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Lancashire Teaching Hospitals
NHS Foundation Trust

Lancashire Teaching Hospitals NHS Foundation Trust

Annual Report and Accounts 2023–24

Excellent care with compassion

Always Safety First

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Lancashire Teaching Hospitals NHS Foundation Trust

ANNUAL REPORT AND ACCOUNTS 2023–24

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

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www.lancsteachinghospitals.nhs.uk

CHAIR'S AND CHIEF EXECUTIVE'S WELCOME

Dear Stakeholder,

Having joined the Trust in August 2023 and January 2024 as Chair and Chief Executive respectively, we are proud of the services that Lancashire Teaching Hospitals delivers for the people of Lancashire and South Cumbria and are pleased to share our Annual Report and Accounts 2023/24 which showcases many positive aspects of our work whilst highlighting the areas we need to improve upon to provide the excellent care we aspire to.

We must begin with a sincere 'thank you' to everyone who has contributed to the achievements, targets and developments highlighted in this report. This includes the work of former Chief Executive, Kevin McGee, who retired from the Trust in August 2023 after 38 years in the NHS and Faith Button for her spell as Interim Chief Executive before taking up a new role outside our local healthcare system. We must also thank Non-Executive Director Paul O'Neill who stood in as acting Chair between November 2022 – August 2023.

Year-on-year, our colleagues work tremendously hard against a backdrop of increasing service demand and a challenging elective restoration programme following the pandemic. They continue to go the extra mile for each other, and our patients, and for that we are truly grateful. We would also like to acknowledge the work of our volunteers and council of governors who devote many hours of their own time without expecting any reward or recognition and our Trust is far stronger as a result of their contribution.

Finally, a heartfelt thank you must go out to our local communities who have once again displayed extraordinary support towards our hospitals and our charities. Listening to patients, families and carers when things do not go well as well as when they do helps us shape our services of the future and we are grateful to all those who have taken the time to give us their feedback.

It has been a tough year. High demand for Urgent and Emergency Care services has been a trend throughout 2023/24 across our providers in Lancashire and South Cumbria as well as the wider healthcare system nationally. Patients experiencing long waits, receiving care in our corridors, boarding on wards and the continuous strain on our workforce is not sustainable, nor the care or experience that our communities and colleagues deserve. This remains a top priority going into 2024/25 alongside continuing the work to reduce our elective waits and cancer restoration.

In November 2023, the Care Quality Commission (CQC) announced the results of inspections carried out at both Royal Preston and Chorley and South Ribble Hospitals. These included unannounced inspections of urgent and emergency services at both our hospital sites; and of medical care and surgery at Royal Preston as part of the CQC's continual cycle of checks. There was a focused inspection of maternity services at both hospitals as part of the CQC national maternity inspection programme. In addition, inspectors also undertook a well-led inspection of the Trust.

Overall, the Trust remained rated as requires improvement – the same rating as we received after the 2019 pre pandemic inspection. Whilst this is not where we all want to be, we believe that this is a fair reflection of our position and the challenges facing us, some of which are described above. In Lancashire and South Cumbria, the collective health system has an ambition for all Providers to be rated as good overall by the CQC and we remain committed to achieving this within our Trust. Although there is still more work to do, we are confident that we have strong plans in place and the right teams to deliver them.

One of the most significant dilemmas across the wider NHS and social care system is the continued increase in demand on patient services at a time when there are many competing demands on the public purse. At Lancashire Teaching Hospitals, the cost of delivering our services and delivering patient care has been greater than the income received for a number of years now, resulting in a significant gap in our finances. There has been a huge effort from all of our clinical and corporate divisions to improve this situation and at the end of the financial year 2023/24 we reported a financial improvement of £36.9m through our cost improvement plans (CIP) – the highest value in the Trust's history.

However, even with this level of improvement, we still have a significant financial gap, and it is our responsibility to reduce this at pace. We are therefore implementing a comprehensive Financial Recovery Programme aimed at continuing to deliver high quality services to patients whilst resetting the approach we have to managing our finances leading to a stabilised position over the next three years.

In addition to our financial plans, we are also developing a 3-year Single Improvement Plan which will help us target our efforts into the kind of larger transformation plans that will help us shape services round the future needs of our populations and help us to truly embrace the exciting opportunities available to us as part of the New Hospitals Programme. We are also working closely with our wider system on the transformation of both clinical and central service across the Lancashire and South Cumbria Integrated Care System with the aim of driving up quality by sharing skills and best practice, pooling our resources and standardising the way we work to reduce variation and duplication. We want to ensure patients have equal access to the same high-quality care wherever they live. We also want our colleagues to have the same high-quality experience wherever they work. More than the sum of our parts, by working together all of the trusts benefit and will achieve more for our patients, communities and colleagues than if we worked separately.

There has of course been much to be proud of both nationally and locally. On 5 July 2023, we were delighted to join our partners nationally to celebrate 75 years of the National Health Service. Treating over a million people a day in England, the NHS touches all of our lives. When it was founded in 1948, the NHS was the first universal health system to be available to all, free at the point of delivery. Today, nine in 10 people agree that healthcare should be free of charge, more than four in five agree that care should be available to everyone, and that the NHS makes them most proud to be British. As part of the day's celebration, we were delighted to welcome ITV to Royal Preston Hospital to showcase the Trust on a national level.

Celebrating successes is important to us and throughout the year we have been pleased to acknowledge the numerous achievements of our colleagues and departments. This includes becoming the first Trust in the UK to implement the latest navigation bronchoscopy technology to locate and diagnose challenging peripheral lung tumours to introducing a new low complexity day surgery service for children based at Chorley and South Ribble Hospital. You can read about more major service developments on page 42.

Alongside these developments, the Trust is also working towards delivering it's net zero NHS target in line with its Green Plan launched in the previous year. As a leading local employer and anchor institution in Lancashire and South Cumbria, Lancashire Teaching Hospitals has a significant social, economic and environmental impact on the local community during its day-to-day activities. The Trust is committed to ensuring that it makes a positive impact, or at least reduces any negative impact that it has on the local community. This is one of the reasons why the Trust has made several pledges to ensure that it delivers on its commitments by gaining the Social Value Quality Mark Level 1 accreditation. As part of the accreditation, the Trust has made several pledges to promote employment, training and work experience opportunities with local people, procure goods and services from local suppliers, reduce its environmental impact, and work with local partners to improve inclusion, health and wellbeing and representation from local people in the work of the Trust. You can find out more about this work on page 21.

The NHS in Lancashire and South Cumbria welcomed the Government's May 2023 announcement of two new hospitals to replace Royal Preston Hospital and Royal Lancaster Infirmary as part of a rolling programme of national investment in capital infrastructure beyond 2030. In addition, Furness General Hospital in Barrow will benefit from investment in improvements. The existing Preston and Lancaster sites will remain in place and deliver services to our population until new hospital facilities are opened. The local NHS will continue to keep communities involved and provide further updates as more information becomes available. Further detailed work is underway to assess the viability of potential locations for new hospital builds and more information is available on page 94.

Thank you once again to our communities, partners and key stakeholders for your ongoing support of your local NHS.

Peter White
Chair
25 June 2024

Professor Silas Nicholls
Chief Executive
25 June 2024

Lancashire Teaching Hospitals NHS Foundation Trust

PERFORMANCE REPORT 2023–24

OVERVIEW OF PERFORMANCE

The purpose of this report is to inform the users of the Trust of its performance and to help them assess how the Directors have performed in promoting the success of the Trust.

This report is prepared in accordance with sections 414A, 414C and 414D of the Companies Act 2006 (as inserted/amended by the Companies Act 2006 except for sections 414A(5) and (6) and 414D(2) which are not relevant. For the purposes of this report, we have treated ourselves as a quoted company. Additional information on our forward plans is available in our operational plan on our website. Information on any mandatory disclosures included within this report is provided on pages 72 to 75.

The accounts contained within this report have been prepared under a direction issued by NHS England (NHSE) under the National Health Service (NHS) Act 2006.

Who we are

Lancashire Teaching Hospitals NHS Foundation Trust was established on 1 April 2005 as a public benefit corporation authorised under the Health and Social Care (Community Health and Standards) Act 2003. We are registered with the Care Quality Commission (CQC) without conditions to provide the following regulated activities:

- diagnostic and screening services
- maternity and midwifery services
- surgical procedures
- termination of pregnancies
- treatment of disease, disorder or injury
- management of supply of blood and blood-derived products
- assessment or medical treatment for persons detained under the Mental Health Act 1983
- vaccination hub satellite service
- accommodation for persons who require nursing or personal care

We are a large acute Trust providing district general hospital services to over 395,000 people in Chorley, Preston and South Ribble and specialist care to 1.8m people across Lancashire and South Cumbria.

Our mission is to always provide excellent care with compassion which we do from four facilities:

- Chorley and South Ribble Hospital
- Royal Preston Hospital
- Specialist Mobility and Rehabilitation Centre (based at Preston Business Centre)
- Finney House Community Healthcare Hub

We are a values-driven organisation. Our values were designed by our staff and patients and are embedded in the way we work on a day-to-day basis:

- **Caring and compassionate:** We treat everyone with dignity and respect, doing everything we can to show we care.
- **Recognising individuality:** We respect, value, and respond to every person's individual needs.
- **Seeking to involve:** We will always involve you in making decisions about your care and treatment and are always open and honest.
- **Team working:** We work together as one team, and involve patients, families, and other services, to provide the best care possible.
- **Taking personal responsibility:** We each take personal responsibility to give the highest standards of care and deliver a service we can always be proud of.

We believe that to provide the best care, we need continually to improve the way in which we provide services. If we are to be the best, we need continually to seek improvement and embrace change, empowering our teams to develop ideas and drive them forward. We have adopted a Continuous Improvement approach and developed a strategy to support this.

Our strategic objectives are:

- To provide outstanding and sustainable healthcare to our local communities
- To offer a range of high-quality specialised services to patients in Lancashire and South Cumbria
- To drive health innovation through world class education, training, and research

The delivery of excellent services to our local patients through the provision of district general hospital services is at the core of what we do. To achieve this, we need to ensure we focus on meeting key quality and performance indicators so our patients can be assured of safe and responsive services.

As well as providing healthcare for our local patients, we are proud to be the regional centre for a range of specialist services. These services include:

- Adult Allergy and Clinical Immunology
- Cancer (including radiotherapy, drug therapies and cancer surgery)
- Disablement services such as artificial limbs and wheelchairs
- Major Trauma
- Neurosciences including neurosurgery and neurology (brain surgery and nervous system diseases)
- Renal (kidney diseases)
- Specialist vascular surgery

Our portfolio of services will continue to develop as the strategy for the provision of services across our region is developed, but the delivery of specialist services will remain at the heart of our purpose and the decisions we take in our day-to-day activities will be taken in the context of ensuring we remain as the Lancashire and South Cumbria Integrated Care System (ICS) specialist hospital.

When we were established in 2005, we were the first Trust in the county to be awarded 'teaching hospitals' status. We believe that developing the workforce of the future is central to delivering high quality healthcare into the future. We are a local leader in respect of our education, training, and research and as the only National Institute for Health and Care Research (NIHR) Clinical Research Facility in Lancashire and South Cumbria, and a leading provider of undergraduate education, we will continue to drive forward the ambitions described in our education and research strategies.

Our business model

The governance structure of a Foundation Trust is prescribed through legislation and is reflected within our Constitution. All Foundation Trusts are required to have a Board of Directors and a Council of Governors as well as a membership scheme, which is open to members of the public and staff who work at the Foundation Trust. Members vote to elect governors and can also stand for election themselves. The Council of Governors is responsible for representing the interests of the general public and staff in the governance of the Trust. It remains the responsibility of the Board to design and then implement agreed priorities, objectives, and the overall strategy of the organisation. Governors have an important role in making the Trust publicly accountable for the services it provides. They bring valuable perspectives and hold Non-Executive Directors to account for the performance of the Board.

