not seek to appoint a relevant adviser for each and every subject area that comes before the board, although they should, wherever possible, ensure that they have sufficient information and understanding to enable challenge and to take decisions on an informed basis.	Directors' report – Operation of the Board
6: Comply or explain	Board	B.5.3	The board should ensure that directors, especially non-executive directors, have access to the independent professional advice, at the NHS foundation trust's expense, where they judge it necessary to discharge their responsibilities as directors.	Directors' report - How the Directors are assisted in their roles
6: Comply or explain	Board/ Committees	B.5.4	Committees should be provided with sufficient resources to undertake their duties.	Directors' report – Board Committees
6: Comply or explain	Chair	B.6.3	The senior independent director should lead the performance evaluation of the chairperson.	Directors' report – Senior Independent Chair
6: Comply or explain	Chair	B.6.4	The chairperson, with assistance of the board secretary, if applicable, should use the performance evaluations as the basis for determining individual and collective professional development programmes for non-executive directors relevant to their duties as board members.	Comply

6: Comply or explain	Chair/Council of Governors	B.6.5	Led by the chairperson, the council should periodically assess their collective performance and they should regularly communicate to members and the public details on how they have discharged their responsibilities.	Governor report – governor engagement
6: Comply or explain	Council of Governors	B.6.6	There should be a clear policy and a fair process, agreed and adopted by the council, for the removal from the council of any governor who consistently and unjustifiably fails to attend the meetings of the council or has an actual or potential conflict of interest which prevents the proper exercise of their duties.	Governor report – role of governors
6: Comply or explain	Board/ Remuneration Committee	B.8.1	The remuneration committee should not agree to an executive member of the board leaving the employment of an NHS foundation trust, except in accordance with the terms of their contract of employment, including but not limited to service of their full notice period and/or material reductions in their time commitment to the role, without the board first having completed and approved a full risk assessment.	Comply
6: Comply or explain	Board	C.1.2	The directors should report that the NHS foundation trust is a going concern with supporting assumptions or qualifications as necessary. See also ARM paragraph 2.12.	Performance report - Going Concern
6: Comply or explain	Board	C.1.3	At least annually and in a timely manner, the board should set out clearly its financial, quality and operating objectives for the NHS foundation trust and disclose sufficient information, both quantitative and qualitative, of the NHS foundation trust's business and operation, including clinical outcome data, to allow members and governors to evaluate its performance.	Directors report – Non-Executive Directors

6: Comply or explain	Board	C.1.4	<p>a) The board of directors must notify NHS Improvement and the council of governors without delay and should consider whether it is in the public's interest to bring to the public attention, any major new developments in the NHS foundation trust's sphere of activity which are not public knowledge, which it is able to disclose and which may lead by virtue of their effect on its assets and liabilities, or financial position or on the general course of its business, to a substantial change to the financial wellbeing, healthcare delivery performance or reputation and standing of the NHS foundation trust.</p> <p>b) The board of directors must notify NHS Improvement and the council of governors without delay and should consider whether it is in the public interest to bring to public attention all relevant information which is not public knowledge concerning a material change in:</p> <ul style="list-style-type: none"> • the NHS foundation trust's financial condition • the performance of its business; and/or • the NHS foundation trust's expectations as to its performance which, if made public, would be likely to lead to a substantial change to the financial wellbeing, healthcare delivery performance or reputation and standing of the NHS foundation trust. 	Comply - Council of Governor's Engagement Policy
6: Comply or explain	Board/Audit Committee	C.3.1	The board should establish an audit committee composed of at least three members who are all independent non-executive directors.	Directors' report – Trust Audit and Risk Governance Committee
6: Comply or explain	Council of Governors/ Audit Committee	C.3.3	The council should take the lead in agreeing with the audit committee the criteria for appointing, re-appointing and removing external auditors.	Governor report – role of governors

6: Comply or explain	Council of Governors/ Audit Committee	C.3.6	The NHS foundation trust should appoint an external auditor for a period of time which allows the auditor to develop a strong understanding of the finances, operations and forward plans of the NHS foundation trust.	Director's report – Trust Audit, Risk and Governance Committee
6: Comply or explain	Council of Governors	C.3.7	When the council ends an external auditor's appointment in disputed circumstances, the chairperson should write to NHS Improvement informing it of the reasons behind the decision.	Governor report – role of governors
6: Comply or explain	Audit Committee	C.3.8	The audit committee should review arrangements that allow staff of the NHS foundation trust and other individuals where relevant, to raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters.	Director's report – Trust Audit, Risk and Governance Committee
6: Comply or explain	Remuneration Committee	D.1.1	Any performance-related elements of the remuneration of executive directors should be designed to align their interests with those of patients, service users and taxpayers and to give these directors keen incentives to perform at the highest levels.	Remuneration report
6: Comply or explain	Remuneration Committee	D.1.2	Levels of remuneration for the chairperson and other non-executive directors should reflect the time commitment and responsibilities of their roles.	Remuneration report
6: Comply or explain	Remuneration Committee	D.1.4	The remuneration committee should carefully consider what compensation commitments (including pension contributions and all other elements) their directors' terms of appointments would give rise to in the event of early termination.	Remuneration report
6: Comply or explain	Remuneration Committee	D.2.2	The remuneration committee should have delegated responsibility for setting remuneration for all executive directors, including pension rights and any compensation payments.	Remuneration report
6: Comply or explain	Council of Governors/ Remuneration Committee	D.2.3	The council should consult external professional advisers to market-test the remuneration levels of the chairperson and other non-executives at least once every three years and when they intend to make a material change to the remuneration of a non-executive.	Governor report – appraisal and appointments

6: Comply or explain	Board	E.1.2	The board should clarify in writing how the public interests of patients and the local community will be represented, including its approach for addressing the overlap and interface between governors and any local consultative forums.	Comply: Trust Constitution
6: Comply or explain	Board	E.1.3	The chairperson should ensure that the views of governors and members are communicated to the board as a whole.	Governor report – Governor engagement
6: Comply or explain	Board	E.2.1	The board should be clear as to the specific third party bodies in relation to which the NHS foundation trust has a duty to co-operate.	Directors' report
6: Comply or explain	Board	E.2.2	The board should ensure that effective mechanisms are in place to co-operate with relevant third party bodies and that collaborative and productive relationships are maintained with relevant stakeholders at appropriate levels of seniority in each.	Directors' report
6: Comply or explain	Board	E.2.2	The board should ensure that effective mechanisms are in place to co-operate with relevant third party bodies and that collaborative and productive relationships are maintained with relevant stakeholders at appropriate levels of seniority in each.	Directors' report

NHS Improvement's Single Oversight Framework

Single Oversight Framework

NHS Improvement's Single Oversight Framework provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes:

- Quality
- Finance and use of resources Operational performance
- Strategic change
- Leadership and improvement capability (well-led).

Based on information from these themes, providers are segmented from 1 to 4, where '4' reflects providers

receiving the most support, and '1' reflects providers with maximum autonomy.

A foundation trust will only be in segments 3 or 4 where it has been found to be in breach or suspected breach of its licence.

The Single Oversight Framework applied from quarter 3 of 2016/17.

Segmentation

This segmentation information is the Trust's position as at 31 March 2018. NHS Improvement placed the Trust in segment 4 and the Trust is in special measures for both quality and finance.

Current segmentation

information for NHS truss and foundation trusts is published on the NHS Improvement website.

Finance and use of resources

The finance and use of resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance. These scores are then weighted to give an overall score.

Given that finance and use of resources is only one of the five themes feeding into the Single Oversight Framework, the segmentation of the trust disclosed above might not be the same as the overall finance score here.

Area	Metric	2017/18 Q1 score	2017/18 Q2 score	2017/18 Q3 score	2017/18 Q4 score
Financial sustainability	Capital service capacity	4	4	4	4
	Liquidity	4	4	4	4
Financial efficiency	I&E margin	4	4	4	4
Financial controls	Distance from financial plan	4	4	4	4
	Agency spend	2	3	3	3
Overall scoring		4	4	4	4

Signed: Dr Peter Reading

Date: 24 May 2018



Statement of the chief executive's responsibilities as the accounting officer of Northern Lincolnshire and Goole NHS Foundation Trust

The NHS Act 2006 states that the chief executive is the accounting officer of the NHS foundation trust.

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require [name] NHS foundation trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Northern Lincolnshire and Goole NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the accounting officer is required to comply with the requirements of the Department of Health Group Accounting Manual and in particular to:

- Observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual (and the Department of Health Group Accounting Manual) have been followed, and disclose and explain any material departures in the financial statements
- Ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance and
- Prepare the financial statements on a going concern basis.

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act.

The Accounting Officer is also

responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Signed: Dr Peter Reading

Date: 24 May 2018



Annual Governance Statement 2017/18

1. SCOPE OF RESPONSIBILITY

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

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of the Northern Lincolnshire and Goole NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Northern Lincolnshire and Goole NHS Foundation Trust for the year ended 31 March 2018 and up to the date of approval of the annual report and accounts.

3. CAPACITY TO HANDLE RISK

Leadership and accountability

During 2017/18, changes have been made to the organisation's management structure including the appointment of a new Chief Executive and some changes to executive director portfolios.

As part of the strengthening of the operational management structures, new Divisional Directors have been appointed to lead each of our five Divisions, with the Divisional General Manager (formerly Associate Chief Operating Officer) and the Divisional Head of Nursing (formerly Associate Chief Nurse) reporting to them.

This is the first step in a shift to give greater strength to our Divisions and put clinicians firmly in charge of how we plan and deliver clinical services. The Divisional

Clinical Directors will have authority and responsibility for quality, the use of resources (including staffing and finance), performance and governance.

The Trust also commissioned a Well Led governance review and the findings and recommendations from that review are being implemented.

This has included a review of the Trust's meeting structures to ensure a clear separation between Board assurance sub-committees and day to day management meetings and the implementation of a comprehensive Board Development Programme.

Following the decision of the existing Director of Governance and Assurance to retire, a revised central clinical governance structure has also been agreed and realignment of executive

director responsibilities has commenced. A review and strengthening of the governance structures within Divisions is also underway with external support.

As part of plans to strengthen staff engagement and communication, the new Chief Executive also launched during 2017/18 the Senior Leadership Community, which brings together on a monthly basis all of the organisation's senior clinical and managerial leaders who will be responsible for making and sustaining the required improvements needed within the Trust including listening to, engaging with and supporting staff. Invites have also now been extended to all Band 7's within the organisation.

The Trust has in place a Performance Management Framework, which outlines

the approach to holding Directorates and Divisions to account for delivery of objectives and improvements including those relating to governance and quality governance.

The above arrangements and changes made during 2017/18 reflect the Trust's ongoing commitment to effective governance and quality governance including risk management processes.

The Trust's Internal Audit Programme continues to be used to test key aspects of the Trust's governance arrangements annually.

Training

Through the provision of a comprehensive mandatory training programme which includes governance and risk management awareness – with training sessions being delivered both centrally and within individual Directorates/Divisions and engaging internal and external trainers, and through individual personal development, staff are trained and equipped to identify and manage risk in a manner appropriate to their authority, duties and experience.

The Trust's mandatory training programme is regularly reviewed to ensure that it remains responsive to the needs of Trust staff.

There is regular reinforcement of the requirements of the Trust's Mandatory Training Policy and Training Needs Analysis (which elements of governance and risk management training) and the duty of staff to complete training deemed mandatory for their role. A review of the Training Needs Analysis was undertaken during 2017/18

to ensure that mandatory training remains targeted and appropriate as well as manageable for staff.

Despite significant operational pressures, the Trust has continued to demonstrate good levels of compliance with mandatory training requirements but this focus continues. Monitoring and escalation arrangements are in place to ensure that the Trust maintains the good performance seen and can ensure targeted action in respect of areas or staff groups where performance is not at the required level.

Leadership development programmes are in place including for our clinical and ward leaders.

Control Mechanisms including 'Learning Lessons'

A single IT Risk Management System (Datix) is in place which links all key risk elements (including incident reporting, complaints/PALS and claims management) and which, in turn, informs the Trust's Risk Register (which is also held on Datix).

Lessons learned when things go wrong are shared throughout the organisation via a range of mechanisms including safety alerts, 'learning lessons' newsletters, safety huddles/handovers, Quality and Safety Days and governance forums. Further mechanisms for ensuring the sharing of transferable lessons – as well as good practice – continued to be explored during 2017/18 via the learning lessons project within the Improving Together Programme and included the introduction of a one page

summary following every Serious Incident (SI) which is widely dissemination across the organisation.

These mechanisms remain under review and in response to feedback from staff as to their effectiveness. The effectiveness of the revised arrangements will be tested through internal audit and were also reviewed as part of the recent CQC inspection visit held 8 – 11 May 2018. To date, the formal findings from that inspection are awaited.

A significant and specific piece of work on learning lessons has been focussed within the Trust's maternity services in response to the themes and lessons learnt from recent serious incidents. This work has been supported by NHS Improvement and NHS England maternity colleagues.

The Trust Board routinely considers specific risk issues and receives minutes from Board Sub-Committees including the Audit, Risk and Governance Committee, Finance and Performance Committee, and the Quality and Safety Committee. The Quality and Safety Committee, on behalf of the Trust Board, routinely receives information on SIs including lessons identified and learned. The Trust is also a member of and provides assurance to commissioners on its arrangements for investigating and learning from SIs via a

community-wide SI Collaborative Group.

The Clinical Harm Review Group, chaired by the Medical Director from NHSE, and convened to have oversight of the data quality issues arising from the waiting list validation exercise undertaken and reported in last year's statement, continued to meet during 2017/18.

This group dovetails in to existing governance processes including the SI and Being Open (Duty of Candour) Policy

and Procedure.

The Trust actively encourages networking and has strong links with relevant central bodies, e.g. NHS Resolution (NHSR), formerly The NHS Litigation Authority (NHS LA), Health and Safety Executive (HSE), and acts on recommendations / alerts from these bodies as appropriate.

The Trust continues to develop its relationship with the CQC - escalating risks / concerns in respect of patient safety / quality as they occur, together

with the actions taken or proposed, and in order to provide assurance that the Trust Board has appropriate oversight of its quality governance / patient safety risks. Monthly relationship meetings are held.

The Trust also routinely considers and acts upon the recommendations of relevant national high level enquiries through the use and monitoring of robust action plans.

4. THE RISK AND CONTROL FRAMEWORK

The management of risk

The Trust has in place a Governance and Risk Management Strategy which is reviewed annually.

The Northern Lincolnshire and Goole NHS Foundation Trust is committed to the management of risk (both clinical and non-clinical) in order to improve the quality of care; provide a safe environment for the benefit of patients, staff and visitors by reducing and, where possible, eliminating the risk of loss, harm or damage; and protecting its assets and reputation. This is achieved through a process of identification, analysis, evaluation, control, elimination and transfer of risk.

The Trust's Governance and Risk Management Strategy is an integral part of the Trust's approach to continuous quality improvement and is intended to support the Trust in delivering the key objectives within the Quality Strategy as well as ensuring compliance with external standards, duties and legislative requirements.

Risks are identified routinely

from a range of reactive and proactive and internal and external sources including workplace risk assessments, analysis of incidents, complaints /PALS, claims, external safety alerts and other standards, targets and indicators etc.

These are appropriately graded and ranked and included on the Trust's Risk Register and Board Assurance Framework (BAF). A Risk Register –'Confirm or Challenge' Group is in place to review and monitor risks added to the Risk Register and quarterly reports from the Risk Register are submitted to the relevant Board assurance sub-committees and Trust Board.

The Audit, Risk and Governance Committee has the delegated authority on behalf of the Trust Board for ensuring these arrangements are in place.

The Trust recognises that, as risks can change and new risks can emerge over time, the review and updating of risks on the risk register and within the BAF is an ongoing, dynamic process. The BAF and Risk Register have undergone significant review and

amendment during 2017/18 to ensure the two are more closely aligned and to ensure that they inform the agenda of the Trust Board and Board assurance sub-committees.

As a result of that work, a 'significant assurance with minor improvement opportunities' rating was received following the 2017/18 Internal Audit review.

In line with the principles of devolution within the Northern Lincolnshire and Goole NHS Foundation Trust, and in accordance with the Scheme of Delegation, responsibility for the management / control and funding of a particular risk rests with the Directorate/Division concerned.

However, where action to control a particular risk falls outside the control / responsibility of that domain, where local control measures are considered to be potentially inadequate or require significant financial investment or the risk is 'significant' and simply cannot be dealt with at that level, such issues are escalated to the Executive Team

/Trust Management Board or Trust Board for a decision to be made.

Supporting this devolved structure are central non-clinical directorates.

These Directorates have a nucleus of experienced and appropriately qualified staff to support and advise staff at all levels across the organisation with the identification and management of risk.

Risk Management is embedded in the activity of the organisation by virtue of robust organisational and committee structures which were reviewed and strengthened during 2017/18 as outlined above.

Of fundamental importance to the early identification, escalation and control of risk is the Trust's commitment to the ongoing development of a 'fair blame' culture, where incident reporting is openly and actively encouraged and the focus when things go wrong is on 'what went wrong, not who went wrong', and a progressively 'risk aware' workforce.

The Trust also has in place long standing 'speaking out' and safeguarding policies and procedures. The Trust has also appointed a Freedom to Speak Up Guardian (FTSUG) and Associate Guardians.

Despite these arrangements, feedback from the previous CQC visit and following a recent case review by the National Guardian's office, it has been identified that the Trust's culture and arrangements do no always support staff to speak out.

The findings and recommendations from that review have informed

the development of a comprehensive improvement plan which was ratified by the Trust Board at its February 2018 meeting.

As part of that improvement plan, the Trust launched in March 2018 its anti-bullying campaign: Pride and Respect Project; an employee driven and owned programme which aims to improve the standard in which Trust staff deliver care and interact with each other. Linked to Pride and Respect, an employee advice help line was launched.

The Trust agrees annual governance/risk management Key Performance Indicators (KPIs), which are shared through the business planning and performance management framework/integrated performance report.

Business Planning and Service Development proposals do not proceed without an appropriate assessment of, and therefore recognition/acceptance of, the risks involved and the involvement of the relevant risk management, health and safety and fire expertise.

The Framework incorporates and provides a comprehensive evidence base of compliance against a raft of internal and external standards, targets and requirements including CQC registration requirements, Information Governance Toolkit Standards, Safety Alerts etc. Assurance to the Trust Board on compliance with these requirements is provided via quarterly BAF /risk register reports and is supported by a robust Internal Audit Programme.

As outlined above,

BAF was further refined during 2017/18 in response to both audit findings and the findings from the Well Led Review and includes strengthening the links with the Trust's Risk Register.

In respect of the control of risk, Directors, individually and collectively, have responsibility for providing assurance to the Trust Board on the controls in place to identify, manage and mitigate risks to compliance with the Trust's licence.

The sub-committees of the Trust Board in turn have responsibility for providing assurance in respect of the effectiveness of those controls.

A system of 'highlight' reports to the Trust Board is in place to highlight any risks to compliance.

Board sub-committees are well attended by Executive and Non-executive Directors as well as by other key Trust staff.

A review and strengthening of the Board sub-committees was undertaken during 2017/18 to ensure a clear separation between Board assurance sub-committees and day to day management meetings.

This will ensure that the Trust's meeting structure is able to meet the challenges to be faced by the organisation during 2018/19 and beyond.

The Trust also has in place a range of mechanisms for managing and monitoring risks in respect of quality including:

- The Trust has in place a Quality Strategy which has been endorsed by the Trust Board and shared with the Council of Governors. The Trust Board also agrees annual quality objectives
- The Trust has in place a Quality and Safety Committee (a sub-committee of the Board) which meets monthly and is chaired by a Non-executive Director. The Quality and Safety Committee is responsible for monitoring performance against the agreed annual quality objectives. The minutes of the Quality and Safety Committee are submitted to the Trust Board
- The Trust publishes an Annual Quality Account
- Performance against key quality indicators are reported the Integrated Performance Report
- Quality improvements – including the response to CQC findings and recommendations are progressed through the Trust's Improvement Programme – Improving Together. Improving Together was first introduced in January 2017 and provides a more holistic approach to improvement than has previously been the case. A refresh of the programme was undertaken in September 2017 including strengthening of the Improvement Team to provide hands on, delivery support
- The Trust has in place arrangements and monitoring processes to ensure ongoing compliance with other service accreditation standards e.g. bowel screening, colposcopy, cancer, CPA, MHRA (for blood products) and HTA licences for mortuary and post mortems etc
- The Trust Quality and Safety Committee monitors performance with NICE guidance implementation and minutes of that committee are submitted to the Trust Board. Compliance with NICE guidance is also monitored, internally via the performance review process and externally via the Commissioner Quality Contract Group
- The Medical Director has the lead for mortality supported by two site clinical leads. A new Mortality Improvement Group was introduced during 2017/18 and includes relevant external stakeholders. A mortality improvement plan – including how the Trust learns from deaths – is in place. The Trust Board receives a monthly Mortality progress report. The Quality and Safety Committee retains a challenge and assurance role in respect of mortality
- Ward Standards have been introduced and are monitored via a programme of unannounced Ward Reviews
- A programme of announced and unannounced (Executive and Non-Executive) Director Visits is also in place to all wards and departments – clinical and non-clinical – in order to ensure that there is 'Board to Ward' oversight and ownership of quality and safety issues. Trust Board walkabouts are held on Board days
- The Trust has identified Non-Executive Directors to lead the challenge in respect of specific aspects of governance and risks. These challenge roles are reviewed annually
- The Chief Nurse has responsibility for focusing on the quality of the patient experience and is the Board lead for quality and the patient experience
- A nursing dashboard is in place to monitor the nursing contribution to safety and quality. This is being reviewed and refreshed during 2018/19
- The Trust routinely considers and acts upon the recommendations of national quality benchmarking exercises, eg National patient surveys
- The Trust acts upon patient feedback from complaints and concerns and from feedback from Patient and Public Involvement (PPI) representatives (eg Health Watch)
- Patient and Staff Stories are presented to the Quality and Safety Committee and the Trust Board monthly and actions and lessons learned are widely shared.