Our strategic framework

Integrated Care System in Lancashire and South Cumbria

The Trust is part of the Lancashire and South Cumbria Integrated Care System (ICS). The role of the ICS is to join up health and care services, improve people's health and wellbeing, and to make sure everyone has the same access to services and gets the same outcomes from treatment. The ICS also has the duty to monitor and manage how money is spent and make sure health services work well and are of high quality.

Lancashire and South Cumbria ICS has a clear vision outlining a strong community focus working in harmony with a high performing hospital system. To achieve this the Lancashire and South Cumbria ICS supports multi-professional teams across health and social care working within agreed protocols and pathways and within aligned financial incentives to deliver clear and mutually agreed goals and targets for the benefit of local communities.

The work of the ICS is directed by the Integrated Care Board (ICB). Since July 2022 NHS Lancashire and South Cumbria Integrated Care Board (ICB) has held responsibility for planning NHS services, including primary care, community pharmacy and those previously planned by Clinical Commissioning Groups (CCGs).

Lancashire Place

Lancashire Place has a large population spread across a large geographical footprint. Due to its size it is divided into three sub-localities: North, Central and East Lancashire. The area of Central and West Lancashire covers the main district general hospital services delivered by Lancashire Teaching Hospitals covering the areas of Chorley, Preston, and South Ribble (as well as West Lancashire).

The vision of Lancashire Place is 'Living Better Lives in Lancashire', with the ambition to help the citizens of Lancashire to live longer, healthier, and happier lives. This will be achieved in partnership with the Lancashire and South Cumbria ICB and the five provider trusts by improving health and care services through integration and addressing health and wellbeing inequality across the Lancashire Place.

During 2023–24 an effective Lancashire Place Partnership (Board) has been established. The Partnership has approved the Lancashire Place Plan for 2024–25 developed with significant collaboration from the ten Health and Wellbeing Partnerships and guided by the three Integrated Place Leads and three Clinical and Care Professional Leads. A data-led approach has been used to select key priorities, including targets that the Board will use to measure performance.

Priorities for 2024–25 are linked to the wider Transforming Care in the Community Programme and the ICB agreed transformation programmes of Creating Health Communities, Integrated Neighbourhood Working and Enhanced Care at Home. Locality based plans are also being developed for each of the three priorities to reflect local need in response to this work.

Our principal issues and risks

The Trust continues to identify potential risks to achieving its strategic aims and ambitions as part of established organisational governance processes. The Board Assurance Framework (BAF) is used to identify the strategic risks to the Trust alongside actions being taken to mitigate them. This enables the Board of Directors to evaluate whether there are the appropriate controls in place to operate in a manner that is effective in driving the delivery of the Trust's strategic objectives.

The Annual Governance Statement, contained on pages 78 to 96, further outlines the Trust's approach to risk management. The Trust continues to support risk mitigation strategies to deal with the recovery and restoration of services and the evolving external environment, and will continue to engage and strengthen relationships with patients, staff, public and strategic partners to ensure long-term sustainability in the delivery of its strategic objectives.

The organisational culture is built on trust, openness, transparency and empowerment with clear lines of accountability and responsibility, underpinned by continuous learning and improvement.

The Annual Governance Statement also includes the Trust's system of internal control which is designed to manage risk within the organisation. The Trust continues to perform well against a number of standards and metrics. However, it is acknowledged that there has been under performance in some key metrics including, but not limited to Clostridium difficile, 12-hour Emergency Department metrics and access targets, which were in part impacted by industrial action. The Trust remains focused on embedding a continuous improvement approach within the organisation and continues to work closely with system partners where support is required externally.

Our performance

Lancashire Teaching Hospitals NHS Foundation Trust performance is measured against a range of patient safety, access and experience indicators identified in the NHS compliance framework and the acute services contract.

The NHS continued to face significant challenges in 2023–24. Performance, both emergency and elective has been impacted with operational pressures, including the impact from periods of industrial action and infection prevention and control measures experienced through the year resulting in non-compliance to a number of key national standards.

Whole health economy system pressures in response to increased demand resulted in high bed occupancy throughout the year with the need to focus both on non-elective activity and elective recovery as mandated nationally. The number of patients not meeting the criteria to reside remained high throughout the year, though a positive impact was seen from the introduction of the Community Healthcare Hub at Finney House providing additional out of hospital bed capacity. This, together with increased demand resulted in significant capacity pressures. Workforce capacity to undertake elective activity has been significantly impacted by industrial action throughout the year.

A health economy system wide action plan, and local Trust action plans are in place to address the urgent care system pressures; with identified primary, community and social care initiatives/schemes delivering a level of sustainability across the health economy. In 2023–24 the Trust took a lead role in bringing together operational delivery of key transformational work streams identified and prioritised by all system partners: a Community Healthcare Hub at Finney House, providing health led community bed capacity; the introduction of Virtual Wards; and a single point of access bringing together 2-hour Crisis Response, Virtual Ward, Same Day Emergency Care and Ambulance services to support people to stay safe at home.

During 2023–24 the Trust has:

- Continued to refine and improve the offer from the Community Healthcare Hub at Finney House, providing 64 health led time-limited community beds, reducing medicine bed capacity in hospital as a result.
- Established an Acute Assessment Unit to reduce time spent in the Emergency Department ahead of the delivery of increased Medical Assessment Unit capacity.
- Increased the Virtual Ward bed base for Frailty, Respiratory and Acute Medicine.
- Enhanced internal escalation measures, including Full Capacity Protocol, surge and boarding to support ambulance handovers and capacity in the Emergency Department
- Continued clearance of the >65-week backlog and elimination of >78-week waits for elective care.
- Compliance against the cancer >62-day backlog at 150 patients, exceeding the trajectory of 180 and below the fair shares of 151.
- Tumour site pathway improvements particularly in colorectal services.

The Trust has failed to achieve its objectives in relation to a range of measures within the risk assessment framework including: the 4-hour standard for Accident and Emergency; and the overall 18-week incomplete access target. The significant growth in the number of long waiters in both Referral to Treatment and cancer pathways was directly impacted by the COVID-19 pandemic and the reduction in elective activity during periods of industrial action with the prioritisation of urgent elective activity as part of the elective restoration plan. The Trust has focused on 2023–24 for recovery and stabilisation to support performance improvement from Q2 2025–26. Significant progress has been made with both cancer 62-day performance, performance against the 28-day faster diagnosis standard and reductions in our longest waits to no more than 78 weeks for elective care, with an elimination of waits over 104 weeks unless patients are choosing to wait longer for treatment.

Performance Analysis

The summary position detailing performance in 2023–24 is shown in the table below:

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KPI'S 2023–24 COMPARED TO 2022–23

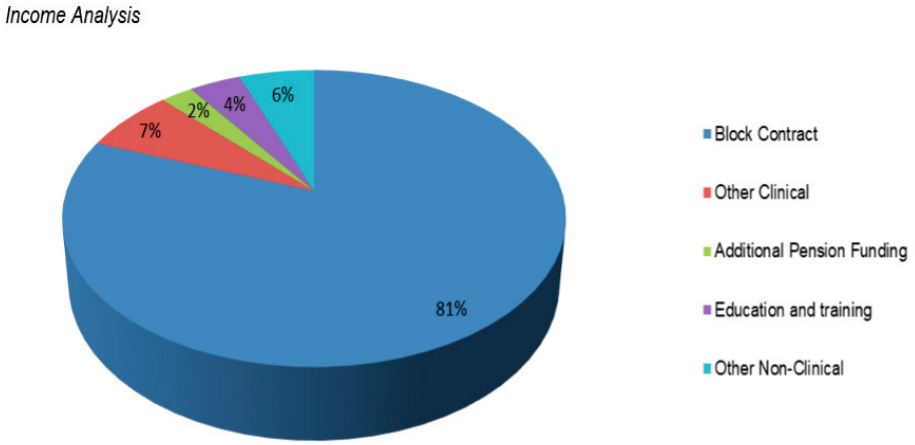
Indicator	2022–23	2023–24	Current Period	Comparison
A&E - 4 hour standard	75.3	70.4	% - Cumulative to end Mar 2024	Deteriorated
Cancer - 2 week rule (All Referrals) - New method	58.6	83.5	% - Cumulative to end Mar 2024	Improved
Cancer - 2 week rule - Referrals with breast symptoms	82.2	91.0	% - Cumulative to end Mar 2024	Improved
Cancer - 31 day target	83.3	84.4	% - Cumulative to end Mar 2024	Improved
Cancer - 31 Day Target - Subsequent treatment – Surgery	59.3	58.2	% - Cumulative to end Mar 2024	Deteriorated
Cancer - 31 Day Target - Subsequent treatment – Drug	96.8	98.4	% - Cumulative to end Mar 2024	Improved
Cancer - 31 Day Target - Subsequent treatment – Radiotherapy	82.3	87.1	% - Cumulative to end Mar 2024	Improved
Cancer - 62 day Target	43.2	56.0	% - Cumulative to end Mar 2024	Improved
Cancer - 62 Day Target - Referrals from NSS (Summary)	29.2	29.9	% - Cumulative to end Mar 2024	Improved
28 day faster diagnosis standard – compliance	57.5	71.5	% - Cumulative to end Mar 2024	Improved
MRSA	0	0	% - Cumulative to end Mar 2024	Maintained
C.difficile Infections	196	203	% - Cumulative to end Mar 2024	Deteriorated
18 weeks - Referral to Treatment - % of Incomplete Pathways < 18 Weeks	50.5	55.0	% - Cumulative to end Mar 2024	Improved
18 weeks - Referral to Treatment -Number of Incomplete Pathways > 104 Weeks	5	0.0	End March 2024 census position	Improved
18 weeks - Referral to Treatment -Number of Incomplete Pathways > 78 Weeks	130	11.0	End March 2024 census position	Improved
% of patients waiting over 6 weeks for a diagnostic test	50.44	45.6	% - Cumulative to end Mar 2024	Improved

Our finances

Income Generation

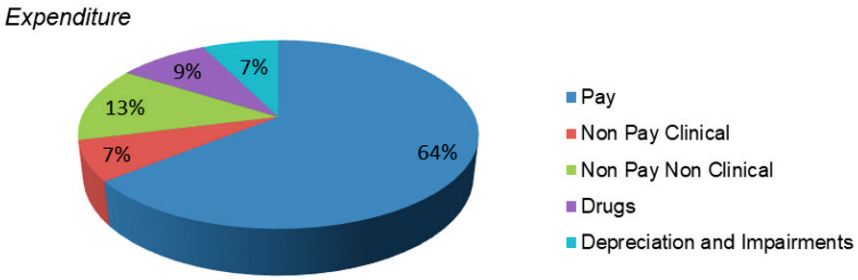
During 2023–24 the Trust generated income from patient care, including through a block contract of £731m (2022–23: £689m), an increase of 6% from 2022–23.

A further £79m (2022–23: £79m) was generated from other income sources which includes training levies, research funding, car parking, catering and retail outlets and from providing services to other organisations.



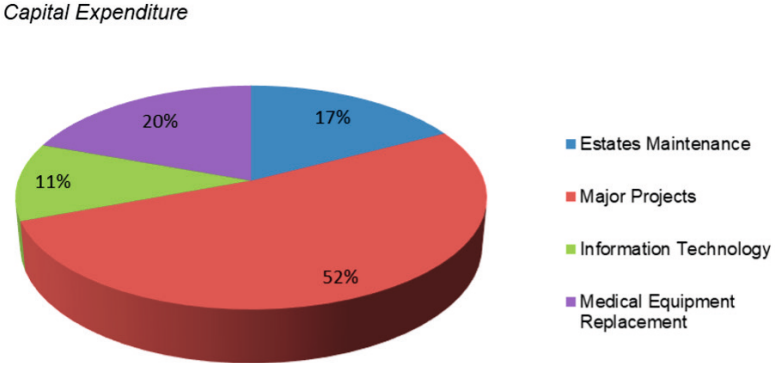
Expenditure

Operating expenditure (excluding impairments) for the year was £868m (2022–23: £779m), the graph below shows the main categories of expenditure at the Trust. The main reason for the rise in costs can be attributed to the asset impairments, pay awards, inflationary cost increases, and restoration of elective and outpatient activity.



Capital Investment

In 2023–24 £57m excluding leases (2022–23: £50m) was invested in the Trust's capital programme to maintain and improve the asset base of the Trust as illustrated in the chart below. Major projects completed in year included the new facilities to increase elective capacity such as additional theatres, additional Endoscopy capacity, an additional thrombectomy biplanar, and a remodelling of the Medical and Surgical Assessment Units. £21m was spent on new and replacement medical equipment.



Forward Look

The operational and financial planning process for 2024–25 has been developed in line with the expectations set out in the national planning guidance. The key focus of the guidance is to:

1. **Recover core services and productivity**
2. **Make progress in delivering the key ambitions in the Long-Term Plan**
3. **Continue transforming the NHS for the future**

The key requirements of the national guidance include the following::

- Improve A&E waiting times to >77% of patients seen within 4 hours by March 2025
- Maintain the peak increase in capacity agreed through operating plans in 2023–24
- Eliminate waits of over 65 weeks for elective care by September 2024
- Eliminate waits of over 52 weeks for elective care by March 2025
- Improve cancer performance against the 62-day standard to 70% by March 2025
- Improve cancer performance against the 28-day Faster Diagnosis Standard to 77% by March 2025
- Increase the percentage of patients that receive a diagnostic test within six weeks to 95% by March 2025
- Deliver a balanced net system financial position for 2024–25

The Trust's financial plans for 2024–25 have been based on the 2024–25 national planning guidance. As part of the Lancashire and South Cumbria ICS our focus is driving towards financial sustainability over a three-year period. For 2024–25 the Trust's financial plan has been agreed as part of the wider Lancashire and South Cumbria ICS system plan.

To build a financially sustainable Trust for the future, there will be a focus on cost improvement, productivity, and service transformation through system collaboration. A financial recovery plan target of 7% for 2024–25 has been agreed with the ICB and the Trust has identified and allocated risk rated targets to divisions and activities. To support delivery of an ambitious financial recovery programme the Trust has dedicated programme management support and a Programme Management Office. Schemes are monitored and reported on a weekly and monthly basis through the Trust's governance process. The Trust continues to work in partnership within the ICS and Central Lancashire Integrated Care Partnership and is part of the new hospital programme looking at site development in future years.

Better Payment Practice Code

We aim to treat all suppliers ethically and to comply with the BPPC target, which states that we should aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later. For 2023–24 we paid 74% of invoices to this timescale.

	NHS		NON-NHS		TOTAL	
	No.	Value £'000	No.	Value £'000	No.	Value £'000
Invoices paid within 30 days	1,489	119,397	54,970	343,036	56,459	462,433
Invoices not paid within that 30 day period	624	6,477	18,983	46,071	19,607	52,548
Total Invoices	**2,113**	**125,874**	**73,953**	**389,107**	**76,066**	**514,981**
BPPC (%)	**71**	**95**	**74**	**88**	**74**	**90**
Total amount of any liability to pay interest						4

Reconciliation of underlying trading position for year ending 31 March 2024

The Trust delivered an accounting deficit for the year of £67.9m (2022–23: £19.0m). After adjustment for accounting movements relating to impairment charges and income and expenditure for donated assets, the Trust delivered a revised trading deficit of £35.6m (2022–23: £20.8m).

	Group	
	2023–24	2022–23
	£000	£000
Deficit for the year	(67,924)	(19,003)
Add back income and expenditure impairments	31,889	(1,426)
Add back losses on transfers by absorption	0	0
Remove net donated income	374	(763)
Remove DHSC centrally procured inventories (donated)	94	408
Revised trading surplus/(deficit)	**(35,567)**	**(20,784)**

Going concern

These accounts have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

Guidance from the Department of Health and Social Care indicates that all NHS bodies will be considered to be going concerns unless there are ongoing discussions at department level regarding the winding up of the activity of the organisation. The Trust has not been informed by NHS England that there is any prospect of its dissolution within the next twelve months and it anticipates the continuation of the provision of services in the foreseeable future as evidenced by the inclusion of financial provision for those services in published documents and contracts for services with commissioners.

Based on these indications the directors believe that it remains appropriate to prepare the accounts on a going concern basis.

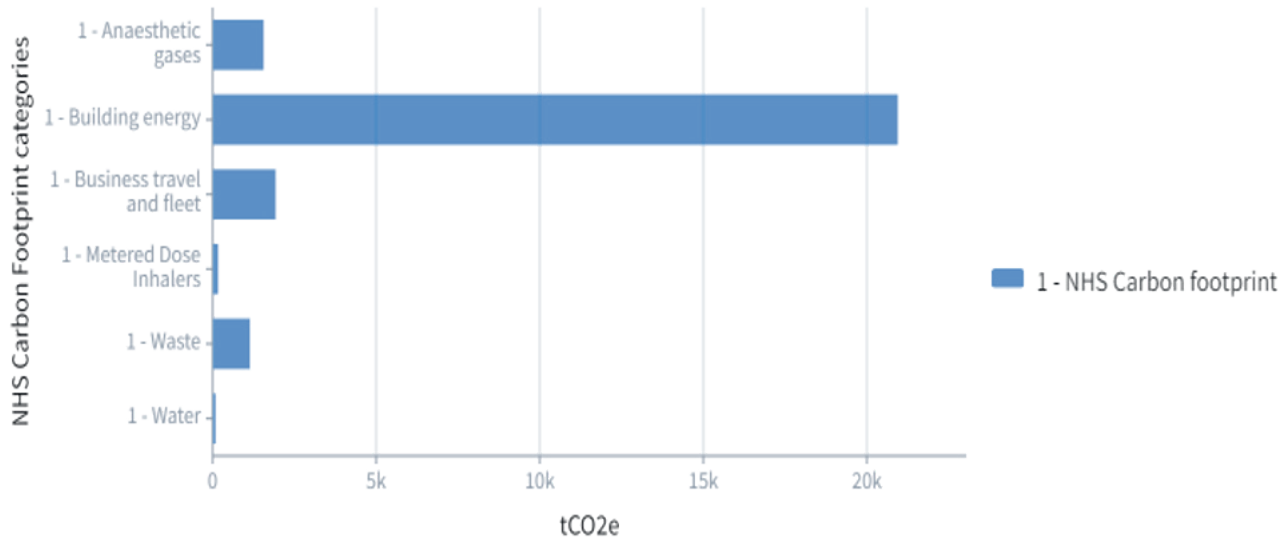
The Trust remains in a deficit position and will need to work with its partners across the local healthcare system, Provider Collaborative Board (PCB) and the ICB to achieve efficiencies and maximise the use of its assets to achieve a sustainable financial balance.

Task force on climate-related financial disclosures (TFCD)

In 2022, the Trust Board approved a three-year Green Plan in support of the NHS Strategy on 'Delivering a net zero National Health Service'. The plan focuses on drivers of change and sources of carbon emissions across the Trust.

Our Green Plan was developed utilising the 'Sustainable Development Assessment Tool' (SDAT) to assess our baseline position and to drive action plans for improvement. However, in July 2022 the SDAT was decommissioned and subsequently replaced by the 'Green Plan Support Tool' (GPST). The self-assessment support tool enables benchmarking against the national average in ten key areas. The most recent self-assessment shows the Trust benchmarks above the national average in nine out of ten areas with only one area below the national average.

The latest data published on the GPST for our Trust's contribution to the NHS Carbon Footprint (tCO2e) is illustrated below, with the most significant area being attributed to Building energy, business and travel, and Anaesthetic gases:



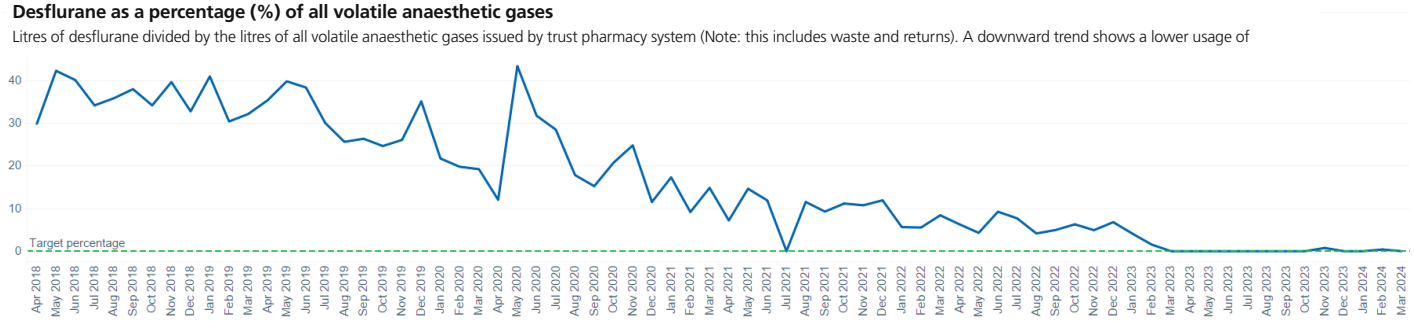
Our carbon dioxide emissions are measured in three distinct areas as outlined below:

- Scope 1: Direct emissions sources resulting from owned machinery, facilities and vehicles.
- Scope 2: Indirect emissions sources associated with the generation of electricity, heat, steam and/or cooling.
- Scope 3: Indirect emissions across all 15 categories including business travel, commuting, waste, and third-party deliveries.

The table below shows our total carbon dioxide emissions from the baseline period to latest published 2022 data.

tCO2e	Baseline (2010)	Latest (2022)	Change
Scope 1 emissions	15,814	15,731	-0.5%
Scope 2 emissions	7,032	123	-98.3%
Scope 3 emissions	116,658	106,159	-9.0%
Total	**139,504**	**122,013**	**-12.5%**

Anaesthetic and medical gases are responsible for around 2% of all NHS emissions and 5% of emissions from acute care, according to the 'Delivering a net zero National Health Service' (July 2022 report). Desflurane has a global warming potential 2,500 times greater than carbon dioxide. In January 2023 it was announced that by early 2024 Desflurane will no longer be used by the NHS in England. The figure below shows our reduction in Desflurane.



Some of the key headlines regarding our Green Plan achievements include:

- Reduction of paper generation by over 2m sheets per year as a result of digital programmes.
- Significant increase in cloud computing footprint removing 80% of onsite servers by the end of Q1 (20224–25) reducing our overall CO2 emissions.
- Increased utilisation of virtual appointments from around 48k in 2019–20 to 134k in 2023–24 (+180%) meaning less patients travelling to hospital.
- Significant improvements in waste sent to landfill with:
  - ◊ 615 tonnes of waste recycled (includes estimated confidential waste paper recycling)
  - ◊ 5 tonnes of waste decomposted
  - ◊ 1,036 tonnes of waste recovered (includes estimated food waste disposed of by anaerobic digestion and other domestic wastes by energy from waste)
  - ◊ 2.5 tonnes of waste re-use (furniture and equipment through the Trust's reuse portal Warp-it).
- The Trust has been successful in securing a £650,000 grant for energy-efficient LED lighting with plans for installation at both hospital sites.
- A £16m bid has been made via the Public Sector Decarbonisation Scheme to Salix Finance for heat decarbonisation, which is primarily targeted at the Trust's gas consumption and Solar Photovoltaic generation. If successful, the Trust share of the funding will be £2m.