The effectiveness of the Trust's governance structures also continued to be tested during 2017/18 via internal and external testing including internally via the Annual Internal Audit Programme (see Appendix A) and externally via relevant external reviews and visits including during 2017/18 a Well Led Review.

CQC: Registration and Essential Standards of Quality and Safety

During November and December 2016, the Trust received announced and unannounced visits by the CQC.

Arising from the visits, significant concerns were raised in respect of A&E (lack of comfort rounds, lack of risk assessment and documentation, cleanliness and infection control, environment and data recording), Maternity (lack of fresh eyes, lack of escalation and issues in respect of interpretation of continuous cardiotocography (CTGs) and Waiting List (referral to treatment (RTT) and outpatient department (OPD) follow-up) Recovery.

The Trust subsequently received a Section 29A Warning Notice requiring immediate improvements.

The full visit report was published on 6 April 2017 and the Trust received an overall rating of 'Inadequate'. Arising from the outcome of the visit, the Trust was placed in quality 'special measures'.

A support package from NHSI was put in place including dedicated Improvement Director support to assist the Trust in the implementation of the 'Improving Together' programme and buddy support from East Lancashire NHS Trust.

Progress continues with the implementation, embedding and testing of agreed actions and the Trust Board receives a monthly 'Improving Together' progress report including compliance with Key Performance Indicators (KPIs) intended to demonstrate the effectiveness and embedding

of the improvements being put in place.

NHSI also introduced a System Improvement Board, which brings together all relevant stakeholders to support the Trust in the delivery of its improvement plan.

An announced re-visit to the Trust to test the improvements made was held between 8 to 11 May 2018.

As the inspection and corroboration process is not complete and the outcome is as yet unknown, as at the date of finalising this report, the Trust is not therefore fully compliant with the registration requirements of the Care Quality Commission (CQC).

Patient and Public Involvement (PPI)

The Trust ensures that public stakeholders are involved in understanding the risks which impact upon them by a variety of means: the principal amongst these being the operation of the Council of Governors and the holding of Board meetings in public.

The Council meets at least five times per year in public and receives a comprehensive report on performance (and risks of non-delivery) on each occasion. These reports are published along with the rest of the council papers on the Trust internet site.

A PPI Policy and Procedure is also in place and reflects the requirements of the Department of Health guidance 'Real Involvement' and the comments from PPI representatives.

Additionally, the Trust engages actively with three Overview and Scrutiny

Committees and continues to collaborate closely with the three local HealthWatch organisations.

A Protocol for joint working with Health Watch is in place and is reviewed annually and opportunities for joint working are agreed.

The Trust's comprehensive internet website provides the public with ready access to information across all areas of Trust activity and the organisation also uses its newsletter for members to inform the public of new developments and items of interest.

NHS Pension Scheme

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with.

This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Equality, Diversity and Human Rights

Control measures are in place to ensure that all the organisation's obligations under

equality, diversity and human rights legislation are complied with. During 2017/18, the Trust strengthened these arrangements through the commissioning of an external review and has a detailed action plan in place in response to the findings. The Trust also appointed a dedicated Equality and Diversity lead.

Carbon Reduction

The Trust has both a Trust Board approved Sustainable

Development Management Plan (SDMP) and a Travel Plan, both of which are reviewed annually. These documents include risk assessments to ensure the Trust can attain its carbon reduction targets in accordance with emergency preparedness and civil contingency requirements. These are 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. The Trust has been nationally recognised by the Sustainable Development Unit (SDU) for the quality of the 2016/17 sustainability report contained within the Trust's annual report.

5. REVIEW OF ECONOMY, EFFICIENCY AND EFFECTIVENESS OF THE USE OF RESOURCES

The Trust's clinical activities are managed under a devolved management structure, governed by a Scheme of Delegation renewed and refreshed annually. The Trust has in place a clinical management structure to support effective leadership of clinical services and ensure effective care.

The Medical Director is supported by two part time Deputy Medical Directors (who will continue to be engaged in clinical front line work), and Clinical Directors, covering each clinical Division. Each Clinical Director has a team of clinical leads for individual service areas.

The Finance Directorate provides dedicated support to each clinical Division and to non Clinical Directorates through nominated Business Accountants. Business planning, and information technology is provided by the Directorate of Strategy and Planning. This Directorate works to closely link strategy development across the wider health economy and the Humber Coast and Vale STP

with service planning in clinical service areas.

Plans are being developed to transform and streamline the way in which services are provided ensuring patient care is provided closer to home limiting unnecessary expensive hospital attendances.

The Trust continues to adopt a project based approach to savings delivery through an established PMO-style approach. Whilst the Trust has enhanced governance and oversight arrangements in respect of savings delivery coupled with comprehensively documented plans, emerging cost pressures have begun to outweigh the level of savings being delivered. Savings are subject to full Quality Impact Assessment sign off process. Delivery support has been augmented during 2017/18 through the Financial Special Measures process, with additional regulatory scrutiny, a Turnaround Director in post, and support provided by external partners, Ernst and Young (EY).

The Trust maintains focus on performance management.

All Directorates and Divisions are explicitly made responsible for the delivery of financial and other performance targets through a system of performance agreements, documented as part of the annual business planning cycle and monitored through a series of regular performance review meetings. The Trust is aware that whilst the framework in place is robust the changes and gaps in operational leadership have made these difficult to manage in practice.

The Financial Plan and budget adopted annually by the Trust Board contains an overarching assessment of the strategic planning climate within which the framework has been constructed and sets out the mechanisms by which the key risks emanating from the strategic context are to be managed. This assessment reflects both the national planning context and the local context; and recognises the financial planning context for the public sector as a whole; especially the expectation for significant efficiencies on an ongoing basis.

The Trust conducts a comprehensive review of the in-year progress of the Business and Financial Framework in the form of a Mid-Year Review report – any issues or emerging risks not previously identified within the original Framework are identified and mitigating actions recommended and actioned during this process. In 2017/18 this process was replaced by the plan resetting element of the Financial Special Measures process.

The Trust Finance and Performance Committee provides assurance to the Trust Board as to the achievement of the Trust's financial plan and priorities and, in addition, acts as the key forum for the scrutiny of the robustness and effectiveness of all cost efficiency opportunities. It interfaces with the other Trust Board Committees and the Trust Executive Team and also has particular regard to the work of the Financial Planning Group, which sets the agenda and co-ordinates the process of business planning, specific business case development, and capital programme management.

Compliance is further assured through quarterly monitoring and annual planning processes with auditors. The Trust has developed an internal audit programme, based on key business governance themes with internal audit providers KPMG, designed to enhance focus on business governance process and support improved compliance.

The Trust, building upon the lessons learned following the 2013 Keogh review process, understands that robust front line clinical services are the real purpose of the organisation,

delivering effective quality outcomes for patients.

The Trust is proactive and continuously reviews and realigns its structure where necessary, to allow it to adapt and respond to the rapidly changing business environment brought about by the changes in the economy, the NHS environment, competitive markets and patient pathway best practice.

The Trust has also enhanced its focus on workforce planning in order to secure a more consistent supply of appropriately skilled and qualified staff to carry out front line service delivery, specifically to review plans for future workforce numbers and to oversee implementation processes, working jointly with Commissioners and other local provider organisations. In support of this work the Trust has developed a People and Organisational Effectiveness Strategy and an Employment Framework sustainability workstream, covering both retention and recruitment, which have been endorsed by the Trust Board.

The Trust continues to be non-compliant with NHS Improvements Use of Resources performance measure under the Single Oversight Framework recognising that this is within the context of a wider sustainability gap across the local health economy, in which work is ongoing to address through the newly formed Accountability Frameworks and the STP. NHS Improvement have issued enforcement undertakings stating that the Trust had not demonstrated that it has

established and effectively implemented systems and/or processes to ensure compliance with its duty to operate economically, efficiently and effectively and the Trust has been placed in financial 'special measures'.

Arising from this, the External Audit opinion will be adverse from a perspective of economy, efficiency and effectiveness. This is based on the CQC findings, the issues identified in respect of data quality, the Trust's financial performance, the imposition of special measures (finance and quality) and the resultant licence conditions and associated enforcement undertakings.

The processes and review work established by the Trust in response to Financial Special Measures have been designed to supply corrective actions for any failures in delivery of services in an economic, effective and efficient manner. This remains a work in progress, with further actions required to strengthen planning and management systems across the Trust.

The Financial Governance Review previously undertaken within the Trust established an outline assessment of structural cost premium facing the Trust because of its configuration and also laid the foundations for a corrective savings programme addressing those issues within the Trust's control.

This review is currently in the process of updating by EY, to provide a more up to date view of the Trust's structural service and financial issues.

6. INFORMATION GOVERNANCE (IG)

The Trust continues to strengthen its arrangements for Information Governance and has the following arrangements in place:

- An Information Governance Steering Group;
- An Information Governance Strategy and Policy along with a dedicated Information Security Policy;
- The achievement of compliance with the requirements of the IG Toolkit at Level 2 by the deadline of 31 March 2018.

In respect of data security the following arrangements are in place:

A security feature at login to the Trust network, giving guidance to users and requiring acceptance of 'rules of use'; this is to be further strengthened following the recent review and updating of the duty of confidence statement that all new starters complete as part of their induction process.

Key points of the duty of confidence declaration, specifically those sections relating to users responsibilities will be added to the log-in screen of the Trust's network.

The review and acceptance of the duty of confidence will also be an ongoing reminder, as well as at the commencement of an employee's work in the Trust.

- IT policies which take account of updated national requirements;
- A 'best practice' IT security

awareness leaflet alongside a dedicated email security and best practice leaflet;

- The encryption of all removable / portable devices including laptops, USB pens and CDs, specifically:
 - laptop encryption has been completed on all laptops/ clinical tablets;
 - encrypted USB pens have been allocated to staff;
 - support for the use of staff who own PDA devices has been removed, floppy drives have been blocked from use, no machines are purchased with floppy drives as standard and port blocking software has been implemented;
 - CD/DVD writers are not issued as a standard piece of equipment. Where the use of these writers is required, the creation of data on these devices is covered by Trust policies;
 - the creation of data on PACs CDs is governed by Trust policy and encryption ability is available. Tracking procedures are in place for CDs sent off site.

A review of the Trust's compliance with the new General Data Protection Requirement (GDPRs) has been undertaken and a series of Task and Finish Groups have been put in place to progress the required actions.

Approval has been received through the Trust Management Board to appointment a dedicated Data Protection Officer and this post is currently

out to advert. This dedicated role will provide more focus, pace and co-ordination on this key area of work.

During 2017/18, the Trust reported two serious incidents relating to disclosure in error, where a number of records were shared inadvertently with a partner health organisation and an unauthorised disclosure incident, where a video recorded of a child and their nursing carers was shared without authorisation on social media.

In line with the Trust's Serious Incident (SI) policy, both were reported via the IG Toolkit and also to the Information Commissioner's Office (ICO).

Both were investigated and appropriate action taken, including strengthening of policies regarding use of mobile phones with video recording capabilities and the Trust's social media policy, alongside learning lessons messages being broadcast within the Trust.

The Information Commissioners Office (ICO) on both occasions was assured by the Trust's response and has taken no further action in response.

The Trust also experienced a cyber-attack in May 2017, although no data loss was identified arising from that incident and the Trust continues to take steps to strengthen its security arrangements in this area with reporting to the Trust Board.

7. ANNUAL QUALITY REPORT

The Directors of Northern Lincolnshire AND Goole NHS Foundation Trust are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. NHS Improvement (in exercise of the powers conferred on Monitor) has issued guidance to NHS Foundation Trust Boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

The following arrangements are in place within Northern Lincolnshire & Goole Hospitals NHS Foundation Trust to assure the Board that the Quality Account presents a balanced view and that there are appropriate controls in place to ensure the accuracy of data:

Governance and leadership:

- The Trust has appointed a member of the Board, the Chief Nurse, to lead on quality. The Chief Nurse, supported by the Medical Director and Director of Governance and Assurance, advises the Trust Board on all matters relating to the preparation of the Trust's annual Quality Account.
- The Trust's Director of Strategy and Planning is responsible for providing the information and performance data which informs the Annual Quality Account. An Information Services Manager, to whom this responsibility is delegated, is also in post.
- The Trust's Director of

Strategy and Planning is responsible for ensuring that there are mechanisms in place for assuring the quality and accuracy of the performance data which informs the Annual Quality Account including external testing as appropriate. A Head of Performance, to whom this responsibility is delegated, is also in post.

Policies and plans in ensuring quality of care provided:

- Policies and procedures are in place in relation to the capture and recording of patient data.
- Clinical coding follows national guidelines in addition to a local policy, as per the Audit Commission's guidelines.

Systems and processes:

- Systems and processes are in place for the audit and validation of performance data both centrally and at operational level. In relation to waiting list data, a revised governance accountability structure is in place which has been underpinned by the development of a training programme to support operational delivery for staff and their teams. Areas of training include: PTL management, RTT, demand and capacity, all of which have been designed to support the delivery of efficient services and the development of a robust recovery trajectory for 2018/19. The NHSI IST continues to support the Trust with this area of work.

Skills:

- All staff involved in collecting and reporting on quality metrics are suitably trained and experienced.
- All PAS users have to receive training before being issued a password, and individual user activity is auditable.
- Clinical Coding is regularly audited both internally and externally and audits also take place with individual clinicians.

Data use and reporting:

- A monthly Integrated Performance Report which outlines the Trust's performance against key quality and other objectives including benchmarking and comparative data, and are the subject of discussion and challenge at every monthly Trust Board meeting and also informs the annual Quality Account. Work was undertaken during 2017/18, supported by Ernst and Young, to strengthen the Integrated Performance Report and the quality of the data that underpins it and this work continues.
- The Trust also considers and acts upon information received via the Dr Foster alerts and relevant CQC alerts and reports and the information also informs the relevant Trust action

People and

plans eg mortality.

In preparation for the requirement for a published audit opinion in the 2017/18 Quality Account, the purpose of which is to provide assurance on the arrangements in place to ensure Quality Accounts are fairly stated and in respect of the accuracy of the information and indicators within the report, audit review is being undertaken. This will involve sample testing in respect of a number of mandated quality indicators.

During 2016/17, the Trust identified data quality issues in connection with the information on the Trust's waiting list which is used to manage delivery of the Referral to Treatment (RTT) Waiting Times (maximum waiting time of 18 weeks) standard.

The Trust, in response to these findings, appointed an external validation company to work through specific elements of the waiting list data to identify errors and correct accordingly. Work continued during 2017/18

to address all inaccuracies within the Trust's waiting list management process.

A comprehensive training plan is being rolled out across the Trust and this will continue in 2018/19. Areas of training include RTT, Patient Tracker List (PTL) Management and Demand and Capacity. Alongside this work, an external Clinical Harm Review Group, chaired by the NHSE Regional Medical Director, was introduced to have oversight of the above issues and to identify any harm to any patient on the waiting list waiting longer than they should to be seen.

At the time of preparing this report, no incidents of harm have been identified from this process to date.

Further testing of data quality in relation to the Trust's waiting list was undertaken during 2017/18 as part of the Internal Audit Programme. That audit aimed to assess amongst other things:

- Waiting list accuracy of RTT

rules;

- Data Quality;
- Patient pathway management and tracking;
- Adherence to the Trust's Access Policy

On the basis of the results of this review and whilst acknowledging the significant work in this area, particularly in relation to data quality enhancement, validation, training and PTL development, an assessment of 'partial assurance with improvements required' was awarded. The audit found that core systems, processes and working practices are not yet fully effective.

The review raised 18 recommendations; seven of which have been rated as high priority. The Trust's response to these draft recommendations is currently being compiled and will be incorporated within existing and ongoing improvement plans.

8. REVIEW OF EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL

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 Northern Lincolnshire and Goole NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework.

I have drawn on the content of the Annual Quality Report attached to this Annual Report and other performance information available to me.

My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Trust Board, the Audit, Risk and Governance Committee and the Quality and

Safety Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work (Appendix A refers).

The BAF and the monthly Integrated Performance Report provide me with evidence that

the effectiveness of the controls in place to manage the risks to the organisation achieving its principal objectives have been reviewed.

Maintenance and review of the effectiveness of the system of internal control has been provided by comprehensive mechanisms already referred to in this statement. Further measures include:

- Regular reports to the Trust Board from the Trust's BAF and Risk Register including NED review / challenge.
- Regular risk management activity reports to the Trust Board assurance sub-committees and the Trust Board covering incidents, complaints/PALS and claims analysis and including details of lessons learned / changes in practice.
- Receipt by the Trust Board of minutes / reports from key forums including the Audit, Risk and Governance Committee, Finance and Performance Committee and the Quality and Safety Committee.

9. CONCLUSION

In conclusion, the following significant internal control issues arose or continued during 2017/18:

Finance and sustainability

The Trust is currently formally in breach of its Licence, specifically conditions CoS3(1)(a) and (b), CoS3(2)(c), and FT4(5)(a),(d), and (f), this is due to continued financial pressures and the inability to maintain and improve financial sustainability, efficiency and compliance with sector controls and has been placed in financial 'special measures'. This has resulted in the Trust failing to comply with

- The ongoing development of the BAF and Risk Register with external support and training.
- Annual independent external review by KPMG of the Trust's board assurance and self-certification processes. No significant control issues identified.
- Consideration of a monthly 'Improving Together' report, allowing the Trust Board to monitor improvements across the five workstreams within 'Improving Together': Improving Quality and Safety, Improving Access and Flow, Improving Service Strategy, Improving Finance and Improving OD and Culture.
- The provision and scrutiny of a monthly Integrated Performance to the Trust Board, which covers a combination of specific licence and key contractual obligations and including the identification of key risks to future performance and mitigating actions. The Trust's performance

management arrangements were further strengthened during 2017/18 including through the introduction and embedding of an Integrated Performance Report and some changes to Director Portfolios. Quarter 1 of 2018/19 will see the conclusion of the detailed data definitions work which ensures robustness of measures, signed off by the lead executive alongside further work to strengthen the Integrated Performance Report to ensure it captures the most relevant and meaningful indicators is underway.

The validity of the Annual Governance Statement has been provided to me by the Audit, Risk and Governance Committee, which has considered and commented on this statement, and by the external auditors.

All of the above measures serve to provide ongoing assurance to me, the Executive Team and the Trust Board of the effectiveness of the system of

the 'use of resources' oversight metric triggering financial special measures late in March 2017. Since that point, the Trust has been working with NHS Improvement and EY, our external support partners, in developing appropriate response plans. Financial improvement planning sits within the wider framework of the Trust's Improving Together programme, linking quality, performance and financial improvements together.

Operational pressure has seen increased

cancellations of elective activity resulting in reduced income, though the impact has been mitigated through block value agreements in place with the two Northern Lincolnshire CCGs. The Trust has also experienced a significant and continuing reliance on premium

agency staffing costs mainly due to high medical staffing and registered nursing vacancy rates, and the need to insource additional urgent care and diagnostic services capacity to meet demand and improve flow.

The Trust deficit was £37.98m excluding WebV Solutions Ltd and Charitable funds. This was £2.11m better than plan due to general distribution of STF income. The Trust has also utilised a range of technical accounting changes to support the I&E position. The Trust has still significant work to do to improve the I&E run rate through improved productivity and expenditure controls – increasingly through the transformational redesign of services, working with partners in the health economy.

The Trust has a total outstanding loans balance of £117.4m, and aside from a small proportion related to specific capital projects, these are emergency revenue support loans from the Department of Health. No plans are in place which can support ultimate repayment of these support loans through normal business operations.