- Training has been delivered 'For a Greener NHS – Delivering Net Zero at LTHTR'. Going forward we will consider how to further increase awareness throughout the Trust by either making the e0learning package part of mandatory training or incorporating it into induction.

The Trust's Green Plan is monitored on a regular basis through the governance arrangements for our Social Value Framework under the 'Planet' theme as illustrated below.

We also report nationally on a quarterly basis via the Greener NHS Data Collection and Greener NHS Fleet Data Collection submissions. The Board received yearly updates on progress against our agreed Green Plan and received an update on 4 April 2024. The Board would consider all relevant plans/performance in the context of our agreed Green Plan. The Trust management team is responsible for delivering our agreed Trust plans including our agreed Green Plan.

Social, community and human rights

The Apprenticeships and Widening Participation team is dedicated to fostering careers and generating employment opportunities within the local community. They collaborate with a range of organisations, including the ICB, local colleges, Department of Work and Pensions, Princes Trust, Lancashire County Council, children in care, charities, and business networking groups.

The table below provides a brief overview of the range of programmes we provide and the outcomes for 2023–24:

Programme	Description	Outcomes 2023–24
Pre-Employment Programme	8-week programme to support long-term unemployed people within our community back into employment.	19 participants 13 completed 11 employed with the Trust
Reboot	Targeted at 'job ready' candidates providing a 4-week programme to equip participants with knowledge, skills and enhanced understanding combined with direct observation in the workplace setting for their preferred role or career.	24 participants 19 completed 7 employed within the Trust
Ready, Steady, Apply	A three-day classroom-based programme to support candidates who struggle with the application process. The programme offers guidance and interview tips, guaranteeing candidates an interview upon successful completion.	46 participants 35 completed 18 employed within the Trust
Preston Widening Access Programme	Disadvantaged students who aspire for a career in Medicine are provided with support to help them gain knowledge and experience to assist with their application for a place to study at Manchester University. This programme is in its tenth year.	15 participants 14 guaranteed interviews Outcomes to be confirmed in 2024
Work Familiarisation Programme	A six-week programme for students with learning difficulties and disabilities to gain an insight into the world of work. Following completion, participants can opt to take part in more formal work experience opportunities. To date, approximately 1000 learners have completed it.	15 participants 15 completions
Work Experience Placements	Offers placement opportunities to individuals of all ages from across the region to gain first-hand insight into clinical (learners aged 16 and over) and non-clinical roles (learners aged 14–15) across the Trust.	Approximately 100 participants
Inspiring Careers	Virtual clinics helping school and college students to gain interview skills, application form writing skills and advice on career pathways, and attendance at a range of careers events at local high schools and colleges.	3 events held over several days
Careers Events	These events are held at various colleges, high schools and within our very own LIFE centre to promote healthcare professions.	349 learners attended. The team visited 44 sites across the region

Counter fraud

We have a policy in respect of countering fraud and corruption which includes contact details of the national helpline and a local independent counter fraud officer. The Trust has an accredited anti-fraud specialist provided by Mersey Internal Audit Agency (MIAA) and they deliver the service in line with NHS Counter Fraud Authority's standards.

Health and safety performance

The Trust's policy is to safeguard the health and safety of all its employees, patients, visitors, and anyone who may be affected by Trust activities by ensuring the Trust is compliant with the Health and Safety at Work Act (1974). This is the primary legislation covering occupational health and safety in the United Kingdom (UK) and defines the fundamental structure and authority for the regulation and enforcement of workplace health, safety, and welfare in the UK.

The overall responsibility for leading and implementing health and safety arrangements rests with the Chief Executive and the Board of Directors. The Board fulfils its obligations through the designated Director responsible for health and safety, the Chief Nursing Officer. The Director of Estates and Facilities has management responsibility for physical health and safety and the Associate Director of Safety and Learning for delivering health and safety governance.

The Trust has an appointed Health and Safety Manager who is the designated Trust competent person with the necessary qualifications as defined in the requirements of the Management of Health and Safety at Work Regulations. They have the significant remit to review and manage health and safety governance operationally across the hospital sites. The Health and Safety Manager is supported by subject matter experts within the Trust and through responsible officers whose role it is to co-ordinate and lead health and safety within their own area or service. These roles are supported with a programme of training to further upskill the Trust in health and safety management.

Prohibition or enforcement notices

The Trust has not received any prohibition or enforcement notices during the year.

Overseas operations

The Trust does not have any subsidiaries overseas.

This Performance Report is signed on behalf of the Board of Directors by:

Professor Silas Nicholls
Chief Executive
25 June 2024

Lancashire Teaching Hospitals NHS Foundation Trust

ACCOUNTABILITY REPORT 2023–24

DIRECTORS' REPORT

The Directors present their annual report on the activities of Lancashire Teaching Hospitals NHS Foundation Trust.

This Directors' report is prepared in accordance with:

- sections 415, 416 and 418 of the Companies Act 2006 (section 415(4) and (5) and sections 418(5) and (6) do not apply to NHS Foundation Trusts) as inserted by SI 2013 (1970)
- Regulation 10 and Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. All the requirements of schedule 7 applicable to the Trust are disclosed within the report
- additional disclosures required by the Treasury's Financial Reporting Manual
- additional disclosures required by NHSE in its Annual Reporting Manual

Our Board of Directors

Our Board of Directors is a unitary Board and has a wide range of skills with a number of Directors having a medical, nursing or other health professional background. The Non-Executive Directors have wide-ranging expertise and experience, with backgrounds in finance, audit, IT, estates, commerce, quality and service improvement, health and social care, risk, governance and regulation, and education. The Board is balanced and complete in its composition, and appropriate to the requirements of the organisation. The respective roles and responsibilities of Board and Council, the types of decisions made and matters reserved or delegated are set out in the constitution and standing orders of the Board.

Please note that (I) indicates that the Non-Executive Director is considered independent.

Non-Executive Directors

Peter White, Chair

Appointment: 1 August 2023 to 31 July 2026

Peter joined the Trust in August 2023 and is also Chair of North West Ambulance Service (NWAS) NHS Trust, the largest combined urgent and emergency care service in the UK. Peter has been a non-executive in a national housing association and chaired their neighbourhood services committee, where he was responsible for gaining assurance relating to safety and performance. Peter was instrumental in developing the organisation's approach to risk management and performance monitoring.

Originally from Leyland and now a resident of the Ribble Valley in Lancashire, Peter enjoyed a varied career policing all areas of Lancashire from 1983 until his retirement in 2013, most of his operational policing career centred around Preston, South Ribble, Chorley and West Lancashire before being promoted to senior positions including Head of Uniform Specialist Operations, Commander of Preston division, head of the force's corporate change programme and finally Assistant Chief Constable responsible for the People portfolio. In these senior roles Peter led the delivery of multi-agency approaches to gun and gang crime, transformation of services in response to budget cuts and latterly the development and implementation of wellbeing and diversity strategies that subsequently supported the development of strategies at a national police level.

Professor Paul O'Neill, Non-Executive Director (I)

Appointment: 4 March 2019 to 3 March 2025

Paul is Professor Emeritus at the Manchester University and formerly a Consultant Physician at Manchester Foundation Trust with special interests in elderly care and stroke medicine. He has been the Head of School and Deputy Dean for the Faculty of Medical and Human Sciences. He received a National Teaching Fellowship and has published extensively in medical education and clinical research, as well as co-authoring six books. Internationally, Paul was a member of Faculty for the Harvard-Macy medical educators programme and acts as an education consultant internationally. On behalf of the Medical Schools Council, he led the work on devising a new selection

system for the Foundation Programme implemented in 2012. He has an interest in patient and public involvement in medical education and established the Doubleday Centre for Patient Experience at Manchester. In 2013, he was awarded the President's Medal of the Academy of Medical Educators for his achievements. Paul continues to work extensively for the General Medical Council in quality assuring undergraduate and postgraduate medical education. Paul is the Chair of the Trust's Education, Training and Research Committee. His appointment fulfils the Trust's establishment order requirement for a university representative.

Paul was appointed Interim Chair on 1 September 2022 until 31 July 2023.

Tim Watkinson, Non-Executive Director (I)

Appointment: 1 April 2016 to 31 March 2025

Tim is a qualified accountant with over 25 years' experience in senior audit positions in the public sector. He was previously the Group Chief Internal Auditor for the Ministry of Justice and prior to that was a District Auditor with the Audit Commission, including terms of office in Lancashire County Council, Preston City Council and Chorley Borough Council. Tim has led national teams and taken a lead role for the Audit Commission in the development of methodology for improving the performance of local authorities. Tim has experience of working in major accountancy firms providing audit and consultancy services to the public sector including the NHS. He has also been employed as an accountant and a Chief Internal Auditor within the NHS.

Tim was appointed as the Senior Independent Director (SID) on 20 September 2022. He continues as the Chair of the Trust's Audit Committee. He is also the Non-Executive Board lead for Freedom to Speak Up and a member of the Rosemere Management Committee. Outside the Trust, Tim is an independent member of the UK Statistics Authority's Audit and Risk Assurance Committee.

Dr Tim Ballard, Non-Executive Director (I)

Appointment: 1 October 2023 to 30 September 2026

Tim was born and brought up in Lancashire and after qualifying in medicine he went into general practice in 1988. He was a GP trainer for about 25 years and was an Examiner for 21 years for the membership examination of the Royal College of GPs (RCGP) and for a period led the Simulated Surgery module assessing the consultation skills of doctors. Tim was a nationally elected member of Council at the RCGP for 12 years and served as Vice Chair at the RCGP from 2013 to 2016.

Since 2016 Tim has been a National Clinical Advisor at the Care Quality Commission (CQC) giving clinical advice to the commission around the areas of general practice, independent primary care, online and digital health, as well as supporting CQC inspections. Tim is a keen advocate for environmental sustainability especially as it relates to healthcare.

Tim is the Board-level Ockenden Maternity Safety Champion.

Victoria Crorken, Non-Executive Director (I)

Appointment: 24 January 2022 to 23 January 2025

Victoria is an experienced senior leader within public sector and commercial environments. With 26 years' operational policing experience in Lancashire Constabulary, she has a deep understanding of the complex socio-economic and health challenges within local communities and has developed collaborative cross-sector partnerships to tackle inequality. Currently the Senior Security, Compliance and Risk Manager for the Co-op Group Ltd, Victoria led the transformational change of the Crime, Security, Regulatory Compliance and Business Resilience strategy and her particular areas of expertise are stakeholder partnership collaborations, governance, risk management and regulatory oversight. Victoria has an MBA from the University of Central Lancashire Business School.

Kate Smyth, Non-Executive Director (I)

Appointment: 4 February 2019 to 3 February 2025

Kate is a chartered town planner and worked in planning and economic development for many years in local authorities across the North West. She then ran her own consultancy business for 25 years specialising in economic development and disability and has extensive experience working in the public and community and voluntary sectors. From 2012 to 2019, she was the Lay Member (Patient and Public Involvement) at Calderdale Clinical Commissioning Group. Kate was also the equality lead and the lead for deprivation, poverty and housing. From 2010 to 2019, she was an independent Board member (latterly, the Deputy Chair) at Kirklees Neighbourhood Housing and the Equality Champion. She is currently a Lay Leader at Yorkshire and Humber Patient Safety Research Collaboration researching safe care in the home. In 2019 was appointed to the North West Regional Stakeholder Network, established by the Cabinet Office Disability Unit. In the autumn of 2020 Kate co-founded the Disabled NHS Directors Network and she has been a co-Chair since March 2021. Kate is the Chair of the Trust's Charitable Funds Committee and Safety and Quality Committee. In 2023 Kate was appointed to serve on the ICB People Committee.

Jim Whitaker, Non-Executive Director (I)

Appointment: 3 July 2017 to 1 July 2024

Jim is an experienced Executive currently working at BT Enterprise, where he is Director of Project Management. During his career, Jim has led many large-scale IT transformation programmes for customers in the UK and abroad; these have typically been high complexity and operationally critical in nature. He has worked with customers in many sectors including Government, Defence, Investment Banking and Retail. Jim is a Chartered IT Professional with the British Computer Society and holds project management qualifications, which include APM RPP, MSP and Prince 2. His areas of expertise are strategic planning, managing change, governance, and risk management. Jim is the Chair of the Trust's Workforce Committee.

Tricia Whiteside, Non-Executive Director (I)

Appointment: 9 September 2019 to 8 September 2025

Tricia is a transformational leader with a wealth of financial services experience having held senior leadership roles within large Fortune 500 and FTSE100 organisations. Her experience gathered over 25 years includes owning aspects of global control frameworks and assuring compliance to the expected standards of control, establishing Strategic Change Portfolios, operational delivery of integration programmes following organisational mergers/ acquisitions and led upon significant business transformation. Over the last 11 years she successfully established her consultancy business which provided interim management support, with focus on setting up new operational functions and building sustainable internal capabilities, creating portfolios of strategic change to improve operational performance and financial stability, strengthening governance and control regimes, consulting on risk management strategies, and positively responding to increased regulatory scrutiny. Tricia is the Chair of the Trust's Finance and Performance Committee.

Tricia was appointed Acting Vice Chair from 1 September 2022 until 31 July 2023.

Associate Non-Executive Directors (non-voting)

Uzair Patel, Associate Non-Executive Director (I)

Appointment: 1 October 2023

Uzair is a Chartered Accountant and senior finance professional with deep and wide-ranging experience across global banking in a range of technical and commercially focused roles. He is a board member of Torus Foundation supporting communities in Liverpool and the surrounding areas. He was previously a board member at the national domestic-violence and abuse charity, Safe Lives, as well as Chair of Audit and Risk at King's College London Students' Union. He was co-creator of the award-winning #ThisIsMe mental-health campaign at Barclays and across the City of London in partnership with the Lord Mayor of London. He read Biomedical Sciences at King's College London with a focus on neuroscience and pharmacology.

Michael Wearden, Associate Non-Executive Director (I)

Appointment: 10 June 2022 to 9 June 2024 (two-year fixed term)

Michael is a values-driven leader with significant strategic experience of working within the Third Sector, driving business transformation and managing diverse teams in the delivery of health-related programmes across the North West. He is currently Managing Director of Lancashire charity Red Rose Recovery, the largest Lived Experience Recovery Organisation in the country and has over 15 years' experience in developing and managing innovative programmes that support people of all ages, backgrounds and complex needs from across the UK to flourish and create a positive impact on individual wellbeing and life changes.

Michael is also Non-Executive Director for Lancashire-based CIC U-Develop and Founder and Director of MWD Consultants which supports various Health and Wellbeing voluntary, community, faith and social enterprise (VCFSE) sector organisations from across the North of England to grow and thrive.

Peter Wilson, Associate Non-Executive Director (I)

Appointment: 16 June 2022 to 15 June 2024 (two-year fixed term)

Executive Directors

Professor Silas Nicholls, Chief Executive

Permanent post – appointment from 8 January 2024

Silas is an experienced Chief Executive and NHS leader who began his NHS career as a graduate management trainee. He has since held a wide range of general management posts, including commissioning roles in health authorities, management of community services and extensive hospital management experience.

Silas has held a number of Chief Executive posts since 2016 and joined Lancashire Teaching Hospitals in January 2024.

In addition to his Chief Executive role, Silas is the Chair of the North West Leadership Academy.

In January 2024 he was awarded the title of Professor of Leadership and Healthcare Management – Institute of Medicine, University of Bolton.

Sarah Cullen, Chief Nursing Officer

Permanent post – appointment from 1 August 2019

Sarah is a Registered Nurse with experience in a variety of nursing and operational roles in a broad range of specialties. Sarah spent 18 years of her career at University Hospitals of Morecambe Bay and joined Lancashire Teaching Hospitals in 2017 as the Deputy Nursing, Midwifery and AHP Director becoming the Executive Nursing, Midwifery and AHP Director in 2019. Sarah is the Executive lead with responsibility for the hospital charity, clinical governance, maternity, children and safeguarding. She is also a trustee of the post graduate education charity.

Imran Devji, Interim Chief Operating Officer

Interim post – appointment from 1 October 2023 (one year fixed-term)

A local resident in Lancashire, Imran is our Interim Chief Operating Officer with 31 years' experience in the NHS initially as a critical care nurse progressing on to commissioning, service improvement, community service director, acute divisional director, and Deputy Chief Operating Officer roles across integrated care organisations mainly in London and the South. Imran is passionate about leadership in health care championing patient safety and colleague wellbeing to deliver quality care.

Gerry Skailes, Chief Medical Officer

Permanent post – appointment from 1 March 2018

Gerry graduated from Guys Hospital in London and spent the early years of her medical training in London and the South Coast before moving to the Christie Hospital to undertake specialist training in Clinical Oncology. She was appointed as a Consultant at Royal Preston Hospital in 1997 with an interest in treating lung and gynecological cancers. She has held a number of leadership roles within the Trust and North West region including Clinical Lead for the Lancashire and South Cumbria Cancer Alliance and Deputy Medical Director of the Trust. Gerry continues to work as a Consultant in Oncology undertaking a weekly acute oncology ward round and is actively involved in a number of the ICP and ICS Committees. Gerry was appointed as the Trust's full-time Medical Director from March 2018 and is also our Caldicott Guardian.

Jonathan Wood, Chief Finance Officer/Deputy Chief Executive

Permanent post – appointment from 1 August 2019

After graduating, Jonathan joined the North Western financial management training scheme in 1992 where he worked with a number of Health Authorities within Greater Manchester. Since qualifying he has worked for a number of NHS organisations, including Salford Royal, the North West Strategic Health Authority, East Lancashire Hospitals NHS Trust and Leeds Teaching Hospitals NHS Foundation Trust. He has supported a number of hospital developments over the years and enjoys working with teams in resolving complex problems.

Executive Directors (non-voting)

Ailsa Brotherton, Director of Continuous Improvement and Transformation

Permanent post – appointment from 1 December 2017

Ailsa joined the Trust in 2017 from Manchester Foundation Trust where she was the Director of Transformation for the Single Hospital Programme. Prior to this Ailsa was the Clinical Quality Director for the North of England with the Trust Development Authority/NHS Improvement. She has also held a post-doctoral senior research fellow post, has a Masters in Leadership (Quality Improvement) from Ashridge Business School, and is a Health Foundation Generation Q Fellow. Ailsa has extensive experience of designing and delivering quality improvement and large-scale change programmes. Last year, Ailsa was awarded an honorary professorship in the School of Health and Wellbeing at the University of Central Lancashire and is working with our academic partners to ensure all our improvement programmes are evidence based and evaluated. Ailsa is a member of the national Improvement Directors' network, as well as a registered dietitian.

Stephen Dobson, Chief Information Officer

Permanent post – appointment from 1 April 2020

Stephen joined the Trust in April 2020 from Greater Manchester's Health and Care Partnership where he was the Chief Digital Officer. Prior to this Stephen spent eight years as Chief Information Officer for Wrightington, Wigan and Leigh NHS Foundation Trust. He has also spent over 10 years working for Pfizer Pharmaceuticals within the USA and UK within a variety of roles including Pharmacogenomics, Clinical Trials, Informatics and Knowledge Management. Stephen has a PhD in Molecular Genetics and extensive experience leading digital programmes.

Gary Doherty, Chief Strategy and Planning Officer

Permanent post – appointment from 30 January 2022

Gary joined the Trust in February 2020 and is an experienced NHS leader having worked in operational and planning roles at a range of levels including Chief Executive. He has over 25 years NHS experience and has worked in both the English and Welsh NHS, mainly in hospital provision but also at a regional level for the Department of Health.

Naomi Duggan, Director of Communications and Engagement

Permanent post – appointment from 1 April 2020

Naomi joined the Trust in April 2020 having previously undertaken a similar role at University Hospitals of North Midlands from October 2015 where she was a member of the Board and Executive team. Prior to this, Naomi has held senior communications and engagement roles at Tameside and Glossop Primary Care Trust, Oldham Metropolitan Borough Council and within private sector retail.

Naomi has run her own consultancy business and after her first degree she started her career as a Management trainee on the Blue Chip British Coal Corporation graduate scheme. Naomi has worked on a number of transformational projects for the NHS including Better Care Together in Morecambe Bay and Healthier Together in Greater Manchester, as well as controversial retail schemes which needed positive engagement to win the hearts and minds of a range of key stakeholders in order to secure planning permission and political and community support.

A graduate of Leeds University, Naomi has an MBA from Leeds University Business School, a Postgraduate certificate in Marketing from Sheffield Business School and the Chartered Institute of Marketing Diploma. She is also a member of the Chartered Institute of Public Relations.

Jennifer Foote MBE, Company Secretary

Permanent post – appointment from 1 July 2022

Jennifer joined the Trust in July 2022 and has extensive experience of corporate governance across the public sector, including working as part of the Further Education Commissioner's Team in the Department of Education as a National Leader of Governance.

Jennifer was awarded the MBE in 2017 for services to governance.

Neil Pease, Chief People Officer

Permanent post – appointment from 1 December 2023

Neil brings over 25 years of NHS experience, transitioning to Lancashire Teaching Hospitals after serving nearly four years at Nottingham University Hospitals NHS Trust as Executive People Director and Chief People Officer. Before that, he held executive roles at University Hospitals of Derby and Burton NHS Foundation Trust and Northern Lincolnshire and Goole Hospitals NHS Foundation Trust.

With a degree in Sports Medicine from Glasgow University, Neil shifted his focus to education and organisational development, pioneering clinical simulation in palliative care education. His journey includes roles at NHS Hull and a stint as Director of Strategic Development at Hull Kingston Rovers Rugby League Club. He holds a Professional Doctorate from Sheffield Hallam University in organisational development and anthropology.

Board members whose term of office ended during 2023–24

The following Board members stepped down during 2023–24:

Faith Button, Chief Operating Officer**	1 May 2019 to 16 February 2024
Nikki Latham, Interim Chief People Officer	1 June to 30 November 2023
Kevin McGee, Chief Executive	1 September 2021 to 30 September 2023
Ann Pennell, Non-Executive Director	7 January 2019 to 31 May 2023
Karen Swindley, Chief People Officer	1 November 2011 to 31 May 2023

** Interim Chief Executive from 1 October 2023 to 7 January 2024.

Appointment and removal of Non-Executive Directors

Appointment and, if appropriate, removal of Non-Executive Directors is the responsibility of the Council of Governors. When appointments are required to be made, usually for a three-year term, the Trust Nominations Committee oversees the process and makes recommendations to the Council as to appointments. The procedure for removal of the Chair and other Non-Executive Directors is laid out in our Constitution which is available on our website or on request from the Company Secretary.

Division of responsibilities

There is a clear division of responsibilities between the Chair and the Chief Executive. The Chair ensures the Board has a strategy which delivers a service that meets the expectations of the communities we serve, and that the organisation has an Executive team with the ability to deliver the strategy. The Chair facilitates the contribution of the Non-Executive Directors and their constructive relationships with the Executive Directors. The Chief Executive is responsible for leadership of the Executive team, for implementing our strategy and delivering our overall objectives, and for ensuring that we have appropriate risk management systems in place.