CQC

As outlined in section 4 above, as at the time of preparing this report, the Trust is not fully compliant with the registration requirements of the Care Quality Commission (CQC). Arising from the CQC visits in November and December 2016, the Trust was placed in quality 'special measures' and Enforcement Undertakings were agreed with NHSI. The Trust's improvement plan in response to the CQC findings and recommendations are captured within the Improving

Together Programme with monthly reporting to the Trust Board. Testing in respect of specific actions is the subject of challenge and 'deep dives' through the Patient Safety Group of the System Improvement Board. A series of clinical review visits to test embedding of actions on the group have been completed.

A re-visit by the CQC to test the improvements made took place between 8-11 May 2018. An unannounced visit is also expected as part of this process and so the outcome is awaited.

Performance:

A&E

A&E performance showed an improvement in 2017/18 with a greater number of patients seen within four hours and the Trust was able to meet the revised target of 90% in quarter three as agreed.

However, latterly due to significant operational pressures associated with winter, compounded by vacancies and sickness as well as increased attendances when compared with the same period during 2016/17, performance across the Trust began to decline presenting significant operational challenges for the teams. The Trust did not achieve the 90% target for quarter four. Despite not achieving the target, the Trust delivered a 4.1% improvement in performance when comparing quarter three and quarter four, 2017/18 to quarter three and quarter four of 2016/17 with the Trust being the 12th improved Trust in the country moving from 45th out of 137th in the country. Improvement actions are monitored through the system-wide A&E Delivery Board with stakeholder support being seen as a contributor to

the improvements seen. Work is also underway to improve the quality of data recording.

Cancer Performance

The Trust failed to achieve the 62 day GP referral to treatment target in Quarters 1, 2 and 3 though performance improved in Quarter 4. Non delivery was anticipated during 2017/18 as focus was given to treating those patients who had waited in excess of 62 days. This number has now significantly reduced. The increased emphasis on achieving a diagnosis and treating patients, through greater focus on diagnostics and the theatre and bed capacity available following the reduction in elective treatment as a result of winter pressures has supported this. Work continues to improve pathways for patients across the clinical specialties. The rules regarding breach allocation of patients across the whole patient journey come into being during 2018/19. This has a material adverse impact on the Trust, forecast of up to 7%.

Referral to Treatment (RTT) and Outpatient Department (OPD) follow-ups

The Trust's focus on urgent and emergency care during the latter part of 2017/18 and compounded by capacity issues, vacancies and sickness has resulted in deterioration in the Trust's RTT position and deterioration in the OPD overdue follow-up position.

Despite this, work has continued to strengthen the infrastructure in place in support of the management of the Trust's waiting lists.

Support has been provided by NHSI throughout the year to maintain focus on the key priorities identified in 2016/17.

- Leadership and accountability
- Access Policy and Standard operating Procedures
- Data Quality
- RTT Training
- Demand and capacity
- Development of a recovery trajectory.

The Trust PTLs have been updated to meet the user needs with training provided. Front line teams now have access to live RTT, Endoscopy and Radiology.

A revised accountability structure is in place which has been underpinned by the development of a training programme to support operational delivery for staff and their teams. Areas of training include PTL management, RTT, demand and capacity all of which have been designed to support the delivery of efficient services and the development of a robust recovery trajectory for 2018/19.

As outlined above, a review of the arrangements in place to support the management of the Trust's waiting list was undertaken during 2017/18 via the Internal Audit Programme. Whilst the significant work

undertaken to date was acknowledged, the audit found that core systems, processes and working practices are not yet fully effective. The review raised 18 recommendations; seven of which have been rated as high priority. The Trust's response to these draft recommendations is currently being compiled and will be incorporated within existing and ongoing improvement plans. Progress with the completion of these actions and monitoring and the agreement and achievement of improvement trajectories will be monitored by the Trust Board.

Finally, where control issues have been identified during 2017/18, action has been taken or improvement plans are in place to address the gaps in control identified. Key to delivery of the required improvement includes the strengthening of the Divisional operational and governance structures. A key area of focus for 2018/19 will be improvements to planned care, aligned to the system principles agreed. The Trust Board is satisfied that plans are adequate to ensure delivery of these targets or improvements during 2018/19.

Where appropriate these action / improvement plans will be tested via relevant external scrutiny and review processes. External support is in place as required including through the buddying arrangement in place with East Lancashire Hospital Trust. The support package in place will remain under review with support from NHSI.

Peter Reading
Chief Executive



May 24 2018

APPENDIX A

HEAD OF INTERNAL AUDIT OPINION ON THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROL AT NORTHERN LINCOLNSHIRE AND GOOLE NHS FOUNDATION TRUST FOR THE YEAR ENDED 31 MARCH 2018

Basis of opinion for the period 1 April 2017 to 31 March 2018

Our internal audit service has been performed in accordance with KPMG's internal audit methodology which conforms to Public Sector Internal Audit Standards.

As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) or International Standard on Assurance Engagements (ISAE) 3000.

PSIAS require that we comply with applicable ethical requirements, including independence requirements, and that we plan and perform our work to obtain sufficient, appropriate evidence on which to base our conclusion.

Roles and responsibilities

The Board is collectively accountable for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The Annual Governance Statement (AGS) is an annual statement by the Accountable Officer, on behalf of the Board, setting out:

- How the individual responsibilities of the

Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;

- The purpose of the system of internal control as evidenced by a description of the risk management and review processes, including the Assurance Framework process; and

The conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures together with assurances that actions are or will be taken where appropriate to address issues arising.

The Assurance Framework should bring together all of the evidence required to support the AGS.

The Head of Internal Audit (HoIA) is required to provide an annual opinion in accordance with Public Sector Internal Audit Standards, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (ie the system of internal control).

This is achieved through a risk-based programme of work, agreed with Management and approved by the Audit, Risk and Governance Committee, which

can provide assurance, subject to the inherent limitations described below.

The purpose of our HoIA Opinion is to contribute to the assurances available to the Accountable Officer and the Board which underpin the Board's own assessment of the effectiveness of the system of internal control.

This Opinion will in turn assist the Board in the completion of its AGS, and may also be taken into account by other regulators to inform their own conclusions.

The opinion does not imply that the HoIA has covered all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans generated from a robust and Management-led Assurance Framework. As such it is one component that the Board takes into account in making its AGS.

Opinion

Our opinion is set out as follows:

- Basis for the opinion
- Overall opinion; and
- Commentary.

The basis for forming our opinion is as follows:

- An assessment of the design and operation of the underpinning Assurance Framework and supporting processes

- An assessment of the range of individual assurances arising from our risk-based internal audit assignments that have been reported throughout the period. This assessment has taken account of the relative materiality of these areas; and
- An assessment of the process by which the Trust has assurance over its registration requirements of its regulators.

Overall opinion

For the period 1 April 2017 to 31 March 2018 our opinion is that:

Partial assurance with improvements required can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and controls.

Commentary

The commentary below provides the context for our opinion and together with the opinion should be read in its entirety.

Our opinion covers the period 1 April 2017 to 31 March 2018 inclusive, and is based on 13 audits that we completed in this period.

Our audits consist of 'core' reviews and 'risk based' reviews. Core reviews are those that are required under PSIAS to be completed on an annual basis or where the organisation requires assurance on an annual basis.

Risk based reviews are those where we have worked with management to provide assurance on areas of perceived high risk and therefore we would anticipate lower

assurance ratings.

We also undertake follow-up reviews to ensure management are taking appropriate actions where necessary.

The design and operation of the Assurance Framework and associated processes

Overall our review found that the Assurance Framework in place is founded on a systematic risk management process and does provide appropriate assurance to the Board. The Assurance Framework does reflect the organisation's key objectives and risks and is reviewed on a quarterly basis by the Board.

The range of individual opinions arising from risk-based audit assignments, contained within our risk-based plan that have been reported throughout the year.

We issued eight 'partial assurance' opinions in respect of our 2017/18 assignments. These related to the 'core reviews' completed in respect of 'Quality Governance' and 'Governance Arrangements'. The 'risk based' audits of 'Strategic Planning and VFM (Part 2)', 'Retention', 'Maternity Clinical Review', 'Sustainability Agenda and Carter' and 'Referral to Treatment (RTT)'. As part of our audits we raised twelve high risk recommendations relating to:

- Key Trust officers taking ownership of and are held to account for the delivery of the Trust's Strategic Plan through the revised governance structure;
- The implementation of a formal communications plan for the communication of the new governance structure

and ensuring Assistant Chief Operating Officers are charged with the responsibility of communicating the Strategy to all of the staff members within their Group using the tools provided by the Strategy and Planning Team;

- The coordination of the Carter implementation work through the existing governance structure, with a sub-committee in place to oversee the work. The results and performance of this sub-committee should be scrutinised and challenged at a Board level;
- Ensuring a designated lead is appointed to oversee the Carter Implementation Programme and ensure regular reports are produced and shared once a reporting template has been established and a governance structure has also been established;
- Producing a template report to ensure progress reporting against the Carter Implementation Programme is provided to the relevant sub-committees once a governance structure has been established and a designated lead is assigned;
- Ensuring the Trust undertake urgent analysis of RTT incomplete pathway submissions and the reporting/

submission collation process to identify the key factors resulting in patients 'appearing' and 'disappearing' between months;

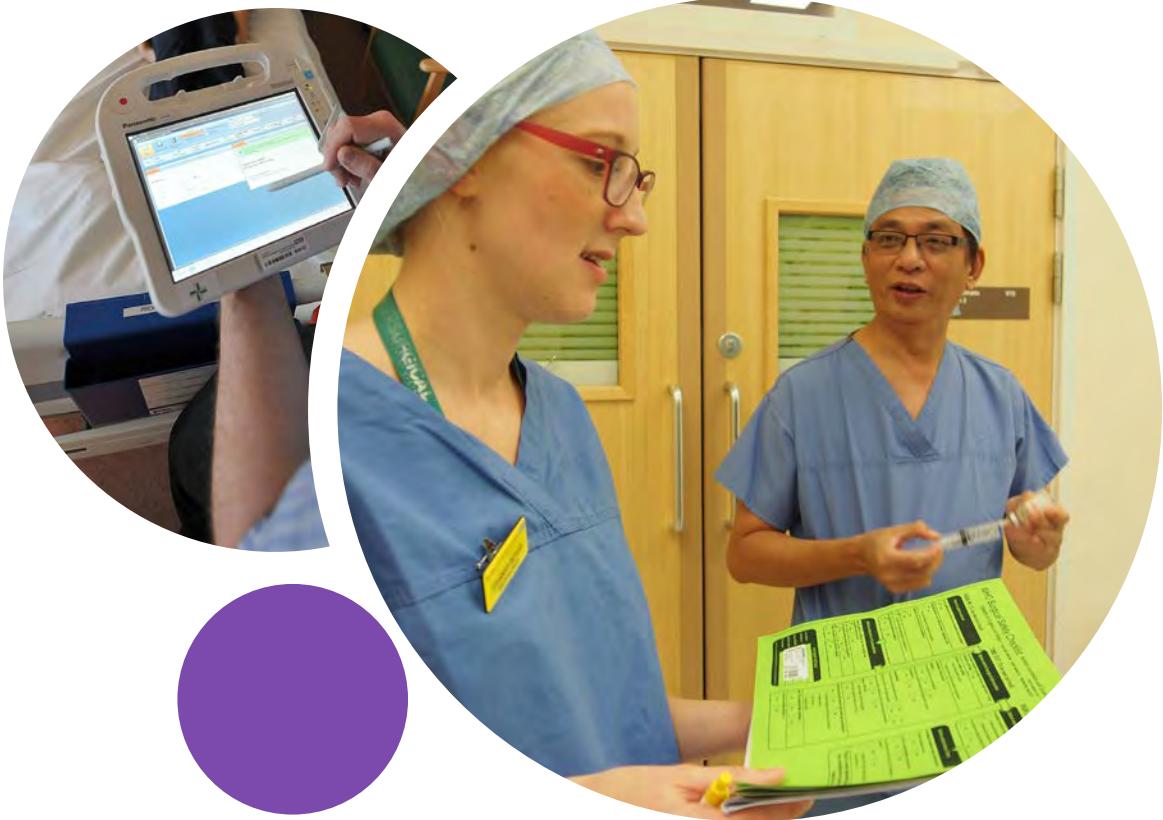
- Undertaking a further deep-dive review into RTT/waiting list management and data quality to identify root causes for data inaccuracies, the scale of the issue and in particular the level of inaccuracy of the reported RTT waiting list position and to ascertain the actual number of 'real' patient pathways on all of the Trust's waiting lists;
- Developing a robust validation programme for RTT with an enhanced triangulated approach encompassing data quality, analytics, training and system development/integration;
- Reviewing Trust processes and management of

non-RTT patients and how the Trust plans to achieve compliance with national guidance as well as considering the potential impact this will have;

- Reviewing and developing the Trust's Data Quality Strategy further by addressing key data quality challenges with a clearly defined roadmap and a realistic vision of short, medium and long term aims;
- Expediting the works being undertaken to improve diagnostics reporting and informatics support to develop an adequate diagnostic Patient Treatment List (PTL) and supporting diagnostics waiting list and activity reports; and
- Expediting the current work being undertaken to understand and document the current build and logic being applied to

in the creation of PTLs and ensuring the Trust undertakes a detailed review of this documentation once available in order to ensure exclusion rules are being applied appropriately.

In summary, whilst we would anticipate lower assurance ratings associated with 'risk based' reviews, and despite the 'significant assurance with minor improvement opportunities' opinions given to 'core' reviews such as 'Core Financial Controls and Management,' 'Data Quality' and 'Reference Costs,' the common fundamental weaknesses identified within our key 'core' and 'risk based' reviews relating to governance arrangements, people management and the development and delivery of key operational and strategic plans, supports our annual opinion of partial assurance with improvements required.



Equality and Diversity

We aim to be an organisation that people want to access for care and treatment.

We aim to be an organisation that people want to join and remain with as staff because it allows them to make their distinctive contributions and achieve their full potential.

We do not tolerate any form of intimidation, humiliation, harassment, bullying or abuse and will ensure that patients, staff, visitors and the public are treated fairly, with dignity and respect.

Our aim is to break down all barriers of discrimination, prejudice, fear or misunderstanding, which can damage service effectiveness for service users and carers.

We are committed to compliance with the Public Sector Equality Duty as set out in the Equality Act 2010 and will do this by eliminating discrimination, harassment and victimisation and have due regard to advancing equality for the relevant protected characteristics:

- Age
- Disability
- Gender re-assignment
- Marriage and civil partnership
- Pregnancy and maternity
- Race
- Religion and belief
- Sex/gender
- Sexual orientation.

We aim to ensure that our services and employment opportunities are equally accessible to all minority or potentially disadvantaged groups that are often 'seldom

heard'.

We are committed to building a workforce which is valued and whose diversity reflects the community it serves, enabling us to deliver the best possible healthcare service to those communities.

By addressing any inequalities in employment practices, we seek to deliver equitable services to all.

We believe that unlawful discrimination is unacceptable and aim to ensure that all patients, applicants, employees, contractors, agency staff and visitors will receive appropriate treatment and will not be disadvantaged by conditions or requirements which cannot be shown to be justified.

This is particularly so on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation and trade union activity.

To support this we have a dedicated Equality and Diversity Lead whose remit includes providing strategic and operational advice and guidance to the Trust's Management Team, its staff and other key stakeholders on all matters around equality and diversity linked to patient care and workforce.

In the last year the following has been achieved:

- A new Equality and Diversity Strategy has been agreed by the Trust Board. To develop this strategy a large consultation exercise took place

which involved staff, our commissioners and the local Healthwatch

- As part of the strategy a number of organisational equality objectives were identified and have also been agreed at the Trust Board. These equality objectives will give direction and support to the organisation to move forward against the equality and diversity agenda
- An Equality Impact Assessment Policy and Procedure has been agreed which will give assurance that our policies, procedures and functions do not unlawfully discriminate against any particular groups
- We have published our Workforce Race Equality Standard data and developed an action plan to address some of the gaps identified
- We have also published our gender pay gap data in line with recent legislation
- We have renewed our membership and satisfactorily maintained our Disability Confident status as an employer who supports and attracts people with a disability or long term condition.
- Equality and Diversity training is mandatory for all staff using

blended learning. Face-to-face training is delivered as part of the corporate induction course and refreshers are completed using workbooks. A half day equality and diversity course has been running for the last year with one or two courses taking place each month.

Looking ahead the new Equality and Diversity Strategy and the equality objectives will provide the organisational direction to move this challenging agenda forward. The equality objectives will consider implementing an equalities framework (Equality Delivery

System Two), improving the collection of patient equality data, continuing to deliver a high level of equality and diversity training to our staff, reporting against the Workforce Race Equality Standard and developing staff equality support networks.

The Health Tree Foundation

The Health Tree Foundation is the working name for Northern Lincolnshire and Goole NHS Foundation Trust charitable funds and the official charity for the Trust.

The new name was launched in November 2015 with support from Hull and East Yorkshire Smile Foundation (Smile).

The name 'The Health Tree Foundation' was inspired by an organisation with roots in the NHS that branch out into the community.

After reaching the goals set out in the first strategy early, the Health Tree Foundation (HTF) carried out an exercise to refresh its vision and mission and set out a three year plan.

The new plan for the charity was approved at the Health Tree Foundation Trustees Committee (formerly Charitable Funds Committee) in March 2018.

The vision for the charity is: 'To be recognised as a leading NHS charity in the UK.' The mission is: 'We inspire, engage and channel the charitable intent of your local community, helping to turn donations of time and money into making your NHS sparkle.'

The Health Tree Foundation introduced the 'circle of wishes'. This is a process in which

any patient, member of staff, relative or public visitor to the Trust can make a wish for a change at one of the hospital sites or in the community.

The Health Tree team will then look into turning their wish into a reality.

After a successful introduction we now receive more than one wish per day, in the last year we

received more than 450 wishes for funding.

As a result of Circle of Wishes and supporting capital investments, in the year 2017/18 the Health Tree Foundation contributed £963,000 to Northern Lincolnshire and Goole NHS Foundation Trust.



Sustainability report

Introduction

As an NHS organisation, and as a spender of public funds, we have an obligation to work in a way that has a positive effect on the communities we serve.

Sustainability means spending public money well, and the smart and efficient use of natural resources and building healthy, resilient communities.

By making the most of the social, environmental and economic assets we can improve health both in the immediate and long term even in the context of rising cost of natural resources.

Demonstrating that we

consider the social and environmental impacts ensures that the legal requirements in the Public Services (Social Value) Act (2012) are met.

In order to fulfil our responsibilities for the role we play, Northern Lincolnshire and Goole NHS Foundation Trust (NLaG) has the following sustainability mission statement located in our Sustainable Development Management Plan (SDMP):

"The Trust is committed to long term sustainability, it also recognises its Corporate Social Responsibility (CSR) both as one of the largest employers in the local economy and as an emitter of carbon in to the local

environment. It seeks to use this position to engage, inform, persuade and influence staff, visitors, patients and contractors to reduce the emissions of carbon."

As a part of the NHS, public health and social care system, it is our duty to contribute towards the level of ambition set in 2014 of reducing the carbon footprint of the NHS, public health and social care system by 34 per cent (from a 1990 baseline) equivalent to a 28 per cent reduction from a 2013 baseline by 2020. It is our aim to supersede this target by reducing our carbon emissions to 34 per cent by 2020/21 using 2007/08 as the baseline year.

Policies

In order to embed sustainability within our business it is important to explain where in our process and procedures sustainability features.

Area	Is sustainability considered?
Travel	Yes
Business Cases	No
Procurement	
(environmental and social aspects)	No
Suppliers' impact	Yes

One of the ways in which an organisation can embed sustainability is through the use of an SDMP. The board approved our SDMP in the last 12 months, therefore our plans for a sustainable future are well known within the organisation and are clearly laid out.

One of the ways in which we measure our impact as an organisation on CSR is through the use of the Sustainable Development Assessment Tool (SDAT). The last time we used the SDAT was in March 2018, scoring 55%. As an organisation that acknowledges its responsibility towards creating a sustainable future, we help achieve that goal by running awareness campaigns that promote the benefits of sustainability to our staff.



We have not assessed the social and environmental impacts of the trust nor issued a statement on Modern Slavery.

Adaptation

Climate change brings new challenges to our business both in direct effects to the healthcare estates, but also to patient health.

Examples in recent years include the effects of heat waves, extreme temperatures and prolonged periods of cold, floods, droughts etc.

Our Trust Board approved plans address the potential need to adapt the delivery the organisation's activities and infrastructure to climate change

and adverse weather events.

Green space and biodiversity

Currently NLaG does have a formal approach to unlock the opportunities and benefits of natural capital within a healthcare environment in supporting the health and wellbeing of staff, patients and the community and to protect biodiversity.

Partnerships

The NHS policy framework already sets the scene for commissioners and providers

to operate in a sustainable manner.

Crucially for us as a healthcare provider, evidence of this commitment will need to be provided in part through contracting mechanisms.

Strategic partnerships are already established with the following organisations: British Gas.