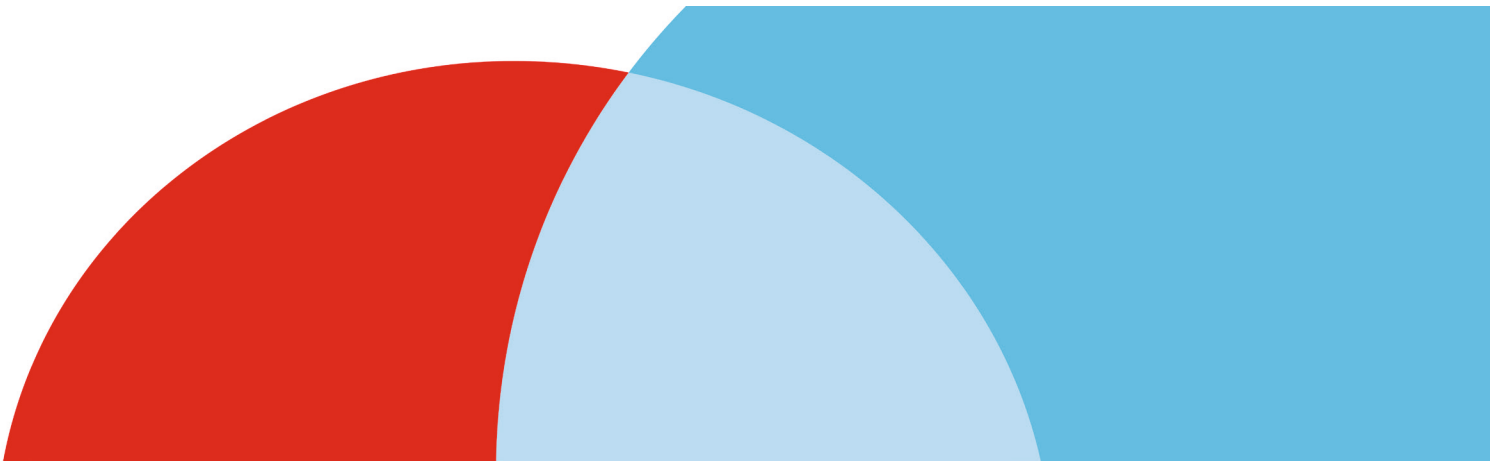
Review of Effectiveness

All Non-Executive Directors completed satisfactory individual appraisals of their performance for 2023–24 in March and April 2024. This was reported through to Council in April 2024. Executive Directors undertook parallel reviews, reported through to the Appointments, Remuneration and Terms of Employment (ARTE) Committee.

A Committee effectiveness review is undertaken annually in order for the Board to receive assurance that all Committees have discharged their collective responsibilities.

Declaration of interests

All Directors have a responsibility to declare relevant interests, as defined within our Constitution. These declarations are made to the Company Secretary, reported formally to the Board, and entered into a register which is available to the public. The register is also published on our website and a copy is available on request from the Company Secretary.



Independence of Directors

The role of Non-Executive Directors is to bring strong, independent oversight to the Board and all Non-Executive Directors are currently considered to be independent. The Board is made up of a majority of independent Non-Executive Directors who have the skills to challenge management objectively. There is also a strong belief in the importance of ensuring continuity of corporate knowledge, whilst developing and supporting new skills and experience brought to the Board by new Non-Executive Directors.

Decisions on reappointments of Non-Executive Directors are made by the Council of Governors. A reappointment of a Non-Executive Director beyond six years is based on careful consideration of the continued independence of the individual Director and recognising the need to introduce new skills to the Board. Non-Executive Directors who are appointed beyond six years are always subject to annual reappointment, and the maximum term of office is nine years in aggregate, in line with the Trust's Constitution.

Board meeting attendance summary 2023–24

PRESENT	06/04/2023	01/06/2023	03/08/2023	05/10/2023	07/12/2023	01/02/2024	A	B	Percentage of meetings attended
VOTING NON-EXECUTIVE DIRECTORS									
Peter White			P	P	P	P	4	4	100%
Tim Ballard				P	P	P	3	3	100%
Victoria Crorken	P	P	P	Ab	P	Ab	6	4	67%
Paul O'Neill	P	P	P	P	P	P	6	6	100%
Ann Pennell	P						1	1	100%
Kate Smyth	P	P	P	P	P	P	6	6	100%
Tim Watkinson	P	P	P	P	P	P	6	6	100%
Jim Whitaker	P	P	Ab	P	Ab	P	6	4	67%
Tricia Whiteside	P	P	P	Ab	P	P	6	5	83%
VOTING EXECUTIVE DIRECTORS									
Faith Button	P	P	P	P	P	Ab	6	5	83%
Sarah Cullen	P	P	P	P	P	P	6	6	100%
Nikki Latham		P	P	Ab			3	2	67%
Kevin McGee	P	P	P				3	3	100%
Silas Nicholls						P	1	1	100%
Gerry Skailes	P	P	P	P	P	Ab	6	5	83%
Karen Swindley	P						1	1	100%
Jonathan Wood	P	P	P	P	P	P	6	6	100%
NON-VOTING ASSOCIATE NON-EXECUTIVE DIRECTORS									
Uzair Patel				P	P	Ab	3	2	67%
Michael Wearden	Ab	Ab	P	P	P	Ab	6	3	50%
Peter Wilson	Ab	P	Ab	Ab	Ab	Ab	6	1	17%
NON-VOTING EXECUTIVE DIRECTORS									
Ailsa Brotherton	P	P	P	P	Ab	P	6	5	83%
Imran Devji				P	P	P	3	3	100%
Stephen Dobson	Ab	Ab	Ab	P	P	Ab	6	2	33%
Gary Doherty	P	P	Ab	P	P	P	6	5	83%
Naomi Duggan	P	P	P	P	P	P	6	6	100%
Neil Pease					P	P	2	2	100%

P = Present | Ab = Absent | A = Maximum number of meetings the Director could have attended | B = Meetings attended

Evaluating performance and effectiveness

The CQC last undertook a Well Led inspection at the Trust in 2023 and rated the Trust as 'Requires Improvement' for Well Led.

Further information on performance and effectiveness can be found in the Annual Governance Statement, at pages 78 to 96.

The Modern Slavery Act 2015

The Trust has zero tolerance to slavery and human trafficking and is committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our service. The Trust is fully aware of the responsibilities it bears towards patients, employees and the local community and, as such, we have a strict set of ethical values that we use as guidance with regard to our commercial activities. We therefore expect that all suppliers to the Trust adhere to the same ethical principles. The summary below sets out the steps the Trust takes to ensure that slavery and human trafficking is not taking place in our supply chains or in any part of our service:

- **Assessing risk related to human trafficking and forced labour associated with our supply base:** we do this by supply chain mapping and developing risk ratings on labour practices of our suppliers to understand which markets are most vulnerable to slavery risk.
- **Developing a Supplier Code of Conduct:** we will issue our Supplier Code of Conduct to our existing key suppliers as well as those that are in a market perceived to be of a higher risk (for example, catering, cleaning, clothing and construction). The Supplier Code of Conduct will also be included within our tendering process. We will request confirmation from all our existing and new suppliers that they are compliant with our Supplier Code of Conduct.
- **Monitoring supplier compliance with the Act:** we will request confirmation from our key suppliers that they are compliant with the Act.
- **Training and provision of advice and support for our staff:** we are further developing our advice and training about slavery and human trafficking for Trust staff through our Safeguarding Team to increase awareness of the issues and how staff should tackle them.
- **Monitoring contracts:** we continually review the employment or human rights contract clauses in supplier contracts.
- **Addressing non-compliance:** we will assess any instances of non-compliance with the Act on a case-by-case basis and will then tailor remedial action appropriately.

Political donations

The Trust has neither made nor received any political donations during 2023–24.

Directors' declaration

All directors have confirmed that, so far as they are aware, there is no relevant audit information of which the auditor is not aware and that 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 NHS Foundation Trust's auditor is aware of that information. All directors understand that it is their responsibility to prepare the annual report and accounts, and that they consider the annual report and accounts, taken as a whole, to be fair, balanced and understandable, and to provide the information necessary for patients, regulators and other stakeholders to assess the performance of Lancashire Teaching Hospitals NHS Foundation Trust, including our business model and strategy.

If you would like to make contact with a director, please contact the Company Secretary by email: **company.secretary@lthtr.nhs.uk** or telephone **01772 522647**.

Also available on our website:

Register of directors' interests
Director biographies
Statement on the division of responsibilities between Chairman and Chief Executive

QUALITY IMPROVEMENT

Below highlights some of the key developments made by the Trust to improve service quality and an overview of the Trust's arrangements in place to govern service quality. Additional information on quality is available in our 2023–24 Quality Account which will be available on the Trust website at the end of June 2024 and within our Annual Governance Statement (pages 78 to 96).

Continuous Improvement

The Trust's Continuous Improvement (CI) Strategy has been delivered throughout the year and has supported a number of key programmes as outlined below. A new CI strategy will be developed and launched through 2024.

The Lancashire and South Cumbria Flow Coaching Academy is now well established, delivering three cohorts and a fourth is currently in progress. 77 Flow Coaches have been trained and have applied the methodology in the following Big Rooms: Brain Tumour, Breast Reconstruction, Cauda Equina Syndrome, Chemotherapy, Colorectal, Deconditioning, Deteriorating Patients, Do No Attempt Cardiopulmonary Resuscitation, Eating Disorders, Emergency Mental Health, Enhanced Care, End of Life, Endoscopy, Ears Nose and Throat, Entry to Emergency and Urgent Care Frailty, Falls Prevention, Gynaecology, Inflammatory Bowel Disease, Inpatient Avoidance, Inpatient Pre-operative Pain Management, Lung Cancer, Kidney Care, Major Trauma, Neurology (Headache), Neonatal, Nutrition, Pain Management (Spine), Pneumonia, Pre-operative and Prehabilitation, Radiotherapy, Respiratory, Sepsis, Stroke and Vascular Surgery.

A fourth cohort is due to complete the programme in June 2024, adding a further 12 Flow Coaches and a further six Big Rooms will be established. These Big Rooms are: Alcohol and Tobacco, Central Venous Access, Day of Surgery Admission, Paediatric Epilepsy, Soft Tissue Knee Injury and Surgical Admissions Unit.

The Lancashire Microsystem Coaching Academy programme has now delivered six cohorts and a seventh cohort is currently in training. With 65 areas trained in the Microsystem Coaching Academy methodology and 121 Coaches, the addition of the seventh cohort will see a further 19 areas and 19 Coaches skilled up and working on local level improvements.

Over the last 12 months we have worked collaboratively with our ICS and health care partners to test a new approach to deliver system-level improvement across our Lancashire and South Cumbria footprint. Working in partnership with the Emergency Engineering Design Centre at Cambridge University we have delivered a programme as an ICS system with a focus on Frailty. We used the Engineering Better Care model to develop and test new ways to deliver healthcare for this population group. More locally across central Lancashire the team participating in the programme have focused their efforts on reducing conveyance from care homes to the Emergency Department by working with place and system partners to develop more joined-up support services and pathways to mitigate the need for Emergency Department attendance and support patients to live well and age well. The learning and outputs from this programme have been developed and integrated into the 2024 GP Quality Contract, supporting standardised identification, assessment, and care planning for our over 65 population living with Frailty.

There has been a continued focus throughout the year on building CI capability across the organisation through the delivery of the CI Building Capability Strategy in line with the NHSE report and dosing formula for provider organisations for year on of the strategy.

CI support has been provided to several of the divisions and corporate teams with the design, testing and implementation of improvement priorities in response to specific requests (outside the formal improvement programmes), often in response to organisational pressure. In year, this has included:

- HandsFirst Two (National Quality Improvement Collaborative with the Royal College of Surgeons)
- The Lancashire and South Cumbria Neck of Femurs (#NOF) Quality Improvement Collaborative
- The Hospital Handover Collaborative (regional collaborative with North West Ambulance Service and the Advancing Quality Alliance)

- Core20Plus5 Reducing Health Inequalities (national collaborative with NHS and the Institute for Health Care Improvement)
- The Race and Health Observatory and IHI Learning Action Network (national collaborative with NHS and the Institute for Health Care Improvement)
- Supporting the Patient Experience team to drive improvements in patient experience, including participating in the Imperial College and Health Foundation Scale, Spread and Embed Research Project.
- Supporting the Trust's Always Safety First Strategy delivery and improvement programmes aimed at reducing avoidance harm through the development of highly reliable systems and processes.
- Supporting pharmacy to use a CI methodology to improve compliance to prescribing oxygen and development of a prioritisation process.
- Supporting the development of a waste programme within a number of divisions
- Supporting organisational flow through the following initiatives utilising the Theory of Constraints:
  - ◊ Co-ordinating the Lancashire and South Cumbria Together Improvement Weeks in response to operational pressures
  - ◊ Improvement project in maternity triage assessment unit: a patient flow improvement programme

Always Safety First

The Always Safety First Strategy is the Trust's response to the National Patient Safety Strategy, facilitating improvement in safety metrics across the organisation. We are in year three of the strategy this year. The Board continues to recognise the benefits of embedding a culture of continuous improvement across our organisation, supporting staff to design, test, embed and sustain changes that benefit patients and the local population. This is reliant on building capacity and capability lead improvement.

Always Safety First is based on proactive regular review of our safety metrics and safety intelligence to inform our priorities, improvement co-designed with our staff and patients, shared governance, collaborative working across divisions and clinical specialties, and learning to improve. Our work is underpinned by a real-time safety surveillance system making our data visible from Ward and the Emergency Department to Board.

Research participation in clinical research

2023–24 has been a record year for the number of patients recruited during that period to participate in research, approved by a Research Ethics Committee, completed at Lancashire Teaching Hospitals. The team in the Centre for Health Research and Innovation recruited 3,421 patients to National Institute for Health Research (NIHR) portfolio adopted studies in this period. The Trust recruited a further 483 participants to non-portfolio studies. In total, there are currently 190 open research studies recruiting patients at the Trust. The return to a more balanced, pre-pandemic style portfolio has steadily seen commercial trials at 13% of the mix from 9% at the end of the pandemic.

PATIENT EXPERIENCE

The Trust's current Patient Experience and Involvement Strategy runs from 2022 to 2025. The strategy was developed and co-produced with patients, families, carers, governors, and staff who also contributed to setting the improvement actions. The strategy sets the tone to listen more and act on patient experiences, listening to patients and families when things do not go well and when they do go well. The views of patient groups who represent those with protected characteristics have actively been sought recognising the importance of intersectionality when considering the feedback.

The Patient Experience and Involvement Strategy has strong links with a range of Trust strategies including the Equality Diversity and Inclusion Strategy, the new Single Improvement Plan, and the Mental Health, Learning, Disability, Dementia and the Autism Strategies.

The Patient Experience and Involvement Strategy is divided into three sections:

1. **Insight** – improving our understanding of patient experience and involvement by listening and drawing insights from multiple sources of information.

2. **Involvement** – equip patients, colleagues, and partners with the skills and opportunities to improve patient experience throughout the whole system.

3. **Improvement** – design and support improvement programmes that deliver effective and sustainable change.

The ambition of the strategy is to involve our patients and communities to co-produce and deliver services that have been formed collaboratively as equal partners. Year two of the strategy has continued to build on the firm foundations introduced in year one and raised the profile of the patient voice further.

Complaints and Concerns

Comparator data for Complaints 2021–2024

Year	Complaints received	Increase/reduction
2021–22	580	+ 219
2022–23	487	- 93
2023–24	355	-132

Source: LTHTR Datix

During 2023–24 the Trust received 355 formal complaints, a decrease of 132 from 2022–23. In year the backlog of complaints from the COVID-19 pandemic was addressed and all were closed. The complaint performance has been monitored throughout the year and patients receiving a response within 35 or 60 days increased from 50% in April through to 79% in March with an average for the year of 75% compliance. It is the intention of the team to return to and maintain the Trust target of 90% in 2024–25.

Of the 355 complaints received between April 2023 to March 2024, 285 (80%) related to care or services provided at the Royal Preston Hospital, 65 (18%) to care or services provided at Chorley and South Ribble Hospital, 1 (0.2%) to care or services provided by Preston Business Centre, and 4 (1.8%) to care and services provided at Finney House Community Healthcare Hub. There were no cases which were outside of the 12 months' timescale set out under the NHS Complaints Procedure.

Number of complaints by division 2023–24:

Division	Number (%)	Division	Number (%)
Medicine	150 (42%)	Women and Children's Services	43 (12%)
Surgery	129 (36%)	Diagnostics and Clinical Support	27 (8%)
Estates and Facilities	1 (0.5%)	Corporate Services	5 (1.5%)

Source: LTHTR Datix

Trend of ratio of complaints per patient contact 2021–24:

Year	No of complaints	Total episodes	Ratio of complaints to patient contacts
(inpatient/outpatient)	Ratio of complaints to patient contacts	717,213	1:1,987
2021–22	580	821,526	1:1,416
2022–23	487	849,328	1:1,744
2023–24	355	871,231	1:2,454

Source: LTHTR Datix

During this financial year there were 334 cases due to be closed. The outcome of these can be broken down into the following outcomes 17 (5.9%) of the complaints had been upheld. 180 (53.89%) were partly upheld and 127 (38.02%) were not upheld. 10 cases remain open at the end of the year.

Top 3 themes from complaints by division:

Division	Themes
Diagnostic and Clinical Support	1. Confidentiality or communication 2. Treatment/procedure 3. Nursing care
Women and Children	1. Confidentiality or communication 2. Treatment/procedure 3. Staff behaviour or attitude
Medicine	1. Confidentiality or communication 2. Treatment/procedure 3. Nursing care
Surgery	1. Treatment/procedure 2. Confidentiality or communication 3. Nursing care

The Parliamentary Health Service Ombudsman

Complainants have the right to request that the Parliamentary and Health Services Ombudsman (PHSO) undertakes an independent review into their complaint in instances where local resolution has not been achieved.

Between the period April 2023 to March 2024 there were 10 cases referred to the PHSO; three were partly upheld and seven are ongoing. During this period, the PHSO sent final reports for three cases which were opened prior to April 2023 and the outcome of these were that two were not upheld and one was partly upheld. There was one further case referred to the PHSO prior to April 2022, which is still under investigation by the PHSO, and a final decision is yet to be reached.

Compliments

The Trust receives formal and informal compliments from patients and their families in relation to their experience of care. During 2023–24 a total of 3,871 compliments and thank you cards were received by wards, departments, and through the Chief Executive's Office. There has been a 45% increase in the number of compliments received during the year and departments are being encouraged to actively log compliments on the Datix system. This provides teams with the opportunity to celebrate success locally and as part of their wider teams and divisions.

Patient Experience Feedback

Friends and Family Test

The Friends and Family Test (FFT) is used as a national measure to identify whether patients would or would not recommend the services of our hospitals to their friends and family. The national requirement is to report on the following areas:

- Maternity
- Day Case
- Outpatients
- Inpatients
- Emergency Department

A target of 90% is set for patients who would recommend services to friends and family in four of the areas, with a target of 85% in the Emergency Department. Maternity has achieved this in Q1 and Q4, Day case and outpatients have consistently achieved more than 90% in all four quarters, inpatients and the Emergency Department are under the target percentage in all four quarters.

Although not a national requirement, the Trust undertakes surveys in CYP Services to ensure an equitable approach to measurement of experience. Children and young people using the urgent and emergency pathways are reporting less favourable experiences. The day case and outpatient departments are demonstrating positive performance. The neonatal service has maintained a sustained performance of 100%.

Friends and Family response rate

Expanding the methods used to collect feedback is important if we are to understand what matters to patients. The response rate is an area we set out to improve and the data below demonstrates this has been achieved with a total of 11,359 more valuable pieces of feedback than what was collected in 2022–23.

It is not yet possible to view this feedback through the lens of protected characteristics and deprivation however, work is underway to capture this.

Year	QR codes/ online surveys	Paper surveys	Telephone surveys	SMS text surveys	Total
2021–2022	1,468	2,829	3,684	36,128	44,109
2022–2023	2,905	6,788	4,421	37,070	51,184
2023–2024	3,016	10,944	2,112	46,471	62,543

In the year 2023–24 there has been a positive increase in the response rates overall of 22.19% on the previous year. Increases have been realised with QR codes/online surveys, paper surveys and SMS test surveys. There has been a reduction in the telephone surveys which in part may be due to an increase in online and mobile preferences for service users.

National Patient Survey Results

Maternity Survey

The Maternity survey is based on a sample of maternity service users who had a live birth between 1 and 31 March 2023. In the 2023 survey the Trust was ranked 18 out of the 61 participating Trusts. Compared to the 2022 survey results, the Trust ranked 19 out of 65 Trusts. The response rate for the 2023 survey was 39% compared to the 2022 survey response rate of 44%.

National Inpatient Survey

Compared to the national inpatient survey in 2021, the Trust remains in the same position, with no areas identified as significantly better or significantly worse in 2022 (the most recent available data). The Trust is now ranked 50 out of the 70 Trusts. This compared to the 2021 survey where the Trust was ranked 55 out of 73 Trusts surveyed.

Emergency and Urgent Care Survey

The Urgent and Emergency Care Survey is carried out every 2 years. The previous survey was undertaken in 2020. The purpose of the survey is to understand what patients think of the care they have received within a Type 1 Emergency Department.

The results demonstrated an improved position for the Emergency Department compared to the last National survey in 2022.

Cancer Survey

The survey results were published July 2023. The overall score for care at our Trust was 9 out of 10, which is higher than previous years.

Common themes that require improvement across the range of cancer services include:

- Hospital care confidence in staff particularly within Head and Neck, Gynaecology and Upper Gastrointestinal
- Discussions with patients about research
- Information regarding immunotherapy

Areas where LTH has scored positively are:

- All teams scored highly for privacy when receiving results.
- All teams scored highly regarding support from main contact.
- All teams scored highly for review of care plans with patients.
- All teams scored highly in the Treatment section.

Patient Experience and Involvement

In the last 12 months the patient experience and involvement group has continued to develop and grow. The aim of the group is to have full representation from people that have protected characteristics. The group is well represented by all divisions, patients, third sector partners, charities, and advocacy groups, and focuses on patients, families and carers feedback. Stories are presented and heard from each division and data and metrics are shared to ensure learning. Quarterly reports are presented by each division giving an oversight of all aspects of patient experience across the hospitals.

The organisation remains committed to involving and engaging with our local partners and communities and this is a key thread within our strategy. Patient groups and forums include:

Patient Experience and Involvement Group	Maternity Voices Partnership
Patient Information Group	Preston Dystonia/Migraine Group
Cancer Patient Information Group	Critical Care Former Patients and Relatives Support Group
Carers Forum	Renal Strategy Group
Cancer Patient and Carers Forum	Tracheostomy Patient Forum
Specialist Mobility Rehabilitation Centre Mobility Matters	Lancashire Learning Disability and Autism Partnership
Specialist Mobility Rehabilitation Centre Complex Regional Pain Syndrome	Patient Research Group
Youth Forum	Saheliyaan Asian Ladies Forum
Visually Impaired Forum	

Patient forums help us to learn and engage with our service users. They give us the opportunity to understand the experiences felt by our patients and families and work together to ensure the pathways and services are designed to meet expectations.

Carers

Our Carers forum was established in early 2021 and is an example of how partnership working with patients and carers can improve and develop our services. The forum developed in collaboration with Lancashire Carers Service, with attendance and input from external partners.

Hospital Guides

The volunteer role is an important part of our network, enabling us to gather real time feedback from our service users. Following feedback this year we saw the recruitment of volunteer Hospital Guides to help our patients and visitors navigate our sites.

Patient Experience Champions

In 2023 Patient Experience Champions were introduced into all clinical departments across the organisation with over 170 staff trained to provide support to colleagues in relation to patient experience.