More information on these measures is available here: www.sduhealth.org.uk/policy-strategy/reporting/organisational-summaries.aspx

Performance

Organisation

Since the 2007 baseline year, the NHS has undergone a significant restructuring process and one which is still on-going. Therefore in order to provide some organisational context, the following table may help explain how both the organisation and its performance on sustainability has changed over time.

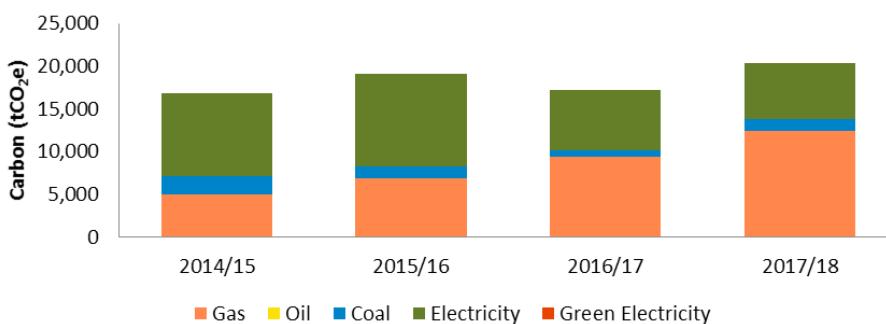
Context info	2014/15	2015/16	2016/17	2017/18
Floor Space (m ²)	142,522	147,524	142,100	138,598
Number of Staff	5,375	6,500	6,400	6,400

In 2014 the Sustainable Development Strategy outlined an ambition to reduce the carbon footprint of the NHS as a system by 28% (from a 2013 baseline) by 2020. We have supported this ambition as follows:

Energy

NLaG has spent £3,416,821 on energy in 2017/18, which is a 3.5 per cent decrease on energy spending from 2016/15.

Carbon Emissions - Energy Use



Resource		2014/15	2015/16	2016/17	2017/18
Gas	Use (kWh)	23,559,266	32,795,885	44,968,071	58,509,662
	tCO ₂ e	4,943	6,864	9,398	12,405
Oil	Use (kWh)	82,532	56,976	66,849	1,598
	tCO ₂ e	26	18	21	1
Coal	Use (kWh)	5,803,531	3,582,240	4,335,570	3,779,215
	tCO ₂ e	2,127	1,310	1,616	1,416
Electricity	Use (kWh)	15,717,738	18,949,354	13,661,699	14,499,282
	tCO ₂ e	9,734	10,894	7,060	6,463
Green Electricity	0	0	0	0	5,071,930
	0	0	0	0	0
Total Energy CO ₂ e	16,830	19,086	18,096	20,284	
Total Energy Spend	£3,225,824	£3,574,947	£3,542,219	£3,416,821	

Performance

The Trust's gas consumption has increased 30 per cent from the previous year, due to a number of factors within the organisation.

The major elements of this increase include the low calorific value of the coal at Goole District Hospital, as a result, the gas boiler was used for extended periods to meet site demand to sustain current site operational requirements.

Equally, there has been increased gas consumption for Scunthorpe General Hospital and Diana, Princess of Wales Hospital, therefore the Trust datasets

suggest that the baseload demand for both estates has increased due to operational and weather-related factors.

The Combined Heat and Power unit (CHP) unit required a fossil energy input of 11,930,815 kWh (Gas) in order to produce 4,804,078 kWh of site utilised electricity at Grimsby Hospital with an overall efficiency of 81 per cent.

The low-efficiency percentage is largely due to a reduction in runtime due to unforeseen defects with the unit, hence the increase in Trust electricity consumption compared to 2016/17.

The oil consumption for Grimsby hospital has decreased due to a high sulphur content of the oil and the fact that it was contaminated with water, due to the nature of the oil it was not possible to run the three industrial steam boilers on oil as per maintenance schedule hence the significant reduction in Trust oil consumption.

The Energy Performance Contract (EPC) between the Trust and British Gas is entering year three of a 15 year contract and continues to deliver c£400k in savings per annum and is part of the contractual guarantee.

Travel

We can improve local air quality and improve the health of our community by promoting active travel to our staff and to the patients and public that use our services.

Every action counts and we are a lean organisation trying to realise efficiencies for cost and carbon (CO₂e) reductions. We support a culture for active travel to improve staff wellbeing and reduce sickness.

Air pollution, accidents and noise all cause health problems for our local population, patients, staff and visitors and are caused by cars, as well as other forms of transport.

Category	Mode	2014/15	2015/16	2016/17	2017/18
Patient and visitor own travel	miles	0	6,066,995	22,856,442	27,969,311
	tCO2e	0.00	2,194.04	8,260.56	9,966.16
Staff commute	miles	5,163,319	6,244,014	6,150,400	6,147,952
	tCO2e	1,897.15	2,258.06	2,222.82	2,190.67
Business travel and fleet	miles	0	0	0	4,519,564
	tCO2e	0.00	0.00	0.00	1,610.25
Active and public transport	miles	0	0	0	164,200
	tCO2e	0.00	0.00	0.00	14.80
Owned Electric and PHEV mileage	miles	0	0	19,717	22,033
	tCO2e	0.00	0.00	2.24	2.50
Total cost of business travel	£	0.00	0.00	0.00	1,575,389

Performance

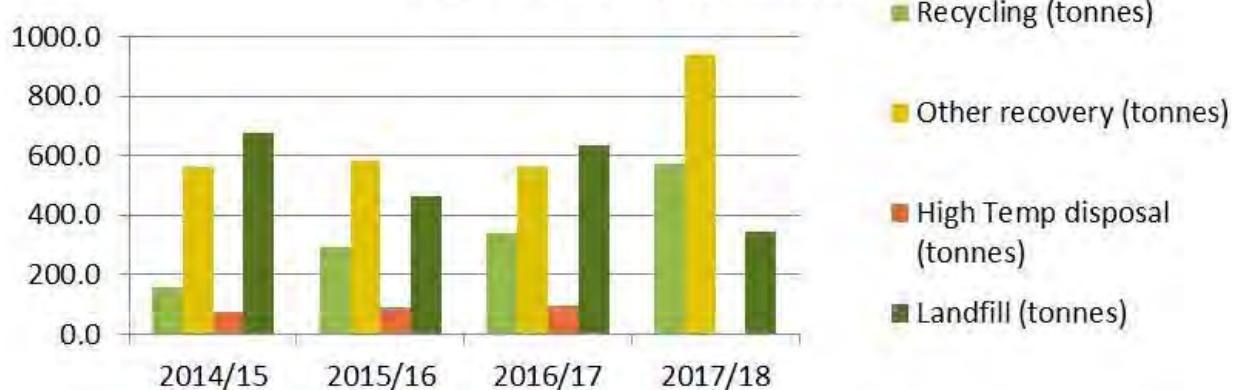
We are continually working towards a more carbon efficient fleet. We have introduced four electric vehicles and are planning to replace the main pool car fleet with further lower emission and hybrid vehicles. Staff are actively encouraged to consider alternatives to travelling by car with cycling promotion heavily on the agenda, with upgrades on Scunthorpe and Grimsby Hospital site cycle shelters. We also run a cross site shuttle service for staff to utilise for travelling between Grimsby and Scunthorpe hospitals which contributes to reducing our carbon footprint. Car Sharing is another initiative we are working on to encourage reduction of vehicular traffic on site.



Waste

Waste		2014/15	2015/16	2016/17	2017/18
Recycling	(tonnes)	160.00	293.00	341.00	573.00
	tCO2e	3.36	5.86	7.16	12.47
Other recovery	(tonnes)	561.00	583.00	564.00	938.00
	tCO2e	11.78	11.66	11.84	20.41
High Temp disposal	(tonnes)	72.00	92.00	93.00	0.00
	tCO2e	15.84	20.15	20.46	0.00
Landfill	(tonnes)	677.00	463.72	636.00	343.00
	tCO2e	165.47	113.34	197.16	118.16
Total Waste (tonnes)		1470.00	1431.72	1634.00	1854.00
% Recycled or re-used		11%	20%	21%	31%
Total Waste tCO2e		196.45	151.01	236.63	151.04

Waste Breakdown



Performance

We have seen a significant reduction in waste going to landfill through continued work with our waste contractors to redirect the waste to recycling and other recovery. We encourage staff to recycle across all sites. Clinical waste is using a high level of autoclave as the disposal method as oppose to incineration, Orange bagged infectious waste is shredded and autoclaved (made sterile) by our waste contractor and the residues are sent to landfill, however, the landfill sites used captures the gas produced which is used for running gas turbines to produce electricity, therefore this waste has been categorised as other recovery. This has resulted in a decrease in carbon emissions and an increase in tonnage diverting to recycling.

Finite resource use – Water

Water		2014/15	2015/16	2016/17	2017/18
Mains Water	m ³	122,010	100,114	245,980	311,572
	tCO ₂ e	111	91	224	284
Water & Sewage Spend		£343,284	£323,655	£ 470,137	£468,393

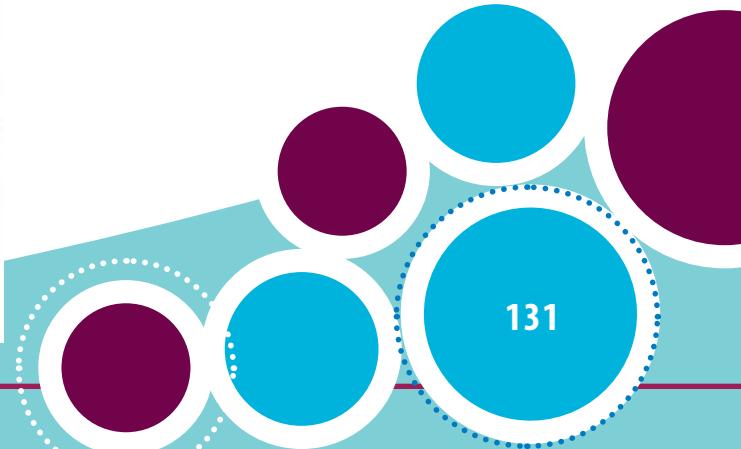
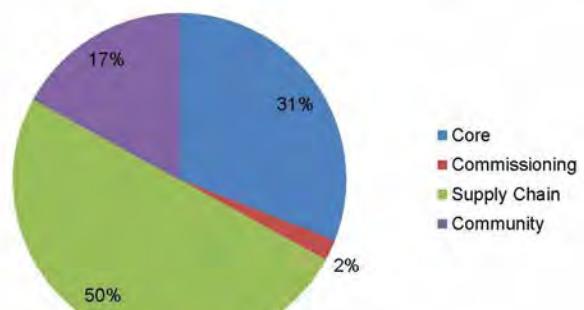
Performance

As a result of the stringent water flushing routine combined with infrastructure faults, repairs and leaks there has been a significant increase of 27 per cent in water consumption over the financial year 2017/18.

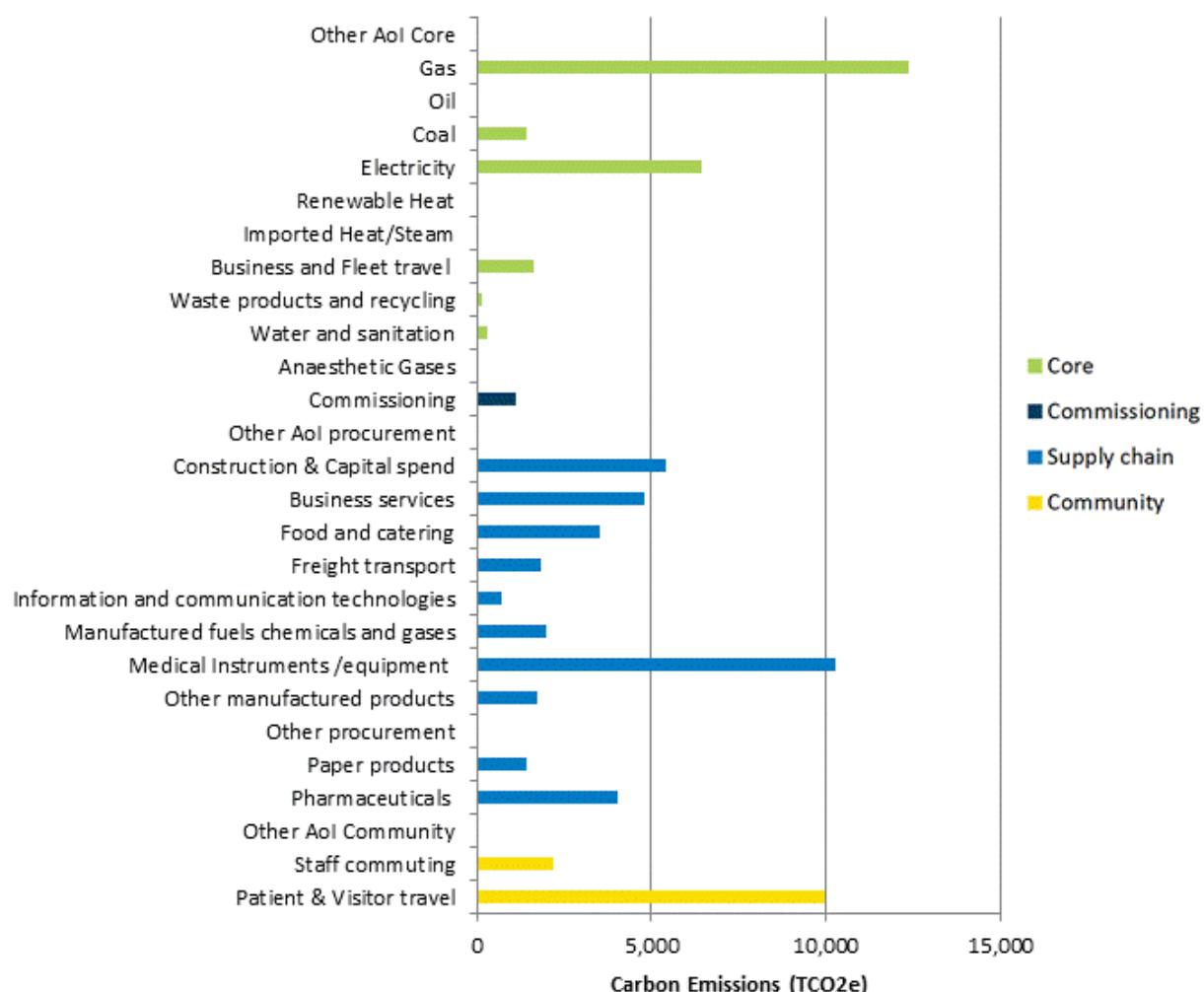
Modelled Carbon Footprint

The Trust is estimating total carbon footprint of 71,322 tonnes of carbon dioxide equivalent emissions (tCO₂e). Our carbon intensity per pound is 164 grams of carbon dioxide equivalent emissions per pound of operating expenditure (gCO₂e/£). Average emissions for acute services is 200 grams per pound.

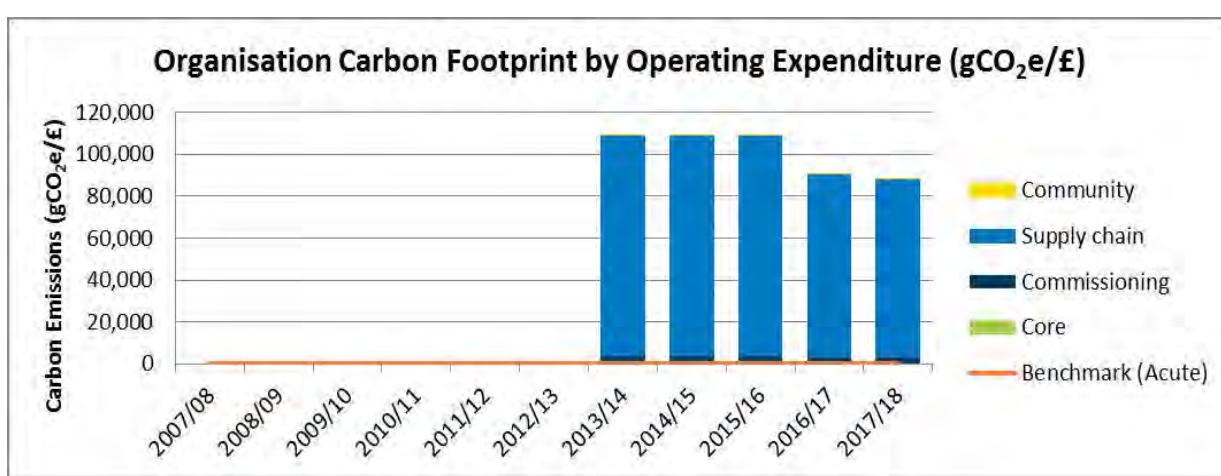
Proportions of Carbon Footprint



Breakdown of 2017/18 emissions (tCO₂e)



Organisation Carbon Footprint by Operating Expenditure (gCO₂e/£)



Independent auditors' report to the Council of Governors of Northern Lincolnshire and Goole NHS Foundation Trust

Report on the audit of the financial statements

Opinion

In our opinion, Northern Lincolnshire and Goole NHS Foundation Trust's Group and Trust financial statements:

- give a true and fair view of the state of the Group and Trust's affairs as at 31 March 2018 and of the Group's income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2017/18.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated and Trust's Statement of Financial Position as at 31 March 2018; the Consolidated Statement of Comprehensive Income for the year then ended; the Consolidated Statement of Cashflows for the year then ended; the Consolidated Statement of Changes in Taxpayer's and Other Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the National Health Service Act 2006, the Code of Audit Practice and relevant guidance issued by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice"), International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty relating to going concern

In forming our opinion on the Group and Trust financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 (Accounting Policies) to the financial statements concerning the Group's and the Trust's ability to continue as a going concern.

In the year, the Trust delivered a deficit of £37.86m against its control total for 2017/18 of £13.29m deficit and was placed in financial special measures. It will require further financial support over the coming 12 months to enable it to pay its liabilities as they fall due. However, the extent and nature of any financial support from NHS Improvement is unknown.

These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Trust's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group or the Trust were unable to continue as a going concern.

Explanation of Material Uncertainty

In the year, the Trust delivered a deficit of £37.86m against its control total for 2017/18 of £13.29m. This has placed pressure on its cash reserves and, combined with the borrowings from the Department of Health and Social Care of £117.4m at 31 March 2018 and the financial plan for 2018/19, means that further financial support will be required over the coming 12 months to support the financial sustainability of the Trust. However, as described in note 1 to the financial statements, the extent and nature of any financial support from NHS Improvement (NHSI) is unknown and will be agreed between the Trust and NHSI on a monthly basis.

What audit work we performed

We obtained the 2018/19 financial plan and cash flow forecasts, and:

- assessed the reasonableness of the plan's assumptions;
- understood the Trust's Cost Improvement Plan target of £15.0m, and the impact on this of the deterioration in the financial position after the plan was agreed;
- calculated current ratio, gearing ratio and receivable days comparing the in-year performance against plan; and

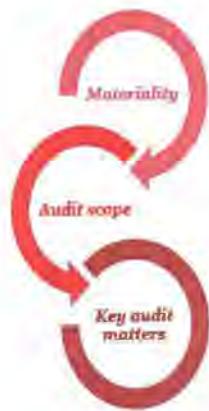
- considered the reliance that the Trust has on external support to deliver its 2018/19 plan, which at the time of approval of the financial statements the nature and amount had not been agreed.

Our audit approach

Context

Our audit for the year ended 31 March 2018 was planned and executed having regard to the fact that the Group and Trust's operations and financial stability were largely unchanged in nature from the previous year. In light of this, our approach to the audit in terms of scoping and areas of focus was largely unchanged.

Overview



- Overall materiality: £6,855,000 which represents 2% of total revenue.
- The scope of the audit covered the Northern Lincolnshire and Goole NHS Foundation Trust group. The Group includes the Trust's wholly owned subsidiary and wholly owned Charitable Funds.
- Risk of fraud in revenue and expenditure recognition; and
- Valuation of land and buildings.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to going concern, described in the Material Uncertainty relating to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the Key audit matter
Risk of fraud in revenue and expenditure recognition and management override of control – Group and Trust <i>See note 1 to the financial statements for the directors' disclosures of the related accounting policies, judgements and estimates relating to the recognition of revenue and expenditure and notes 3 to 5 for further information.</i>	Revenue We evaluated and tested the accounting policy for income recognition and found it to be consistent with the requirements of the GAM 17/18. For income/receivable transactions close to the year-end we tested, on a sample basis that the transactions and the associated income had been posted to the correct financial year by tracing them to invoices or other documentary evidence. No differences were identified that required amendment within the financial statements.

We focused on this area because there is a heightened risk due to:

- The Trust being under increasing financial pressure: the



Key audit matter

deficit for the year is £37.86m, and whilst the Trust is actively looking at ways to maximise revenue and reduce cost, there is an incentive for management to manipulate the timing of recognition of both revenue and expenditure.

- In order to receive Sustainability and Transformation Funding ("STF") of £10.2m, the Trust needed to achieve its control total for 2017/18 of £13.3m deficit (£23.5m deficit excluding STF), providing further incentive to manipulate timing of both revenue and expenditure.
- Given the continued financial support required by the Trust over that period, there remains an increased incentive to misreport the Trust's position.

Given these incentives, we considered the key areas of focus to be:

- Recognition of revenue and expenditure;
- Manipulation through journal postings; and
- Items of income or expenditure whose value is dependent upon estimates.

How our audit addressed the Key audit matter

For revenue from Clinical Commissioning Groups, we reconciled revenue received to signed contracts and correspondence between the Trust and the CCG. We also tested a sample of reconciling items to confirm they related to contract variations. No differences were identified that required amendment within the financial statements.

We tested a sample of income from activities and other income to invoice and remittance.

Expenditure

For invoices received/ balances paid for a period after the year-end we tested, on a sample basis that the transactions and the associated expense had been posted to the correct financial year by tracing them to other documentary evidence or invoices. Our testing did not identify any items incorrectly recorded.

We tested a sample of operating expenses through to invoice to ensure that this had been correctly accounted for. No differences were identified that required amendment within the financial statements.

Intra- NHS balances

We obtained the Trust's mismatch reports received from NHS Improvement, which identified balances (debtor, creditor, income or expenditure balances) that were disputed by the counterparty. We then checked that management had investigated all disputed amounts over the investigation threshold set by NHS Improvement, namely £0.25m, and discussed with them the results of their investigation and the resolution.

We also read correspondence with the counterparties, which validated these explanations. We then considered the impact, if any, that the remaining disputed amounts would have on the Trust's financial statements and determined that there was no material impact.

Manipulation through journal postings

We selected a sample of manual and automated journal transactions that had been recognised in both income and expenditure, focusing in particular on those with unusual characteristics.

We traced these journal entries to supporting documentation (for example, invoices, good received notes and cash receipts and payments) to check that the transaction was valid and had been correctly accounted for within the financial statements.

Our testing identified no issues that required further reporting.

Management estimates

We evaluated and tested management's accounting estimates, focussing on:

- accruals;
- provisions;
- deferred income; and
- Property, Plant and Equipment Valuation (see specific area of focus below).

We evaluated and challenged the key accounting estimates on which management's estimates were based and the basis of their calculation on a sample basis by:

- comparing the assumptions used by management in the calculation of their estimate with independent assumptions and investigating any differences.

Key audit matter

Valuation of Property, Plant and Equipment – Group and Trust

See note 1 to the financial statements for the directors' disclosures of the related accounting policies, judgements and estimates relating to Property, Plant and Equipment and note 16 for further information.

We have focused on this area because Property, Plant and equipment ("PPE") represents the largest balance in the Trust's statement of financial position. PPE is valued at £159.3m.

All property, plant and equipment assets are measured initially at cost with land and buildings being subsequently measured at fair value based on periodic valuations. The valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual, and performed with sufficient regularity to ensure that the carrying value is not materially different from fair value at the reporting date.

A full valuation was undertaken during 2016/17 by the Trust's valuation experts which has been updated during the current year. This valuation has resulted in a net upwards valuation adjustment of £8.06m.

The valuation of Land and Buildings requires significant levels of judgement and technical expertise in choosing appropriate assumptions therefore our work has focused on whether the valuer's methodology, assumptions and underlying data, are appropriate and correctly applied.

How our audit addressed the Key audit matter

We obtained and read the relevant sections of the full valuation performed by the Trust's Valuers. We have utilised our valuations experts to evaluate and challenged the assumptions and methodology applied in the valuation exercise. We found the assumptions and methodology applied to be consistent and in line with our expectations.

We tested the underlying data upon which the valuation was based back to floor plans for a sample of properties. We found the valuation to have been based on appropriate and up to date floor space data.

We tested a sample of new additions to land and buildings in the year to confirm they had been appropriately valued – this involved agreement back to supporting invoice.

We physically verified a sample of assets to confirm existence and in doing so assessed whether there was any indication of physical obsolescence which would indicate potential impairment.

We considered the disclosures in the financial statements and were satisfied that they appropriately reflected the valuation undertaken in the period.

We considered whether the change in valuation was appropriately disclosed in the financial statements and correctly reflected in management's corresponding accounting entries.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the environment in which the Group operates.

In establishing our overall approach we assessed the risks of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements. We performed most of our audit work at Diana Princess of Wales Hospital, which is where the finance function is based.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	<i>Group and Trust financial statements</i>
Overall materiality	£6,855,000 (2017: £6,897,000)
How we determined it	2% of revenue (2017: 2% of revenue)
Rationale for benchmark applied	Consistent with last year, we have applied this benchmark, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be appropriate.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. Certain components were audited to a local statutory audit materiality that was less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £300,000 (Group audit) (2017: £250,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Performance Report and the Accountability Report, we also considered whether the disclosures required by the NHS Foundation Trust Annual Reporting Manual 2017/18 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) and the Code of Audit Practice require us also to report certain opinions and matters as described below.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Accountability Report set out on page 34, the directors are responsible for the preparation of the financial statements in accordance with the Department of Health and Social Care Group Accounting Manual 2017/18, and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

The Trust is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

We are required under Schedule 10(1) of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report to you where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively. We have undertaken our work in accordance with the Code of Audit Practice, having regard to the criterion determined by the Comptroller and Auditor General as to whether the Trust has proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice. Based on risk assessment, we undertook such work as we considered necessary.

We will prepare an annual audit letter which will cover the Trust's key risks in securing economy, efficiency and effectiveness in its use of resources, how these have been discharged by the Trust, and our actions to review these. The Trust is responsible for publishing this annual audit letter, and ensuring that it is available to the public.

Use of this report

This report, including the opinions, has been prepared for and only for the Council of Governors of Northern Lincolnshire and Goole NHS Foundation Trust as a body in accordance with paragraph 24 of Schedule 7 of the National Health Service

Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinions on other matters prescribed by the Code of Audit Practice

Performance Report and Accountability Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Performance Report and Accountability Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Trust and its environment obtained in the course of the audit, we did not identify any material misstatements in the Performance Report or Accountability Report.

In addition, the parts of the Remuneration and Staff reports to be audited have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2017/18.

Arrangements for securing economy, efficiency and effectiveness in the use of resources

Under the Code of Audit Practice we are required to report, by exception, if we conclude we are not satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Basis of adverse conclusion

License condition

The license condition issued by Monitor on 6 August 2013 to the Board of Directors and the Council of Governors, triggered by a deterioration in the Trust's financial position, still remains in place. In addition on 8 April 2015, Monitor (now NHS Improvement) issued enforcement undertakings, which remain in place, stating that the Trust had not demonstrated that it had established and effectively implemented systems and/or processes to ensure compliance with its duty to operate economically, efficiently and effectively.

Financial Performance and financial special measures

In 2017/18 the Trust planned a budgeted deficit of £13.3m (ex STF of £10.2m). The Trust experienced financial pressure during the year that resulted in it failing to meet the control total for all four quarters. Recovery plans did not result in the anticipated financial improvement and the Trust delivered a £37.86m deficit.

On 24 March 2017, NHS Improvement placed the Trust in Financial Special Measures, noting the following:

- It had a control total, but had a significant negative variance against the control plan and is forecasting a significant deficit; and
- There are no factors NHS Improvement considers that mitigate the need for Financial Special Measures.

CQC Inspection and Quality special measures

In November 2016, the Trust had a follow up Care Quality Commission (CQC) inspection, the outcome of which was received on 6 April 2017, with an overall 'Inadequate' rating being determined. The CQC also recommended to NHS Improvement that the Trust be placed back in quality special measures. NHS Improvement placed the Trust in quality special measures on 6 April 2017, a status which remains in place.

The above issues are evidence of weaknesses in proper arrangements for:

- planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions; and
- for planning and developing workforce to deliver strategic priorities effectively.

Adverse conclusion

As a result of these matters, we have concluded that the Trust has not put in place proper arrangements for securing economy, efficiency and effectiveness in the use of its resources for the year ended 31 March 2018.

Other matters on which we report by exception

We are required to report to you if:

- the statement given by the directors on page 49, in accordance with provision C.1.1 of the NHS Foundation Trust Code of Governance, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for members to assess the Group and Trust's performance, business model and strategy is materially inconsistent with our knowledge of the Trust acquired in the course of performing our audit.
- the section of the Annual report on page 45, as required by provision C.3.9 of the NHS Foundation Trust Code of Governance, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2017/18 or is misleading or inconsistent with our knowledge acquired in the course of performing our audit. We have not considered whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.
- we have referred a matter to Monitor under Schedule 10 (6) of the National Health Service Act 2006 because we had reason to believe that the Trust, or a director or officer of the Trust, was about to make, or had made, a decision which involved or would involve the incurring of expenditure that was unlawful, or was about to take, or had taken a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.
- we have issued a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006.
- we have not received all the information and explanations we require for our audit.

We have no exceptions to report arising from this responsibility.

Certificate

We certify that we have completed the audit of the financial statements in accordance with the requirements of Chapter 5 of Part 2 to the National Health Service Act 2006 and the Code of Audit Practice.



Ian Looker (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
24 May 2018





Northern Lincolnshire and Goole NHS Foundation Trust

Annual accounts for the year ended 31 March 2018

Foreword to the Accounts

These accounts, for the year ended 31 March 2018, have been prepared by Northern Lincolnshire and Goole NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Signed:



Name: Dr Peter Reading

Job title: Chief Executive

Date: 24 May 2018

Consolidated Statement of Comprehensive Income for the year ended 31 March 2018

	2017/18	2016/17
	Note	£000
Operating income from patient care activities	3	307,771
Other operating income	4	38,727
In addition, the NHS Foundation Trust has had a number of material transactions with other Government departments and other central and Local Government bodies	5.1	(380,119)
The NHS Foundation Trust has also received revenue and capital payments from a number of charitable funds. The trustees of the charitable funds are also members of the NHS Foundation Trust Board		(33,621)
		(30,697)
Finance income	10	121
Finance expenses	11.1	(2,898)
PDC dividends payable		(571)
Net finance costs		(3,348)
Other gains / (losses)	4.2,	(116)
	11.3,	2,563
	20.1	
Share of profit / (losses) of associates / joint arrangements		79
Gains / (losses) arising from transfers by absorption		-
Corporation tax expense	13	(30)
Deficit for the year from continuing operations		(37,036)
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations	14	-
Deficit for the year		(37,036)
Other comprehensive income		
Will not be reclassified to income and expenditure:		
Impairments	6.12	(763)
Revaluations	12	5,973
Total comprehensive expense for the period		(31,826)
Deficit for the period attributable to:		
Northern Lincolnshire and Goole NHS Foundation Trust		(37,984)
Total comprehensive expense for the period attributable to:		
Northern Lincolnshire and Goole NHS Foundation Trust		(31,826)
Breakdown of Deficit		
Trading deficit		(40,835)
Impairments or reversals or previous impairments		2,851
Deficit after impairments		(37,984)
Consolidation of WebV Solutions Limited		122
Consolidation of Charity net income		826
Accumulated Deficit		(37,036)
		(30,825)

Statements of Financial Position as at 31 March 2018

	Note	Group		Trust	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017
		£000	£000	£000	£000
Non-current assets					
Intangible assets	15	849	865	849	865
Property, plant and equipment	16	159,279	145,975	159,279	145,975
Investments in associates (and joint ventures)	20.2	-	-	-	-
Other investments / financial assets	20.1	1,978	2,032	-	-
Trade and other receivables	24.1	-	224	-	224
Total non-current assets		162,106	149,096	160,128	147,064
Current assets					
Inventories	23	2,773	2,658	2,773	2,658
Trade and other receivables	24.1	22,649	20,571	22,501	20,464
Cash and cash equivalents	29.1	12,555	7,672	11,370	7,469
Total current assets		37,977	30,901	36,644	30,591
Current liabilities					
Trade and other payables	30.1	(48,867)	(40,666)	(48,665)	(40,561)
Borrowings	32	(2,146)	(1,960)	(2,146)	(1,960)
Provisions	35.1	(1,008)	(2,446)	(1,008)	(2,446)
Other liabilities	31	(177)	(133)	(177)	(133)
Total current liabilities		(52,198)	(45,205)	(51,996)	(45,100)
Total assets less current liabilities		147,885	134,792	144,776	132,555
Non-current liabilities					
Borrowings	32	(115,282)	(70,375)	(115,282)	(70,375)
Provisions	35.1	(4,696)	(5,584)	(4,696)	(5,584)
Total non-current liabilities		(119,978)	(75,959)	(119,978)	(75,959)
Total assets employed		27,907	58,833	24,798	56,596
Financed by					
Public dividend capital		126,939	126,039	126,939	126,039
Revaluation reserve		18,861	13,651	18,861	13,651
Income and expenditure reserve		(120,880)	(83,018)	(121,002)	(83,094)
Charitable fund reserves	21	2,987	2,161	-	-
Total taxpayers' equity		27,907	58,833	24,798	56,596

The notes on pages 8 to 51 form part of these accounts.

Name: Dr Peter Reading

Position: Chief Executive

Date: 24 May 2018

Consolidated Statement of Changes in Taxpayers' and other Equity for the year ended 31 March 2018

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	WebV Limited Income and expenditure reserve	Charitable fund reserves	Total taxpayers' and others' equity
Group and Parent	£000	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2017 - brought forward	126,039	13,651	(83,019)	1	2,161	58,833
Surplus/(deficit) for the year	-	-	(38,668)	122	1,510	(37,036)
Impairments	-	(763)	-		-	(763)
Revaluations	-	5,973	-		-	5,973
Public dividend capital received	900	-	-		-	900
Other reserve movements	-	-	684		(684)	-
Taxpayers' and others' equity at 31 March 2018	126,939	18,861	(121,003)	123	2,987	27,907

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	WebV Limited Income and expenditure reserve	Charitable fund reserves	Total taxpayers' and others' equity
Group and Parent	£000	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2016 - brought forward	126,039	11,908	(51,920)	-	1,888	87,915
Surplus/(deficit) for the year	-	-	(31,668)	1	842	(30,825)
Impairments	-	(779)	-		-	(779)
Revaluations	-	2,522	-		-	2,522
Other reserve movements	-	-	569		(569)	-
Taxpayers' and others' equity at 31 March 2017	126,039	13,651	(83,019)	1	2,161	58,833

Information on Reserves

Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. Additional PDC may also be issued to trusts by the Department of Health and Social Care (DHSC). A charge, reflecting the cost of capital utilised by the Trust, is payable to the DHSC as the public dividend capital dividend.

Revaluation reserve

Increases in asset values arising

from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reserve impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Income and expenditure reserve

The balance of this reserve is the

accumulated surpluses and deficits of the NHS Foundation Trust.

NHS Charitable funds reserves

This balance represents the ring-fenced funds held by the NHS Charitable Fund consolidated within these financial statements.

These reserves are classified as restricted or unrestricted.

Consolidated Statement of Cash Flows for the year ended 31 March 2018

	Group 2017/18	2016/17	
	Note	£000	£000
Cash flows from operating activities			
Operating deficit		(33,621)	(30,697)
Non-cash income and expense:			
Depreciation and amortisation	5.1	7,077	7,449
Net impairments/(reversal of impairments)	6	(2,851)	672
Income recognised in respect of capital donations	4	(281)	(91)
(Increase)/decrease in receivables and other assets		(1,989)	(4,513)
(Increase)/decrease in inventories		(115)	(169)
Increase/(decrease) in payables and other liabilities		5,153	2,424
Increase/(decrease) in provisions		(2,331)	132
Movements in charitable fund working capital		97	(61)
Tax (paid)/received		-	-
Other movements in operating cash flows		-	(78)
Net cash generated used in operating activities		(28,861)	(24,932)
Cash flows from investing activities			
Interest received	10	46	32
Purchase of intangible assets		(379)	(116)
Purchase of PPE and investment property		(9,846)	(10,685)
Sales of PPE and investment property		183	2,973
Receipt of cash donations to purchase assets		281	91
Net cash flows from charitable fund investing activities		75	67
Cash from acquisitions/disposals of subsidiaries		128	-
Net cash used in investing activities		(9,512)	(7,638)
Cash flows from financing activities			
Public dividend capital received		900	-
Movement on loans from DHSC		45,194	37,841
Capital element of finance lease rental payments		(22)	(49)
Interest paid on finance lease liabilities	11.1	(7)	(14)
Other interest paid	11.1	(2,128)	(1,187)
PDC dividend paid		(681)	(1,697)
Net cash generated from financing activities		43,256	34,894
Increase in cash and cash equivalents		4,883	2,324
Cash and cash equivalents at 1 April		7,672	5,348
Cash and cash equivalents at 31 March	29.1	12,555	7,672

Notes to the Accounts

Note 1 Accounting Policies and Other Information

Note 1.1 Basis of Preparation

NHS Improvement (NHSI), in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the NHS Foundation Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2017/18 issued by the DHSC. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the NHS Foundation Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to accounts.

Note 1.1.1 Accounting Convention

These accounts have been prepared on a going concern basis, under the historical cost convention modified to account for the revaluation of land and buildings. Plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities have been reviewed to represent fair value as at 31 March 2018.

Note 1.1.2 Going Concern

The accounting rules (IAS 1) require management to assess, as part of the accounts preparation process,

the NHS Foundation Trust's ability to continue as a going concern. In accordance with the NHS Foundation Trust's Annual Reporting Manual the financial statements have been prepared on a going concern basis as we do not either intend to apply to the Secretary of State for the dissolution of the NHS Foundation Trust without the transfer of the services to another entity, or consider that this course of action will be necessary.

We are also required to disclose material uncertainties in respect of events or conditions that cast doubt upon the going concern ability of the NHS Foundation Trust and these are disclosed below.

The Trust's performance in year showed a deficit of £37.86m inclusive of all non cash balance sheet review adjustments and impairment reversals.

The Trust did not receive any Sustainability and Transformational Funding (STF). The Trust had year end cash balances of £11.4m. During the year the Trust had to utilise revenue support funding of £46.75m.

In March 2017 NHSI formally placed the Trust in Financial Special Measures. Financial Special Measures presents no risk of the Trust having to cease trading within the next twelve months, or face regulator action to cease or modify its trading status in that period.

The Trust is currently tasked with delivering financial improvement in 2018/19, rather than being expected to meet the control total regime set by NHSI. This reflects the supportive approach taken by the regulator, and the recovery based nature of the Financial Special Measures.

Delivery of this level of improvement will require material improvement in productivity (averaging around 4%), to support income projections, a savings programme of

approximately 4% of expenditure, and also some degree of progress on strategic redesign of services, delivering verifiable improvement.

In addition to the savings programme the Trust has also identified planned risks to income driven by restrictions on CCG allocations.

The Trust remains dependent upon central loan support to maintain cashflow.

There obviously continues to be some uncertainty around the extent and nature of any financial support from NHSI, however, given there is no indication from regulators that the Trust will cease any part of its' trading activities the Trust will continue its' ability as a going concern.

The directors have determined that it remains appropriate to prepare these accounts on a going concern basis.

The accounts do not include any adjustments that would result if the NHS Foundation Trust was unable to continue as a going concern.

Note 1.2 Consolidation

1.2.1 Subsidiaries - Charitable Funds

The NHS Foundation Trust is the corporate trustee to Northern Lincolnshire and Goole NHS Foundation Trust Charitable Funds.

The Foundation Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because it is exposed to variable returns from its involvement with the charitable fund to obtain benefits for itself, its patients or its staff.

The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

- Recognise and measure them in accordance with the Foundation Trust's accounting policies; and
- Eliminate intra-group transactions, balanced, gains and losses.

Northern Lincolnshire and Goole NHS Foundation Trust Charitable Funds Accounting Policies:

a) Funds Structure

Perpetuity funds are funds which are to be used in accordance with specific restriction imposed by the donor. Where the restriction requires the gift to be invested to produce income but the capital cannot be spent, it is classed as a perpetuity fund.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor. Where the restriction requires the gift to be invested to produce income but the trustees have the power to spend the capital, it is classed as expendable endowment.

Unrestricted income funds comprise those funds which the Trustee is free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds, where the donor has made known their non-binding wishes or where the trustees, at their discretion, have created a fund for a specific purpose.

The charity does not have any perpetuity funds or expendable endowments:

b) Incoming Resources

All incoming resources are

recognised once the charity has entitlement to the resources. Provided it is certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

c) Incoming Resources from Legacies

Legacies are accounted for as incoming resources either upon receipt or where the receipt of the legacy is virtually certain; this will be once confirmation has been received from the representatives of the estate(s) that payment of the legacy will be made or property transferred and once all conditions attached to the legacy have been fulfilled.

A receipt is normally probable when;

- there has been grant of probate;
- the executors have established that there are sufficient assets in the estate, after settling any liabilities, to pay the legacy; and
- any conditions attached to the legacy are either within the control of the charity or have been met.

Legacies to which the charity is entitled and for which notification has been received but uncertainty over measurement remains, are disclosed, if material, as contingent income.

d) Gifts in Kind

Assets given for distribution by the funds are included in the Statement of Financial Activities only when distributed.

In all cases the amount at which the gifts in kind are brought into account is either a reasonable estimate of their value to the funds or the amount actually realised.

e) VAT and Tax

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

The charity is a registered charity, and as such is entitled to certain tax

exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

f) Allocation of Overhead and Support Costs

Overhead and support costs have been apportioned on an appropriate basis between all funds. The apportionment is in proportion to the quarterly aggregate balance on each of the funds and is distributed on a quarterly basis.

g) Non Current Investments

Investments are stated at market value as at the balance sheet date. The Statement of Comprehensive Income includes the net gains and losses arising on revaluation and disposals throughout the year.

The Common Investment Fund Units and Brewin Dolphin Ltd portfolio are included in the balance sheet at the closing dealing price at 31 March 2018

h) Realised Gains and Losses

All gains and losses are taken to the Statement of Comprehensive Income as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Gains or losses arising on revaluation are credited or charged in the 'Movement in the fair value of other investments' in the income and expenditure account.

Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later).

1.2.2 Subsidiaries - WebV Solutions Limited

The NHS Foundation Trust owns 100% of the share capital in WebV

Solutions Limited. The statutory accounts are prepared to 31 March in accordance with UK Financial Reporting Standards (FRS) 102. On consolidation, necessary adjustments are made to the companies' assets, liabilities and transactions to:

- Recognise and measure them in accordance with the Foundation Trust's accounting policies; and
- Eliminate intra-group transactions, balances, gains and losses.

1.3 Joint Venture

The Foundation Trust entered into a cooperation agreement with the Brain Injuries Rehabilitation Trust (BIRT) to form a separate entity Goole Neuro Rehabilitation Centre (GNRC) which operated from Ward 4 at Goole District Hospital. The joint venture provided both NHS Care and care independent to the NHS but within an NHS location.

The joint venture ceased on 31 August 2017. The Trust includes within its financial statements its share of the activities, assets, liabilities and any transactions relating to the termination of this agreement.

1.4 Critical Accounting Judgements and Key Sources of Estimation and Accuracy

In the application of the Foundation Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate

is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a) Going Concern

The accounting rules (IAS 1) require management to assess, as part of the accounts preparation process, the NHS Foundation Trust's ability to continue as a going concern. Please refer to Accounting Policy 1.1.

b) Property Valuations and Asset Lives

Valuations are undertaken by an independent external valuer. These values will therefore be subject to changes in market conditions and market values. The asset lives are also estimated by the independent external valuer and are subject to professional judgement.

c) Accruals

Accruals included within the accounts are based on the best available information. This is applied in conjunction with historical experience and based on individual circumstances.

d) Annual Leave Accruals

The NHS Foundation Trust has written to all members of staff requesting details of their outstanding annual leave at the end of March 2018. The value of the outstanding amount has been calculated based on the returns received back from staff and their average salary. The NHS Foundation Trust is carrying £0.217m.

e) Provisions

The estimates of outcome and financial effect of provisions are determined by the judgement of the management of the Trust, supplemented by experience of similar transactions and, in some cases, reports of independent experts.

Uncertainties

surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstance. Where the provision being measured involves more than one outcome, the obligation is estimated by weighing all possible outcomes by their associated probabilities; the expected value of the outcome.

Where there is a range of possible outcomes, and each point in the range is likely as the other, the midpoint of the range is used. Where a single outcome is being measured, the individual most likely outcome may be the best estimate of the liability. However, even in such a case, the Trust considers other possible outcomes.

During the year the NHS Foundation Trust released £1.088m (net) of restructuring provision to the Income and Expenditure account. The NHS Foundation Trust continues to carrying a restructuring provision of £0.168m to support payments in line with the NHS Foundation Trust pay protection policy.

1.5 Income

Income is accounted for applying the accruals convention. The income is shown gross except where administrative arrangements exists, whereby the associated income is netted off with the corresponding expenditure in accordance with the DHSC Accounting Manual (DH GAM). In recognising income in the current financial year, the NHS Foundation Trust has considered and followed IAS18.

Income in respect of services provided is recognised when, and to the extent that, performance occurs

and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with commissioners in respect of healthcare services.

Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred. Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Where income has not been received prior to the year end, but the provision of a healthcare service has commenced, i.e. partially completed patient spells, then the income relating to the patient activity is accrued. The closing accrued income is estimated based on the number of days of incomplete spells at an average daily tariff adjusted to reflect the case mix.

The Foundation Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The Foundation Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts which is 2.16% above the national recommended rate of 22.84%. This rate is based on local trends and experiences of recovery.

1.6 Expenditure

1.6.1 Expenditure on Employee Benefits

Short-term Employee Benefits

Salaries, wages and employment-related payments are recognised

in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

1.6.2 Pension Costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsba.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. It is not possible for the NHS Foundation Trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

Employers pension cost contributions are charged to operating expenses as and when they become due.

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

1.6.3 Apprentice Levy

The Apprentice levy was introduced by the UK Government on 6 April 2017.

There are two aspects to the

treatment of the levy in local accounts:

- Recognition of the initial payment in social security cost;
- Recognition of the receipt of the associated training grant.

1.6.4 Expenditure on Other Goods and Services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

1.7 Property, Plant and Equipment

Recognition

"Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the NHS Foundation Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably;
- the item has cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control."

Items form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of

components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

Borrowing costs associated with the construction of new assets are not capitalised.

Measurement

"Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at valuation.

Land and buildings used for the Foundation Trust's services or for administrative purposes are stated in the Statement of Financial Position at their revalued amounts, being the current value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Revaluations are performed by professional valuers every five years and in the intervening years by the use of appropriate indices or by interim valuation as necessary to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Freehold Properties – Existing Use Value (EUV);
- Specialised buildings – Depreciated Replacement Cost (DRC) – Modern Equivalent Asset (MEA);
- Others – DRC – EUV;
- Land – Modern Equivalent Asset (MEA).

1.7 Property, Plant and Equipment

For any new acquisition of property, plant and equipment, the following

table details the useful economic lives for the main classes of assets and where applicable, sub categories

Main Assets	Sub Category	Life in Years
Buildings	Structural Engineering	Up to 100 years
Fixtures	Plant, machinery and equipment	5 to 15 years
	Furniture and fittings	5 to 10 years
	IT equipment	Up to 5 years
Vehicles/ transport equipment		Up to 7 years
Intangible		Up to 10 years

within each:

Valuations are carried out in accordance with the current Valuation Standards and UK Valuation Standards contained within the Royal Institute of Chartered Surveyors (RICS) Valuation Standards – The Red Book, which are consistent with the agreed requirements of the DHSC and HM Treasury.

Property assets have been valued primarily by using the Depreciated Replacement Cost (DRC) approach. In accordance with VS6.6, the DRC will be subject to the prospect and viability of the continued occupation and use by the Foundation Trust.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs,

which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

The ultimate objective of the valuation is to place a value upon the asset. In this the value of the land in providing a modern equivalent facility was also considered. The modern equivalent may be located on a new site out of town, or be on a smaller site due to changes in the way services are provided. The site is valued based on the size of the modern equivalent, and not the actual site area occupied at present, which has given rise to reduction in the land values.

The results of these valuations have been incorporated into these financial statements.

Equipment assets are valued using appropriate indices (for 2017/18 no change) and predominantly the Depreciated Replacement Cost is assumed to be the fair value.

Annually, an equipment review is also conducted by the department/directorate/equipment specialist and the life of the equipment assets is reviewed in conjunction with the experts in the field (medical electronics/suppliers/market intelligence). Assets in the course of construction are valued at current cost and they are revalued by professional valuers when they are brought into use or as part of the five or intervening years valuation whichever occurs first. These assets include any existing land or buildings under the control of a contractor.

Subsequent Expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably.

Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation

Freehold land, properties under construction, and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the Foundation Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Foundation Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives.

Revaluation and Impairments

At each reporting period end, the Foundation Trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

In accordance with the DHSC GAM, impairments that are due to a loss of economic benefits or service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment arising from a loss of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised. Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item under "Other

Comprehensive Income".

De-Recognition

Assets intended for disposal, are reclassified as 'Held for Sale' once all of the following criteria are met:

- The asset is available for immediate sale in its present condition subject only to terms;
- Which are usual and customary for such sales; • The sale must be highly probable i.e.:

Management are committed to a plan to sell the asset;

An active programme has begun to find a buyer and complete the sale;

The asset is being actively marketed at a reasonable price;

The sale is expected to be completed within 12 months of the date of classification as "held for Sale"; and

The actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significantly changed.

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

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

1.8 Donated Assets

Donated and grant funded property, plant and equipment assets are

capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor imposes a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

Within these financial statements, the Foundation trust does not have any donations with conditions attached at this present moment in time.

1.9 Intangible Assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of sale separately from the rest of the Foundation Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Foundation Trust; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

Internally Generated Intangible Assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- The project is technically feasible to the point of completion and will

result in an intangible asset for sale or use;

- The Foundation Trust intends to complete the asset and sell or use it;
 - The ability to sell or use the intangible asset;
 - How the intangible asset will generate probable future economic benefits or service potential;
 - The availability of adequate financial, technical and other resources to complete the intangible asset and sell or use it, and
 - The ability to measure reliably the expenses attributable to the intangible asset during its development.

Software

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset.

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at fair value. Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in operating expenses, in which case they are recognised in operating income.

Decreases in asset values and impairments are charged to the revaluation reserve to the

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

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

Intangible assets held for sale are measured at the lower of their carrying amount or 'fair value less costs to sell'.

Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Economic lives of intangible assets:		
Intangible assets – internally generated	Min. Life – Years	Max. Life – Years
Information technology	5	5
Intangible assets – purchased		
Software	5	10
Licences & Trademarks	5	10

1.10 Government Grants

Government grants are grants from Government bodies other than income from Clinical Commissioning Groups (CCG's) or NHS Trusts for the provision of services. Where a Government grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

1.11 Inventories

Inventories are valued at the lower of cost and net realisable value.

1.12 Private Finance Initiative (PFI) Transactions

At the 31 March 2018, the Foundation Trust did not have any PFI transactions.

1.13 Leases

The Trust as Lessee

Finance Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS Foundation Trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for as an item of property plant and equipment.

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability is de-recognised when the liability is discharged, cancelled or expires."

Operating Leases

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

Leases of Land and Buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately."

The Foundation Trust as a Lessor

The Foundation Trust has made spaces available within the three sites to the local CCGs, Disability Trust etc. renewable on an annual basis. These are operating leases and the rental from these leases is recognised on a straight line basis within these financial statements."

1.14 Cash and Cash Equivalent

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.15 Clinical Negligence Costs

NHS Resolution operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the NHS Foundation Trust is disclosed at note 35.2 but is not recognised in the

NHS Foundation Trust's accounts."

1.16 Non-Clinical Risk Pooling

The NHS Foundation Trust participates in the Property Expenses Scheme (PES) and the Liabilities to Third Parties Scheme (LTPS). Both are risk pooling schemes under which the Trust pays an annual contribution to NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any "excesses" payable in respect of particular claims are charged to operating expenses when the liability arises."

1.17 Provisions

The NHS Foundation Trust provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rate of 0.10% in real terms for early retirement and injury benefit provisions only.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Foundation Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the Foundation Trust has developed a detailed

formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

1.18 Sustainability and Carbon Reduction Commitment (CRC)

The CRC scheme is a mandatory cap and trade scheme for non-transport CO₂ emissions. The Foundation Trust has registered with the CRC scheme, and therefore, is required to surrender to the Government an allowance for every tonne of CO₂ emitted during the financial year. Accordingly, the Foundation Trust has recognised a liability (and related expense) in respect of this obligation for CO₂ emissions.

The carrying amount of the liability at 31 March 2018 reflects the CO₂ emissions that have been made during this financial year, less the allowances (if any) surrendered voluntarily during the financial year in respect of that financial year.

The liability will be measured at the amount expected to be paid out at the rate of £17.70 per tonne allowance.

1.19 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 36 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 36, unless the probability of a transfer of economic benefits is

remote. Contingent liabilities are defined as:

- Possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- Present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

1.20 Public Dividend Capital

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

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

In accordance with the requirements laid down by the DHSC (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets

occur as a result the audit of the annual accounts.

1.21 Value Added Tax (VAT)

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

1.22 Corporation Tax

The NHS Foundation Trust has carried out a review of corporation tax liability of its non-healthcare activities. At present, all activities are either ancillary to the Trust's patient care activity or are below the de minimis level at which corporation tax is due. Therefore, the Trust has determined that it has no liability for corporation tax. Further guidance is awaited from NHS Improvement, the HM Treasury and the Inland Revenue.

The Trust will incur corporation tax through its wholly owned subsidiary WebV Solutions Limited and this has been estimated at £0.03m.

1.23 Foreign Exchange

The functional and presentational currencies of the Foundation Trust are sterling. A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

The Foundation Trust does not have any assets or liabilities denominated in a foreign currency at the

Statement of Financial Position date.

1.24 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Foundation Trust has no beneficial interest in them. However, they are disclosed in a separate note (note 45) to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

1.25 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise.

They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled.

Losses and special payments are charged to the relevant functional headings in the Statement of Comprehensive Income on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, note 42 is compiled directly from the losses and compensations register which is prepared on an accrual basis with the exception of provisions for any future losses.

1.26 Financial Instruments – Financial Assets and Financial Liabilities

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered

into in accordance with the NHS Foundation Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

Financial assets are recognised when the Trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred. All other financial assets and financial liabilities are recognised when the Foundation Trust becomes a party to the contractual provisions of the instrument.

De-Recognition

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

1.26 Financial Instruments – Financial Assets and Financial Liabilities

Classification and Measurement

Financial assets are classified into the following categories:

- Financial assets at fair value through income and expenditure;
- Loans and receivables;
- Available for sale financial assets.

Financial liabilities are classified as:

- Fair value through income and

expenditure, or as

- Other financial liabilities.

Financial Assets and Financial Liabilities at Fair Value through Income and Expenditure

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

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

Loans and Receivables

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

The Foundation Trust's loans and receivables comprise of, cash and cash equivalents, NHS debtors, accrued income and "other receivables".

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments/ receipts

through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

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

Available for Sale Financial Assets

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

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

Other Financial Liabilities

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred and measured subsequently at amortised cost using the effective interest method, except for loans from DHSC, which are carried at historic cost. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the Statement

of Financial Position date, which are classified as long-term liabilities.

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

The Foundation Trust has reviewed all its main contracts and any derivatives the contracts many have with other contracts are 'closely-related' and therefore, does not warrant separate accounting or disclosure.

Determination of Fair Value

For financial assets and financial liabilities carried at fair value, the carrying amounts are determined from using a number of appropriate techniques including quoted market prices, independent professional appraisals, discounted cash flow analysis, and previous trends and experiences.

Impairment of Financial Assets

At the end of the reporting period, the Foundation Trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss

is recognised in expenditure and the carrying amount of the asset is reduced directly/through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In line with policy, the Foundation Trust has undertaken a review of all outstanding debts and suitable provisions are recognised within these statements for bad and doubtful debts.

1.27 Transfers of Functions to / from Other NHS Bodies / Local Government Bodies

For functions that have been transferred to the Foundation Trust from another NHS body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain / loss corresponding to the net assets / liabilities transferred is recognised within income / expenses, but not within operating activities.

For property plant and equipment assets and intangible assets, the cost and accumulated depreciation / amortisation balances from the transferring entity's accounts

are preserved on recognition in the trust's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the Trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

1.28 Accounting Standards, amendments and interpretations that have been adopted early

No new accounting standards or revisions to existing standards have been adopted early in 2017/18.

1.29 Accounting Standards that have been issued but have not yet been adopted

The HM Treasury FReM / DHSC GAM does not require the following

Standards and Interpretations to be applied in 2017/18. The impact of IFRS 9 relating to the impairment for financial assets would increase the Trust's bad debt provision by £0.65m. The application of the remaining Standards as revised is not expected to have a material impact on the accounts for 2017/18, were they applied in that year.

IFRS 9

Financial Instruments – Assets/ Liabilities

Expected to be effective from 2018/19.

IFRS 15

Revenue from Contracts with Customers

Expected to be effective from 2018/19.

IFRS 16

Leases

Expected to be effective from 2019/20.

IFRS 17

Insurance Contracts

Expected to be effective from 2021/22.

IFRS 22

Foreign Currency Transactions and Advance Consideration

Effective from 2018/19

IFRC 23

Uncertainty over Income tax Treatments

Effective from 2019/20

Note 2 Operating Segments

The NHS Foundation Trust's major activity is healthcare and therefore is treated as a single segment.

The operating results of the Foundation Trust are reviewed monthly by the Foundation Trust's chief operating decision maker which is the overall Foundation Trust Board and which includes non-executive directors. For 2017/18, the Board of Directors reviewed the financial position of

the Foundation Trust as a whole in their decision making process.

The single segment of 'Healthcare' has therefore been identified consistent with the core principle of IFRS 8 which is to enable users of financial statements to evaluate the nature and financial effects of business activities and economic environments.

	Healthcare		Total	
	2017/18	2016/17	2017/18	2016/17
	£000	£000	£000	£000
Income	346,498	344,889	346,498	344,889
Deficit before impairments and Restructuring	33,097	31,448	33,097	31,448
Restructuring costs	1,088	49	1,088	49
Impairment reversals relating to market value changes included in expenses	3,136	1,237	3,136	1,237
Impairments relating to market value changes charged to expenses	(285)	(1,909)	(285)	(1,909)
Retained Deficit	37,036	30,825	37,036	30,825
Segment net assets	27,907	58,833	27,907	58,833

2.1 Income Generation Activities

The Foundation Trust undertakes certain activities with an aim of break even or achieving a small profit, which is then used to support patient care.

Some of these activities are essential for providing the right level of service to patients and visitors and the profit element, if any, is incidental to the service provision.

The following table provides details of activities for which gross income exceeded £1m.

	2017/18 £000	2016/17 £000
Income	2,058	2,288
Direct costs	(874)	(887)
Surplus before indirect costs	1,184	1,401
Indirect Costs	(837)	(651)
Surplus	347	750

i) Car Parking Services

Car parking services is a managed service operated by ISS Mediclean. The income is received by the Foundation Trust and is accounted for gross within the financial statements.

ii) Staff Accommodation

Staff accommodation amounted to £1.10m (£1.13m 2016/17) during the year. However, the costs associated with the income generation form part of the costs of the total provision of accommodation and property rental.

Note 3 Operating Income from Patient Care Activities

Note 3.1 Income from Patient Care Activities (by nature)

	Group	
	2017/18 £000	2016/17 £000
Acute services		
Elective income	41,056	42,464
Non elective income	72,858	70,453
First outpatient income	18,168	19,415
Follow up outpatient income	20,755	23,734
A & E income	16,455	14,739
High cost drugs income from commissioners (excluding pass-through costs)	26,653	25,001
Other NHS clinical income *	108,420	106,352
Community services		
Community services income from CCGs and NHS England	-	-
Income from other sources (e.g. local authorities)	665	-
All services		
Private patient income	1,008	1,033
Other clinical income	1,733	1,982
Total Income from Activities	307,771	305,173

* Other NHS clinical income includes income from non-tariff services relating to activity such as Pathology, Radiology, Imaging, Therapy, Community etc.

Note 3.2 Income from Patient Care Activities (by source)

	Group	
	2017/18 £000	2016/17 £000
Income from Patient Care Activities Received from:		
NHS England	23,786	20,114
Clinical Commissioning Groups	264,013	265,455
Other NHS providers	15,761	14,293
NHS other	23	-
Local Authorities	1,447	2,116
Non-NHS: private patients	1,008	1,033
Non-NHS: overseas patients (chargeable to patient)	154	266
NHS injury scheme (was RTA)*	912	1,165
Non NHS: other	667	731
Total Income from Activities	307,771	305,173
Of which:		
Related to continuing operations	307,771	305,173
Related to discontinued operations	-	-

* Injury cost recovery income is subject to a provision for impairment of receivables of 25%, which is 2.16% more than the recommended DHSC rate, to reflect expected rates of collection based on historical trend.

Note 3.3 Overseas Visitors (relating to patients charged directly by the NHS Foundation Trust)

	Group	
	2017/18	2016/17
	£000	£000
Income recognised this year	154	266
Cash payments received in-year	46	74
Amounts written off in-year	6	61

The remaining balance in each year is accounted for across accounts receivable and allowance for doubtful debt.

Note 4 Other Operating Income

	Group	
	2017/18	2016/17
	£000	£000
Research and development	660	705
Education and training	9,455	9,203
Receipt of capital grants and donations	281	91
Non-patient care services to other bodies *	20,285	18,428
Sustainability and transformation fund income	2,286	5,391
Charitable fund incoming resources	1,803	561
Other income **	3,957	5,337
Total Other Operating Income	38,727	39,716
Of which:		
Related to continuing operations	38,727	39,716
Related to discontinued operations	-	-

* Non Patient Care Services to other bodies includes £10.4m (£10.3m 2016/17) income from United Lincolnshire Hospitals NHS Trust for Pathology services, £2.0m (£2.1m 2016/17) from other providers for Pathology Services, and £5.0m (£5.3m 2016/17) relates to other provider to provider agreements.

** Other income includes £2.06m (£2.28m 2016/17) for car parking, £0.02m (£0.67m 2016/17) for catering and £1.10m (£1.13m 2016/17) for staff accommodation.

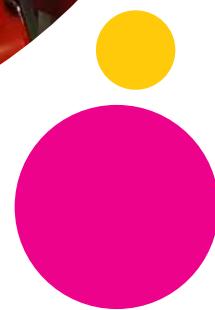
Note 4.1 Income from activities arising from commissioner requested services

Under the terms of its provider licence, the NHS Foundation Trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table right:

	Group	
	2017/18	2016/17
	£000	£000
Income from services designated as commissioner requested services	297,570	295,058
Income from services not designated as commissioner requested services	10,201	10,115
Total	307,771	305,173

Note 4.2 Profits and losses on disposal of property, plant and equipment

	Group	
	2017/18 £000	2016/17 £000
Gains on disposal of land and buildings	7	2,359
Gains on disposal of other property plant and equipment	57	40
Losses on disposal of land and buildings	(108)	(63)
Losses on disposal of other property plant and equipment	(18)	(18)
Total gains / (losses) on disposal of assets	(62)	2,318



Note 5.1 Operating Expenses

	Group	2017/18	2016/17
		£000	£000
Purchase of healthcare from NHS and DHSC bodies		5,486	6,322
Purchase of healthcare from non-NHS and non-DHSC bodies		5,577	4,925
Staff and executive directors costs		256,120	247,763
Remuneration of non-executive directors		134	125
Supplies and services - clinical (excluding drugs costs)		31,465	31,693
Supplies and services - general		4,504	4,654
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)		32,287	32,508
Consultancy costs		3,231	548
Establishment		2,888	3,155
Premises		15,038	17,213
Transport (including patient travel)		2,850	2,585
Depreciation on property, plant and equipment		6,682	7,046
Amortisation on intangible assets		395	403
Net impairments		(2,851)	672
Increase/(decrease) in provision for impairment of receivables		(26)	70
Increase/(decrease) in other provisions		(1,361)	-
Change in provisions discount rate(s)		-	482
Audit fees payable to the External Auditor			
audit services- statutory audit		54	66
other auditor remuneration (external auditor only)		9	10
Internal audit costs		119	83
Clinical negligence		13,038	11,842
Legal fees		502	392
Insurance		370	369
Research and development		481	475
Education and training		1,408	1,296
Rentals under operating leases		331	373
Early retirements		95	60
Redundancy		-	(29)
Hospitality		48	58
Losses, ex gratia & special payments		29	15
Other NHS charitable fund resources expended		314	31
Other		902	381
Total		380,119	375,586
Of which:			
Related to continuing operations		380,119	375,586
Related to discontinued operations		-	-

Note 5.2 Other Auditor Remuneration

	Group 2017/18 £000	2016/17 £000
Other auditor remuneration paid to the External Auditor:		
1. Audit of accounts of any associate of the NHS Foundation Trust	-	-
2. Audit-related assurance services	9	10
3. Taxation compliance services	-	-
4. All taxation advisory services not falling within item 3 above	-	-
5. Internal audit services	-	-
6. All assurance services not falling within items 1 to 5	-	-
7. Corporate finance transaction services not falling within items 1 to 6 above	-	-
8. Other non-audit services not falling within items 2 to 7 above	-	-
Total	9	10

Note 5.3 Limitation on Auditor's Liability

The limitation on auditor's liability for external audit work is £1m (2016/17: £1m).

Note 6 Impairment Assets

	Group 2017/18 £000	2016/17 £000
Net impairments charged to operating surplus / deficit resulting from:		
Other	(2,851)	672
Total net impairments charged to operating surplus / deficit	(2,851)	672
Impairments charged to the revaluation reserve	763	779
Total net impairments	(2,088)	1,451

Note 7 Employee Benefits

	Group 2017/18 Total £000	2016/17 Total £000
Salaries and wages	188,996	187,830
Social security costs	19,435	17,184
Apprenticeship levy	999	-
Employer's contributions to NHS pensions	21,458	21,436
Temporary staff (including agency)	26,247	22,428
Total gross staff costs	257,135	248,878

Note 7.1 Retirements due to ill health

During 2017/18 there were 6 early retirements from the trust agreed on the grounds of ill-health (7 in the year ended 31 March 2017). The estimated additional pension liabilities of these ill-health retirements is £206k (£524k in 2016/17).

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

Note 7.2 Directors' Remuneration

The aggregate amounts payable to Directors were:

	Group	
	2017/18	2016/17
	Total £000	Total £000
Salary	1,466	1,284
Employer's National Insurance	183	159
Employer's pension contributions	139	164
Total	1,788	1,607

Note 7.3 Management costs

	Group	
	2017/18	2016/17
	Total £000	Total £000
Management Costs	16,769	15,608
Income	345,504	344,896
Management Costs as a % of income	4.85%	4.50%

The above is excluding Charitable income and costs.

Note 8 Pension Costs

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

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

a) Accounting Valuation

A valuation of the scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with

updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2018, is based on valuation data as 31 March 2017, updated to 31 March 2018 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM

interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full Actuarial (funding) Valuation

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

rates payable by employees and employers.

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

The next actuarial valuation is to be carried out as at 31 March 2016 and is currently being prepared. The direction assumptions are published by HM Treasury which

are used to complete the valuation calculations, from which the final valuation report can be signed off by the scheme actuary. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

Note 9 Operating Leases

Note 9.1 Northern Lincolnshire and Goole NHS Foundation Trust as a Lessor

The Foundation Trust has made spaces available within the three sites to the local CCGs renewable on an annual basis. These are operating leases and the rental from these leases is recognised on a straight line basis within these financial statements.

Note 9.2 Northern Lincolnshire and Goole NHS Foundation Trust as a Lessee

The Foundation Trust's operating leases predominantly relate to lease cars:

Operating lease expense

Minimum lease payments

Total

Group	2017/18	2016/17
	£000	£000
	331	373
Total	331	373

Future minimum lease payments due:

- not later than one year; 1,403 1,481
 - later than one year and not later than five years; 1,158 1,296
 - later than five years. - -
- | 31 March 2018 | 31 March 2017 |
|---------------|---------------|
| £000 | £000 |
| 2,561 | 2,777 |

Future minimum sublease payments to be received -

The balance of the lease payments is expended through expenditure with the remaining balance through an employee salary sacrifice and deduction scheme.

Note 10 Finance Income

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

	Group	
	2017/18	2016/17
	£000	£000
Interest on bank accounts	46	32
NHS charitable fund investment income	75	67
Total	121	99

Note 11.1 Finance Expenses

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

	Group	
	2017/18	2016/17
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	2,886	1,187
Finance leases	7	14
Total interest expense	2,893	1,201
Unwinding of discount on provisions	5	13
Total finance costs	2,898	1,214

Note 11.2 The Late Payment of Commercial Debts (Interest) Act 1998

Amounts included within interest payable arising from claims made under this legislation	Group	
	2017/18	2016/17
	£000	£000
Compensation paid to cover debt recovery costs under this legislation	-	-
	-	-

Note 11.3 Gains/losses on disposal of non-current assets

	Group	
	2017/18	2016/17
	£000	£000
Profit on disposal of non-current assets	64	2,399
Loss on disposal of non-current assets	(126)	(81)
Net profit/(loss) on disposal of non-current assets	(62)	2,318

Note12 Revaluation of Assets (property, plant and equipment_ Sushman & Wakefield Valuations Summary

	Group	2016/17
	2017/18	2016/17
	£000	£000
Impairments		
Impairments charged to Revaluation Reserve	(763)	(779)
Impairments charged to Statement of Comprehensive Income	(285)	(1,909)
Total Impairments due to Market Changes	<u>(1,048)</u>	<u>(2,688)</u>

	Group	2016/17
	2017/18	2016/17
	£000	£000
Revaluation gains		
Revaluation gains credited to Revaluation Reserve	5,973	2,522
Revaluation gains relating to previous impairments credited to Statement of Comprehensive income	3,136	1,237
Total Revaluation gains due to Market Changes	<u>9,109</u>	<u>3,759</u>

Note13 Corporation Tax

	2017/18	2016/17
	£000	£000
UK corporation tax expense		
Adjustments in respect of prior years	-	-
Current tax expense	<u>30</u>	<u>-</u>
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior years	-	-
Change in tax rate	-	-
Deferred tax expense	<u>-</u>	<u>-</u>
Total income tax expense in Statement of Comprehensive Income	<u>30</u>	<u>-</u>
 Reconciliation of effective tax charge		
Effective tax charge percentage	20%	20%
Effect of:		
Surpluses not subject to tax	-	-
Non-deductible expenses	-	-
Adjustments in respect of prior years	-	-
Share of results of joint ventures and associates	-	-
Change in tax rate	-	-
Other	<u>30</u>	<u>-</u>
Total income tax charge for the year	<u>30</u>	<u>-</u>

Note14 Discontinued Operations

	2017/18 £000	2016/17 £000
Operating income of discontinued operations	-	-
Operating expenses of discontinued operations	-	-
Gain on disposal of discontinued operations	-	-
(Loss) on disposal of discontinued operations	-	-
Corporation tax expense attributable to discontinued operations	-	-
Total	-	-

Note15 Intangible assets

Note15.1 Intangible assets - 2017/18

Group	Software licences £000	Total £000
Valuation / gross cost at 1 April 2017 - brought forward	6,245	6,245
Additions	379	379
Disposals/derecognition	(91)	(91)
Valuation / gross cost at 31 March 2018	6,533	6,533
Amortisation at 1 April 2017 - brought forward	5,380	5,380
Provided during the year	395	395
Disposals / derecognition	(91)	(91)
Amortisation at 31 March 2018	5,684	5,684
Net book value at 31 March 2018	849	849
Net book value at 1 April 2017	865	865

Note15.2 Intangible assets - 2016/17

Group	Software licences £000	Total £000
Valuation / gross cost at 1 April 2016 - as previously stated	6,129	6,129
Additions	116	116
Valuation / gross cost at 31 March 2017	6,245	6,245
Amortisation at 1 April 2016 - as previously stated	4,977	4,977
Provided during the year	403	403
Amortisation at 31 March 2017	5,380	5,380
Net book value at 31 March 2017	865	865
Net book value at 1 April 2016	1,152	1,152

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Note16 Property, plant and equipment

Note16.1 Property, plant and equipment - 2017/18

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Charitable fund PPE assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2017 - brought forward	9,934	136,876	3,523	1,162	41,872	138	10,520	803	-	204,828
Additions	-	2,671	376	6,668	1,922	-	527	5	-	12,169
Impairments	(501)	-	(262)	-	-	-	-	-	-	(763)
Revaluations	630	5,337	6	-	-	-	-	-	-	5,973
Reclassifications	-	189	5	(194)	-	-	-	-	-	-
Disposals / derecognition	(69)	-	(180)	-	(3,037)	-	(542)	(14)	-	(3,842)
Valuation/ gross cost at 31 March 2018	9,994	145,073	3,468	7,636	40,757	138	10,505	794	-	218,365
<hr/>										
Accumulated depreciation at 1 April 2017 - brought forward	598	14,901	676	-	34,834	103	7,092	649	-	58,853
Provided during the year	-	2,714	253	-	2,569	13	1,080	53	-	6,682
Impairments	91	81	113	-	-	-	-	-	-	285
Reversals of impairments	(1)	(3,135)	-	-	-	-	-	-	-	(3,136)
Disposals / derecognition	-	-	(23)	-	(3,019)	-	(542)	(14)	-	(3,598)
Accumulated depreciation at 31 March 2018	688	14,561	1,019	-	34,384	116	7,630	688	-	59,086
<hr/>										
Net book value at 31 March 2018	9,306	130,512	2,449	7,636	6,373	22	2,875	106	-	159,279
Net book value at 1 April 2017	9,336	121,975	2,847	1,162	7,038	35	3,428	154	-	145,975

Note16.2 Property, plant and equipment 2016/17

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Charitable fund PPE assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2016 - as previously stated	9,892	128,693	3,601	2,110	41,080	138	8,626	753	-	194,893
Additions	-	5,899	-	504	1,491	-	1,617	50	-	9,561
Impairments	(34)	(691)	(54)	-	-	-	-	-	-	(779)
Revaluations	268	1,800	454	-	-	-	-	-	-	2,522
Reclassifications	-	1,175	-	(1,452)	-	-	277	-	-	-
Disposals / derecognition	(192)	-	(478)	-	(699)	-	-	-	-	(1,369)
Valuation/gross cost at 31 March 2017	9,934	136,876	3,523	1,162	41,872	138	10,520	803	-	204,828
<hr/>										
Accumulated depreciation at 1 April 2016 - as previously stated	940	11,035	494	-	32,437	88	6,260	595	-	51,849
Provided during the year	-	2,805	264	-	3,076	15	832	54	-	7,046
Impairments	1	1,900	8	-	-	-	-	-	-	1,909
Reversals of impairments	(343)	(839)	(55)	-	-	-	-	-	-	(1,237)
Disposals/ derecognition	-	-	(35)	-	(679)	-	-	-	-	(714)
Accumulated depreciation at 31 March 2017	598	14,901	676	-	34,834	103	7,092	649	-	58,853
Net book value at 31 March 2017	9,336	121,975	2,847	1,162	7,038	35	3,428	154	-	145,975
Net book value at 1 April 2016	8,952	117,658	3,107	2,110	8,643	50	2,366	158	-	143,044

Note16.3 Property, plant and equipment financing - 2017/18

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2018									
Owned - purchased	9,306	127,687	2,449	7,636	5,821	22	2,861	106	155,888
Finance leased	-	-	-	-	54	-	-	-	54
Owned - donated	-	2,825	-	-	498	-	14	-	3,337
NBV total at 31 March 2018	9,306	130,512	2,449	7,636	6,373	22	2,875	106	159,279

Note16.4 Property, plant and equipment financing - 2016/17

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2017									
Owned - purchased	9,336	119,343	2,847	1,162	6,504	35	3,402	151	142,780
Finance leased	-	-	-	-	153	-	-	-	153
Owned - donated	-	2,632	-	-	381	-	26	3	3,042
NBV total at 31 March 2017	9,336	121,975	2,847	1,162	7,038	35	3,428	154	145,975

Note17 Donations of property, plant and equipment

The Foundation Trust received charitable contributions to support capital purchases as follows:

	2017/18 £000	2016/17 £000
Buildings ex Dwellings	10	-
Plant and machinery	271	91
Information Technology	-	-
281	91	

Note18 Revaluations of property, plant and equipment

The NHS Foundation Trust's property have been revalued on a Modern Equivalent Asset basis. At the 31 March 2018, the Foundation Trust's Valuers, Cushman & Wakefield completed a revaluation of the estate which resulted in a net valuation increase. The results of this valuation have been included in these financial statements.

The property asset lives are as stated in the revaluation by the Foundation Trust Valuers.

In line with the Foundation Trust's Estates Strategy and Rationalisation programme some of the non specialised building assets have been declared non-operational and these assets have been valued by the Foundation Trust Valuers to the land value. These are predominantly on the north side of the Diana, Princess of Wales Hospital, Grimsby site and have been earmarked for demolition as per the Estates Strategy. The impairments relating to these assets are charged to

the Statement of Comprehensive Income.

Basis of Valuation

The valuations have been carried out primarily on the basis of Market Value Existing Use using the depreciated replacement cost (DRC) methodology on a modern substitute basis. Non-operational property, including surplus land, has been valued to Market Value Alternate Use.

Unless otherwise stated, the assumption has been made that the properties valued will continue to be in the occupation of the Foundation Trust for the foreseeable future having regard to the prospect and viability of the continuance of that occupation.

Method of Valuation

Depreciated Replacement Cost (DRC) is the method of valuation adopted for arriving at the value of specialised operational property for financial accounting purposes

as recommended by UK GAAP, the Royal Institution of Chartered Surveyors and HM Treasury.

DRC is based on an estimate of the market value for the existing use of the land, plus the current gross replacement (reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation.

Where the actual use of the property is so special that it proves impossible to categorise it in general market terms, land has been valued assuming the benefit of planning permission for development for a use, or a range of uses, prevailing in the vicinity of the actual site. In these circumstances, the Market Value for the Existing Use (MVEU) of the land has been arrived at having regard to the cost of purchasing a notional replacement site in the same locality that would be equally suitable for the existing use and of the same size, with normally the same physical

and locational characteristics as the actual site, other than characteristics of the actual site that are irrelevant, or of no value, to the existing use.

The NHS Foundation Trust Valuers completed a valuation of the Property Assets at 31 March 2018 and concluded that there were

changes to the Value of Property Assets. The Foundation Trust identified that these changes are material and therefore, the results have been incorporated into these

Note 19 Property valuations summary by Cushman and Wakefield

financial statements. The outcome from the valuation was that, on all three sites, some of the assets suffered revaluation gains whilst other assets had an impairment. The Foundation Trust continues to progress its Estates Strategy and Rationalisation programme. The approximate net impact of the Foundation Trust's valuations are given below.

Site	Description	Net Change in Valuation (increase) Decrease £'000	Charged to Expenses £'000	Impairment Reversals Credited to Expenses £'000	Changes to Revaluation Reserves £'000
Diana, Princess of Wales Hospital, Grimsby	Land and Buildings	(3,830)	166	(2,489)	(1,508)
Scunthorpe General Hospital	Land and Buildings	(3,765)	118	(550)	(3,334)
Goole District Hospital	Land and Buildings	(466)	-	(97)	(369)
Other	Land and Buildings	-	-	-	-
Total		(8,061)	285	(3,136)	(5,210)

All the above changes relate to properties in the Foundation Trust's main healthcare segment.

Note 20.1 Other investments

Group	2017/18 £'000	2016/17 £'000
Carrying value at 1 April - brought forward	2,032	1,787
Movement in fair value	(54)	245
Carrying value at 31 March	1,978	2,032

The above investments relate to the Foundation Trust's Charitable Funds which have been consolidated into these accounts.

Note 20.2 Other investments

Group	31 March 2018 £'000	31 March 2017 £'000
Carrying value at 1 April 2017	-	-
At start of year for new FTs	-	-
Share of profit/(loss)	-	-
Carrying value at 31 March 2018	-	-

Note 21 Charitable Fund Reserves

The Northern Lincolnshire and Goole NHS Foundation Trust Board is the Corporate Trustee of the NHS Charitable Funds and therefore, the charitable funds represents a subsidiary of the Foundation Trust on the basis that it:

- has control over the NHS charitable fund (as determined by IRFS 10) and
- benefits from the NHS charitable fund.

From 2013/14 Northern Lincolnshire

and Goole NHS Foundation Trust has consolidated the NHS charitable funds into its accounts.

For 2017/18, the NHS Charitable Funds balances is as follows:

	31 March 2018 £000	31 March 2017 £000
Unrestricted funds:		
Unrestricted income funds	2,958	2,112
Restricted funds:		
Restricted income funds	29	49
	2,987	2,161

Unrestricted income funds are accumulated income funds that are expendable at the discretion of the trustees in furtherance of the charity's objects. Unrestricted funds may be earmarked or designated for specific future purposes which reduces the amount that is readily

available to the charity.

Restricted funds may be accumulated income funds which are expendable at the trustee's discretion only in furtherance of the specified conditions of the donor and the objects of the charity. They

may also be capital funds (e.g. endowments) where the assets are required to be invested, or retained for use rather than expended.

Note 22 Disclosures of Interests in Other Entities

The NHS Foundation Trust entered into a cooperation agreement with the Brain Injuries Rehabilitation Trust (BIRT) to form a separate entity Goole Neuro Rehabilitation Centre (GNRC) which operated from Ward 4 at Goole District Hospital. The joint venture provided both NHS Care and care independent to the NHS but within an NHS location.

The joint venture ceased on 31st August 2017. The Trust includes within its financial statements its share of the activities, assets, liabilities and any transactions relating to the termination of this agreement.

The Foundation Trust owns 100% of a subsidiary company called WebV Solutions Limited. The accounting

year end for WebV Solutions Limited is 31 March. The registered office is, Diana, Princess of Wales Hospital, Scartho Road, Grimsby. This was established to provide innovative software solutions.

Note 23 Inventories

	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Drugs	952	914	952	914
Consumables	1,482	1,387	1,482	1,387
Energy	15	71	15	71
Other	324	286	324	286
Total inventories	2,773	2,658	2,773	2,658

Inventories recognised in expenses for the year were £30,817k (2016/17: £31,466k). Write-down of inventories recognised as expenses for the year were £0k (2016/17: £0k).

Note 24.1 Trade and other receivables

	Group		Trust		
	31 March 2018		31	31	31
	March	2017	March	2018	March
	£000	£000	£000	£000	£000
Current					
Trade receivables	11,219	8,940	11,132	8,940	
Provision for impaired receivables	(610)	(699)	(610)	(699)	
Prepayments (non-PFI)	2,744	2,675	2,742	2,675	
PDC dividend receivable	199	89	199	89	
VAT receivable	482	513	462	491	
Other receivables*	8,576	8,937	8,576	8,968	
NHS charitable funds: trade and other receivables	39	116	-	-	
Total current trade and other receivables	22,649	20,571	22,501	20,464	
Non-current					
Other receivables	-	224	-	224	
Total non-current trade and other receivables	-	224	-	224	

* Other receivables includes £1.86m (2016/17 £1.98m) relating to Injury Cost Recovery, the balance relates to non NHS debtors.

Note 24.2 Provision for Impairment of Receivables

	Group		Trust	
	2017/18	2016/17	2017/18	2016/17
	£000	£000	£000	£000
At 1 April as previously stated	699	733	699	733
Increase in provision	140	224	140	224
Amounts utilised	(63)	(104)	(63)	(104)
unused amounts reversed	(166)	(154)	(166)	(154)
At 31 March	610	699	610	699

The provision for bad debt has been calculated following a detailed review of all outstanding invoices as at 31 March 2018. The Injury Cost Recovery provision for bad debt is 25% based on the recovery trend in the past years and the level of potential cancellations.

Note 24.3 Analysis of Financial Assets

Group	31 March 2018		31 March 2017	
	Trade and other receivables £000	Investments & Other financial assets £000	Trade and other receivables £000	Investments & Other financial assets £000
Ageing of impaired financial assets				
0-30 days	194	-	137	-
30-60 Days	27	-	63	-
60-90 days	53	-	422	-
90-180 days	414	-	312	-
Over 180 days	1,319	-	1,250	-
Total	2,007	-	2,184	-
Ageing of non-impaired financial assets past their due date				
0-30 days	940	-	1,400	-
30-60 Days	515	-	853	-
60-90 days	846	-	1,011	-
90-180 days	369	-	1,205	-
Over 180 days	1,722	-	1,923	-
Total	4,392	-	6,392	-
Trust	31 March 2018		31 March 2017	
	Trade and other receivables £000	Investments & Other financial assets £000	Trade and other receivables £000	Investments & Other financial assets £000
Ageing of impaired financial assets				
0-30 days	194	-	137	-
30-60 Days	27	-	63	-
60-90 days	53	-	422	-
90-180 days	414	-	312	-
Over 180 days	1,319	-	1,250	-
Total	2,007	-	2,184	-
Ageing of non-impaired financial assets past their due date				
0-30 days	940	-	1,400	-
30-60 Days	515	-	853	-
60-90 days	846	-	1,011	-
90-180 days	369	-	1,205	-
Over 180 days	1,722	-	1,923	-
Total	4,392	-	6,392	-

Note 25 Other Assets

	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Net pension scheme asset	-	-	-	-
Other assets	-	-	-	-
Total	-	-	-	-

Note 26 Other Financial Assets

	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Non-current				
Embedded derivatives held at 'fair value through income and expenditure'	-	-	-	-
Other financial assets held at 'fair value through income and expenditure'	-	-	-	-
Available for sale financial assets	-	-	-	-
Held to maturity investments	-	-	-	-
Loan and receivables	-	-	-	-
Other financial assets held by NHS charitable funds	-	-	-	-
Total	-	-	-	-
Current				
Embedded derivatives held at 'fair value through income and expenditure'	-	-	-	-
Other financial assets held at 'fair value through income and expenditure'	-	-	-	-
Available for sale financial assets	-	-	-	-
Held to maturity investments	-	-	-	-
Loan and receivables	-	-	-	-
Other financial assets held by NHS charitable funds	-	-	-	-
Total	-	-	-	-

Note 27 Non-current Assets for Sale and Assets in Disposal

At the Statement of Financial Position date the NHS Foundation Trust does not have any assets held for sale.

Note 28 Liabilities in Disposal Groups

Categorised as:	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Provisions	-	-	-	-
Trade and other payables	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

Note 29.1 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	Group		Trust	
	2017/18	2016/17	2017/18	2016/17
	£000	£000	£000	£000
At 1 April	7,672	5,348	7,469	5,201
Prior period adjustments	-	-	-	-
At 1 April (restated)	7,672	5,348	7,469	5,201
Net change in year	4,883	2,324	3,901	2,268
At 31 March	12,555	7,672	11,370	7,469
Broken down into:				
Cash at commercial banks and in hand	1,430	376	245	287
Cash with the Government Banking Service	11,125	7,296	11,125	7,182
Total cash and cash equivalents as in SoFP	12,555	7,672	11,370	7,469
Total cash and cash equivalents as in SoCF	12,555	7,672	11,370	7,469

Note 29.2 Third Party Assets

Northern Lincolnshire and Goole NHS Foundation Trust held cash and cash equivalents which relate to monies held by the NHS Foundation Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	Group and Trust	
	31 March	31 March
	2018	2017
	£000	£000
Bank balances	-	-
Monies on deposit	-	-
Total third party assets	-	-

Note 30.1 Trade and Other Payables

	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Current				
Trade payables	20,689	18,295	19,350	18,136
Capital payables	5,012	2,689	5,012	2,689
Accruals	13,797	11,536	13,735	11,516
Other taxes payable	5,692	5,079	5,692	5,079
Accrued interest on loans	908	159	908	159
Other payables	2,664	2,823	3,968	2,982
NHS charitable funds: trade and other payables	105	85		
Total current trade and other payables	48,867	40,666	48,665	40,561
Non-current				
Total non-current trade and other payables	-	-	-	-
Of which payables from NHS and DHSC group bodies:				
Current	6,203	7,963	6203	7963
Non-current	-	-	-	-

Note 30.2 Early Retirements in NHS Payables Above

The payables note above includes amounts in relation to early retirements as set out below:

Group and Trust	31 March 2018	31 March 2018	31 March	31 March
	£000	Number	2017 £000	2017 Number
- number of cases involved	-	6	-	7
- outstanding pension contributions	206	-	524	-

Note 31 Other Liabilities

	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Current				
Deferred income	177	133	177	133
Total other current liabilities	177	133	177	133
Non-current				
Total other non-current liabilities	-	-	-	-

Note 32 Borrowings

	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Current				
Loans from DHSC	2,091	1,859	2,091	1,859
Obligations under finance leases	55	101	55	101
Total current borrowings	2,146	1,960	2,146	1,960
Non-current				
Loans from DHSC	115,282	70,320	115,282	70,320
Obligations under finance leases	-	55	-	55
Total non-current borrowings	115,282	70,375	115,282	70,375

Note 33 Other Financial Liabilities

	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Current				
Total	-	-	-	-
Non-current				
Total	-	-	-	-

Note 34 Finance Leases

Note 34.1 Northern Lincolnshire and Goole NHS Foundation Trust as a Lessor

The Foundation Trust has arrangements with other NHS and non NHS bodies whereby the Foundation Trust receives income for the premises rented to these bodies. These arrangements are covered by annual service level agreements and are normally for a term of one year, renewable at the end of each year by mutual agreement. This income is included within this year's operating income shown in these financial statements. These arrangements are not classed as leases.

Note 34.2 Northern Lincolnshire and Goole NHS Foundation Trust as a Lessee

Obligations under finance leases where Northern Lincolnshire and Goole NHS Foundation Trust is the lessee. The leases relate to medical equipment.

	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Gross lease liabilities	56	165	56	165
of which liabilities are due:				
- not later than one year;	56	109	56	109
- later than one year and not later than five years;	-	56	-	56
- later than five years.	-	-	-	-
Finance charges allocated to future periods	(1)	(9)	(1)	(9)
Net lease liabilities	55	156	55	156
of which payable:				
- not later than one year;	55	101	55	101
- later than one year and not later than five years;	-	55	-	55
- later than five years.	-	-	-	-
Total of future minimum sublease payments to be received at the reporting date				

There are no sub lease or contingent rents.

Note 35.1 Provisions for Liabilities and Charges Analysis

	Pensions - early departure costs £000	Other legal claims £000	Re- structuring £000	Other £000	Total £000
At 1 April 2017					
Arising during the year	95	142	179	419	835
Utilised during the year	(270)	(103)	(298)	(1,036)	(1,707)
Reversed unused	-	(94)	(1,267)	(98)	(1,459)
Unwinding of discount	2	-	-	3	5
At 31 March 2018	2,199	133	168	3,204	5,704
Expected timing of cash flows:					
- not later than one year;	269	133	168	438	1,008
- later than one year and not later than five years;	1,050	-	-	524	1,574
- later than five years.	880	-	-	2,242	3,122
Total	2,199	133	168	3,204	5,704

Other provisions include £0.306m of Carbon Reduction commitment provision and £2.898m of injury benefit relating to named individuals' payments

Note 35.2 Clinical Negligence Liabilities

At 31 March 2018, £137,367k was included in provisions of the NHSLA in respect of clinical negligence liabilities of Northern Lincolnshire and Goole Hospitals NHS Foundation Trust (31 March 2017: £99,253k).

Note 36 Contingent Assets and Liabilities

	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Value of contingent liabilities				
NHS Resolution legal claims	(98)	(98)	(98)	(98)
Gross value of contingent liabilities	(98)	(98)	(98)	(98)
Amounts recoverable against liabilities	-	-	-	-
Net value of contingent liabilities	(98)	(98)	(98)	(98)
Net value of contingent assets	-	-	-	-

Note 37 Contractual Capital Commitments

	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Property, plant and equipment	10,069	63	10,069	63
Intangible assets	-	38		38
Total	10,069	101	10,069	101

Note 38 Defined Benefit Pension Scheme

The Trust has no defined benefit pension schemes.

Note 39 On-SoFP PFI, and Other Service Concession Arrangements

The Foundation Trust does not have any PFI or LIFT schemes at 31 March 2018.

Note 40 Off-SoFP PFI, LIFT and Other Service Concession Arrangements

The NHS Foundation Trust does not have any Off-SoFP PFI or LIFT schemes at 31 March 2018.

Note 41 Financial Instructions

Note 41.1 Provisions for Liabilities and Charges Analysis

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the year in creating or changing the risks a body faces in undertaking its activities.

Because of the continuing service provider relationship that the Foundation Trust has with Clinical Commissioning Groups and the way those Clinical Commissioning Groups are financed, the Foundation Trust is not exposed to the degree of financial risk faced by business entities.

Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply.

The Foundation Trust has limited powers to borrow or invest surplus funds and financial assets and

liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Foundation Trust in undertaking its activities.

The Foundation Trust's treasury management operations are carried out by the Finance Directorate, within parameters defined formally within the Foundation Trust's Standing Financial Instructions and policies agreed by the Board of Directors. Foundation Trust treasury activity is subject to regular review by the Finance and Performance Committee and the Trust's internal auditors.

Currency Risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations.

The Trust therefore has low exposure to currency rate fluctuations.

Interest Rate Risk

The Trust currently has borrowings of £117.373m, the following table provides details of the interest rates, purpose of the loan and outstanding balance.

Loan - Purpose	Interest	Balance at
	Rate	31 March 2018
	%	£000
DoH Land	0.00%	762
Residential Accommodation DPoW	2.06%	7,078
Energy Performance Contract	2.39%	7,780
Diagnostics Scanners*	1.68%	300
Interim Revenue Support	1.50%	15,000
Interim Working Capital Support	3.50%	26,054
Uncommitted Interim Revenue Support	1.50%	13,646
Uncommitted Interim Revenue Support *	6.00%	46,753
Total		117,373

* These facilities were drawn down in 2017/18.

Credit Risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2018 are in receivables from customers and investments held by the charitable fund as shown note 20.1, as disclosed in the Trade and other receivables note 24.1.

Liquidity Risk

The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups, which are financed from resources voted annually by Parliament . The Trust funds its capital expenditure from internally generated funds and funds obtained from Department of Health or Independent Financing Facility loans. The Trust has in place Liquidity Support Funding agreed with the Department of Health and the Independent Financing Facility for short term working capital support. This gives the Trust liquidity assurance to cover the period prior to regulator approval of future plans and to manage normal variations in cashflow.

Note 41.2 Financial Assets

Group	Loans and receivables	Assets at fair value through the I&E	Held to maturity	Available-for-sale	Total book value
	£000	£000	£000	£000	£000
Assets as per SoFP as at 31 March 2018					
Embedded derivatives	-	-	-	-	-
Trade and other receivables excluding non financial assets	18,507	-	-	-	18,507
Other investments / financial assets	-	-	-	-	-
Cash and cash equivalents	11,480	-	-	-	11,480
Consolidated NHS Charitable Fund financial assets	-	3,053	-	-	3,053
Total at 31 March 2018	29,987	3,053	-	-	33,040
Group	Loans and receivables	Assets at fair value through the I&E	Held to maturity	Available-for-sale	Total book value
	£000	£000	£000	£000	£000
Assets as per SoFP as at 31 March 2017					
Embedded derivatives	-	-	-	-	-
Trade and other receivables excluding non financial assets	16,242	-	-	-	16,242
Other investments / financial assets	-	-	-	-	-
Cash and cash equivalents	7,558	-	-	-	7,558
Consolidated NHS Charitable Fund financial assets		2,146	-	-	2,146
Total at 31 March 2017	23,800	2,146	-	-	25,946
Trust	Loans and receivables	Assets at fair value through the I&E	Held to maturity	Available-for-sale	Total book value
	£000	£000	£000	£000	£000
Assets as per SoFP as at 31 March 2018					
Embedded derivatives	-	-	-	-	-
Trade and other receivables excluding non financial assets	18,507	-	-	-	18,507
Other investments / financial assets	-	-	-	-	-
Cash and cash equivalents	11,370	-	-	-	11,370
Total at 31 March 2018	29,877	-	-	-	29,877

185

11,370

18,507

Trust	Loans and receivables £000	Assets at fair value through the I&E £000	Held to maturity £000	Available-for-sale £000	Total book value £000
Assets as per SoFP as at 31 March 2017					
Embedded derivatives					
Trade and other receivables excluding non financial assets	16,242				
Other investments / financial assets					
Cash and cash equivalents	7,469				
Total at 31 March 2017	23,711	-	-	-	23,711

Note 41.3 Financial Liabilities

Group	£000	Other financial liabilities	Liabilities at fair value through the I&E	Total book value
		£000	£000	£000
Liabilities as per SoFP as at 31 March 2018				
Borrowings excluding finance lease and PFI liabilities	117,373		-	117,373
Obligations under finance leases	55		-	55
Trade and other payables excluding non financial liabilities	43,247		-	43,247
Provisions under contract	3,505		-	3,505
Consolidated NHS charitable fund financial liabilities	105		-	105
Total at 31 March 2018	164,285	-	-	164,285

Group	£000	Other financial liabilities	Liabilities at fair value through the I&E	Total book value
		£000	£000	£000
Liabilities as per SoFP as at 31 March 2017				
Borrowings excluding finance lease and PFI liabilities	72,179		-	72,179
Obligations under finance leases	156		-	156
Trade and other payables excluding non financial liabilities	35,635		-	35,635
Provisions under contract	5,658		-	5,658
Consolidated NHS charitable fund financial liabilities	85		-	85
Total at 31 March 2017	113,713	-	-	113,713

Trust	Other financial liabilities	Liabilities at fair value through the I&E	Total book value
			£000
Liabilities as per SoFP as at 31 March 2018			
Borrowings excluding finance lease and PFI liabilities	117,373		117,373
Obligations under finance leases	55		55
Trade and other payables excluding non financial liabilities	43,070		43,070
Other financial liabilities	177		177
Provisions under contract	3,505		3,505
Total at 31 March 2018	164,180	-	164,180
Trust	Other financial liabilities	Liabilities at fair value through the I&E	Total book value
			£000
Liabilities as per SoFP as at 31 March 2017			
Borrowings excluding finance lease and PFI liabilities	72,179		72,179
Obligations under finance leases	156		156
Trade and other payables excluding non financial liabilities	33,820		33,820
Other financial liabilities	133		133
Provisions under contract	5,658		5,658
Total at 31 March 2017	111,946	-	111,946

Note 41.4 Maturity of Financial Liabilities

	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
In one year or less	46,237	39,854	46,132	38,087
In more than one year but not more than two years	15,156	2,975	15,156	2,975
In more than two years but not more than five years	92,337	59,074	92,337	59,074
In more than five years	10,555	11,810	10,555	11,810
Total	164,285	113,713	164,180	111,946

Note 42 Losses and Special Payments

Group and Trust	2017/18		2016/17	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	-	-	4	-
Bad debts and claims abandoned	542	69	321	85
Stores losses and damage to property	17	50	2	18
Total losses	559	119	327	103
Special payments				
Ex-gratia payments	25	25	21	12
Total special payments	25	25	21	12
Total losses and special payments	584	144	348	115
Compensation payments received		-		-

There were no cases exceeding £0.30m in this year and prior years.

Note 43 Events after the Reporting Date

There are no post balance sheets in the reporting year.

Note 44 Related Parties

During the year none of the DHSC Ministers, NHS Foundation Trust Board Members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with Northern Lincolnshire and Goole NHS Foundation Trust.

The DHSC is regarded as a related party. During the year, this NHS Foundation Trust has had a significant number of material transactions with other entities for which the DHSC is regarded as the parent department. These entities are:

NHS England, Clinical Commissioning Groups, NHS Trusts, NHS Foundation Trusts and NHS Resolution.

In addition, the NHS Foundation Trust has had a number of material transactions with other Government departments and other central and Local Government bodies.

The NHS Foundation Trust has also received revenue and capital payments from a number of charitable funds. The trustees of the charitable funds are also members of the NHS Foundation Trust Board.

	2017/18	2017/18	31 March 2018	31 March 2018
	Income	Expenditure	Receivables	Payables
	£000	£000	£000	£000
Calderdale & Huddersfield NHS Foundation Trust		95		
Care Quality Commission		289		
Doncaster & Bassetlaw Teaching Hospitals NHS Foundation Trust	74	245	25	161
East Riding of Yorkshire Council		229		
Health Education England	9,501	32	136	
Harrogate & District NHS Foundation Trust	230	18	87	7
Hull and East Yorkshire Hospitals NHS Trust	2,524	2,075	1,517	1,585
Humber NHS Foundation Trust	2	(59)	1	24
Leeds Teaching Hospital NHS Trust	4	471	1	168
Lincolnshire Community Health Services NHS Trust	1,014	2	326	1
Lincolnshire Partnership NHS Foundation Trust	145		25	
NHS Bassetlaw CCG	123			
NHS Blood & Transplant		1,625		149
NHS Doncaster CCG	983			
NHS East Riding of Yorkshire CCG	16,218		328	98
NHS England	27,601	14	2,899	18
NHS Hull CCG	299		37	
NHS Improvement	603		505	
NHS Lincolnshire East CCG	29,929		553	212
NHS Lincolnshire West CCG	11,022		152	25
NHS North East Lincolnshire CCG	104,487		935	615
NHS North Lincolnshire CCG	106,889		1,386	581
NHS Pension Scheme		21,458		2,963
NHS Property Services		445		449
NHS Resolution		13,286		
NHS Scarborough & Ryedale CCG	423		113	
NHS Sheffield CCG	100			14
NHS South Lincolnshire CCG	1,355			
NHS South West Lincolnshire CCG	2,921		102	
NHS Vale of York CCG	503			
NHS Wakefield CCG	172			
North East Lincolnshire Council	166	920	108	
North Lincolnshire Council	1,281	866	98	
North West Anglia NHS Foundation Trust	29	239	11	73
Nottingham University Hospitals NHS Foundation Trust	91	150	46	36
Portsmouth Hospitals NHS Trust		92		
Public Health England	23	346	18	
Rotherham Doncaster and South Humber Mental Health NHS Foundation Trust	216	203	104	
Sheffield Children's NHS Foundation Trust	52	191	11	
Sheffield Teaching Hospitals NHS Foundation Trust	570	546	144	
United Lincolnshire Hospitals NHS Trust	10,637	1,047	960	308

University Hospitals Birmingham NHS Foundation Trust	143		36
University Hospitals of Leicester	105	46	77
York Hospitals NHS Foundation Trust	2	25	6
Other (Total)	1,704	660	508
Total Related Parties	331,998	45,699	11,219
			8,268
HM Revenue and Customs (Taxes and Duties)	-	20,464	482
Other Government Departments	-	20,464	482
			5,692
Comparatives 2016/17			
Total Related Parties	332,301	46,813	9,029
Other Government Departments	-	17,184	513
			11,010
			5,079

Note 45 Third Party Assets

The Foundation Trust held £420 (2016/2017 £0) cash and cash equivalents which relates to monies held by the NHS Foundation Trust on behalf of patients. This has been excluded from the cash and cash equivalents figure reported in the accounts.