Patient Safety Partners (PSP) and Maternity and Neonatal Voices Partnership Chair

Patient Safety Partners (PSPs) are a new and evolving role developed by NHS England to help improve patient safety across the NHS. In November 2023 we welcomed three PSPs to the organisation. The PSPs join the established role of the MNVP Chair and provide a clear patient voice, advocating for patients and working with services alongside our staff, patients, families, governors and carers to influence and improve safety and experience across our range of services.

Equality, Diversity and Inclusion

The Equality, Diversity and Inclusion Strategy is the golden thread that runs through the Patient Experience and Involvement Strategy. It is vitally important that as part of this strategy we are consciously inclusive in everything we do. As part of being wholly inclusive and diverse we need to ensure we gather as much information from the patient voices of those who are seldom heard, so a real focus on those with protected characteristics whilst using friends and family feedback, Datix and PSIRF as well as working alongside our health inequalities agenda. This will enable us to really understand the true diverse voices of the patients.

MAJOR SERVICE DEVELOPMENTS

Despite significant challenges across the Lancashire and South Cumbria healthcare system due to winter pressures, sustained demand for our services and the effects of industrial action, we continued to implement a number of major service developments during 2023–24. The developments have benefited both patients and colleagues, helping to alleviate pressure on our emergency care pathways, reduce elective waits and improve flow across our sites.

These developments are testament to the resilience of our hard-working and dedicated colleagues and key partners who have remained committed to improving our services for the communities we serve. The major developments during the past year are outlined below:

Sir Lindsay Hoyle officially launches expansion of Clinical Health Psychology Services

The expansion of the Clinical Health Psychology Service was launched in May 2023 with a ribbon-cutting event by Sir Lindsay Hoyle, Member of Parliament for Chorley and Speaker of the House of Commons. The aim of the service is to offer help and support to adult patients with psychological distress that they may experience as a result of chronic and life-changing physical health conditions or injuries, such as cancer or severe spinal injury.

Future plans for the service are to continue to improve access to mental health support for long-term conditions and use it as a role-model service for other Trusts, demonstrating the benefits of co-located services and integrated care in the NHS.

UK-first for cutting-edge Lung Vision Bronchoscopic Navigation System

In June 2023, the Lancashire Teaching Hospitals became the first Trust in the UK to implement Lung Vision – the latest navigation bronchoscopy technology to locate and diagnose challenging peripheral lung tumours in a minimally invasive, safe fashion through an advanced tracking and navigation system.

Lung Vision enables doctors using a bronchoscope to examine inside a patient's lungs in real time, penetrating deeper and reaching areas they were previously unable to reach to take biopsy samples.

The Trust engaged widely with partners, colleagues and the Rosemere Cancer Foundation Charity, who funded the equipment, to manage the process of bringing the system to the UK.

New Regional Hyper-Acute Stroke Unit (HASU) is 'big step forward'

A new Regional Hyper-Acute Stroke Unit (HASU) was opened in June 2023, bringing experts and equipment under one roof to help reduce death rates in stroke patients.

The unit, based at Royal Preston Hospital, is led by stroke specialist consultants, supported by a multidisciplinary team including specialist nurses, occupational therapists, physiotherapists and speech and language therapists, who are able to closely monitor and stabilise patients newly diagnosed with a stroke with world-class treatment for the first 72-hours following their diagnosis.

Waiting lists for children on the decrease thanks to new surgery offer

July 2023 saw the opening of a new low complexity day surgery service for children based at Chorley and South Ribble Hospital. The pop-up service, which operates once every two weeks from Rawcliffe Ward, was created to improve efficiency, experience and the number of children waiting for elective treatment.

The service brings together paediatric, anaesthetic and surgical teams to perform a range of procedures including dental, maxillofacial, ophthalmology, plastic surgery and ear, nose and throat.

Finney House celebrates its first anniversary

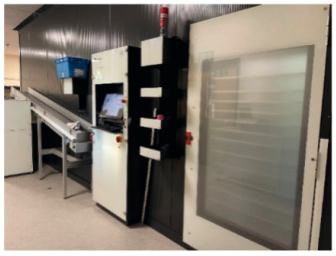
Finney House celebrated its first birthday in November 2023, marking one year since the Trust took over the facility to run a Community Healthcare Hub designed to accommodate patients who no longer need specialist hospital care.

In its first year the Community Healthcare Hub saw over 1,500 admissions and helped 70% of patients return home with support – in turn helping the local healthcare system to support discharge, patient flow and ease pressure on ambulance crews.

New breast pain clinic launches in Central Lancashire

The NHS in Lancashire and South Cumbria launched a new breast pain clinic to support people in Central Lancashire in November 2023. The clinic provides examinations and advice to patients suffering from breast pain in Preston, Chorley and other parts of Central Lancashire and aims to reduce anxiety and worry for many patients who might otherwise have been unnecessarily referred for hospital tests on a cancer pathway.

Trust upgrade robotic system to speed up prescription processing



A replacement robotic system has been installed in the Trust Pharmacy departments, to help both Royal Preston and Chorley and South Ribble Hospitals speed up prescription processing to get medication to patients faster. The update to the Royal Preston Hospital's Pharmacy department comes on the back of upgrading the system at Chorley and South Ribble Hospital and now complete, it will save valuable time for the Pharmacy team and bring greater efficiency to pharmacy processes.

Trust unveils newly refurbished Gynaecology and Early Pregnancy Assessment Unit

In January 2024, the Trust opened its newly refurbished Gynaecology and Early Pregnancy Assessment Unit at Royal Preston Hospital, helping to enhance and improve care for women and families experiencing early pregnancy or complications.

The £90,000 scheme to redesign the Gynaecology Assessment Unit, received significant support from Baby Beat – part of Lancashire Teaching Hospitals Charity – who contributed £30,000.

This initiative is part of the broader women's health improvement programme to enhance the care for women and families experiencing early pregnancy or acute gynaecological complications including miscarriage and baby loss.

STAKEHOLDER RELATIONS

Lancashire Teaching Hospitals is part of the Lancashire and South Cumbria ICS, a partnership of organisations that come together to plan and deliver joined up health and care services to improve the lives of people who live and work in the area.

Each ICS includes an ICB and an Integrated Care Partnership (ICP). The Lancashire and South Cumbria ICB is a statutory NHS organisation which is responsible for developing a plan for meeting the health needs of the population, managing the NHS budget and arranging for the provision of health services in our geographical area. The ICP is a statutory committee jointly formed between the ICB and all upper-tier local authorities that fall within the ICS area. The ICP brings together a broad alliance of partners concerned with improving the care, health, and wellbeing of the population, with membership determined locally.

In 2023–24, there have been many examples of collaborative work across the local health and care system against key priorities including, but not exclusive to, urgent and emergency care, discharge and elective care recovery and delivering a challenging budget, amongst others.

Examples of key stakeholder relations is set out below:

Lancashire and South Cumbria Provider Collaborative

The five NHS Trusts in Lancashire and South Cumbria formed a Provider Collaborative in 2021 with the aim of better supporting patient care, creating a great place to work and reducing duplication to ensure the very best value for taxpayers' money.

This is more important than ever given the widening health inequalities within our communities; rising demand for services; pressure on quality of care and patient safety; significant financial debt; and the health and wellbeing of our colleagues.

A number of LTH executive colleagues are Senior Responsible Officers for various projects within the Collaborative.

A key part of our collaboration is the creation of 'One LSC' (One Lancashire and South Cumbria), whereby the five Trusts in Lancashire and South Cumbria will run central services together under a collaborative partnership. This is in line with a national direction of travel, however Lancashire and South Cumbria is ahead of many systems in terms of the maturity of its proposals.

In addition, significant collaboration is underway to transform clinical services and improve outcomes, safety, and efficiency across the healthcare system. The plan contains three key elements to drive forward transforming care in hospitals:

(a) rolling programme to address fragile services;

(b) rolling programme of service reconfigurations; and

(c) production of Clinical Configuration Blueprint and delivery roadmap.

This reconfiguration aims to make best use of some of our specialist staff working as part of clinical networks to provide consistent and high-quality care for the communities we serve.

Lancashire and South Cumbria Pathology Service

Currently there are pathology services at each of the acute hospital laboratory locations within the Lancashire and South Cumbria ICS with a duplication of some pathology services across the area. In addition to the duplication of testing, activity (tests) data for the four trusts shows variances in delivery of pathology services in terms of estate utilisation, cost, and workforce between these providers.

Throughout 2023–24 work has been progressing on a business case to support the Pathology Service to establish a clinical model and delivery framework that will support working as one service. It describes network priorities that will deliver transformation and ensure that by 2025 the service is operating as a NHSE defined mature network.

In April 2023, the four acute Trusts in Lancashire and South Cumbria agreed to delegate certain strategic matters in relation to Pathology Services to the Provider Collaborative Board Joint Committee. Equally, in September 2023, Professor Anthony Rowbottom was appointed to the substantive Managing Director position for the Pathology Service after almost a year of leading the network on an interim basis.

Local Networks

The Trust continues to support equality, diversity, and inclusion across its workforce with established Inclusion Ambassador Forums, including Living with Disabilities Forum, LGBTQ+ Forum, and Ethnicity Forum. The Forums help provide a voice, give support, are a place for colleagues to raise issues, review policies and procedures, provide ideas and educate colleagues to truly embrace and celebrate difference. The Forums have Board-level sponsors and help promote Lancashire Teaching Hospitals as an inclusive employer. These are complimented with wellbeing-specific forums such as the Menopause Champions, Carers' Forum, and a recently established Endometriosis Awareness group.

We understand that it is important that our patients, their loved ones, and the local population are involved in decision-making about the care and services that we provide. The Patient Experience and Involvement Group provides a platform for staff to engage and consult with patients and the public to identify their needs. A number of local community groups are welcomed to the group including Deafway, n-Compass, Alzheimers Organisation, HealthWatch, AccessAble and others. The Trust has several service-user groups and forums covering all different aspects of patient care an example of which is our Cancer Patient and Carers forum.

National Networks

Executive team members have maintained their memberships in professional networks throughout the year to ensure partnership working at a national level. This has enabled shared learning nationally to implement best practice for our local population and included shared learning with the wider networks from innovation and best practice adopted within our Trust.

The Director of Continuous Improvement and Transformation, Ailsa Brotherton, has joined NHS England's National Improvement Board which brings together executives, directors, clinical leadership, and expert improvement science input to create the context in which continuous improvement is systematically used throughout the NHS to deliver better patient and staff outcomes. The Board will agree a small number of shared national priorities which, NHS England working collaboratively with providers and systems, will focus our improvement led delivery work with national coordination and regional leadership.

Kate Smyth has continued in the position of co-Chair of the Disabled NHS Directors' Network which represents NHS leaders with disabilities. Formed in autumn 2020, it is open to all disabled Board or equivalent members (non-executive or executive) of NHS organisations and other providers on NHS services (including Community Interest Companies). In September 2023, NHSE published the Workforce Disability Equality Standard statistics for 2022 which included a case study of the Trust's Living with Disability Ambassador Forum, which was co-written by Kate who is a great champion and advocate for disabled rights.

Many colleagues also hold professorships with academic institutions including the Chief Executive, Silas Nicholls, who in January 2024 was awarded the title of Professor of Leadership and Healthcare Management – Institute of Medicine, University of Bolton.

REMUNERATION REPORT

The NHS Foundation Trust annual reporting manual requires NHS Foundation Trusts to prepare a remuneration report in their annual report and accounts. The reporting manual and NHSI requires that this remuneration report complies with:

- Sections 420 to 422 of the Companies Act 2006 (section 420(2) and (3), section 421(3) and (4) and section 422 (2) and (3) do not apply to NHS Foundation Trusts
- Regulation 11 and Parts 3 and 5 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) ("the Regulations")
- Parts 2 and 4 of Schedule 8 of the Regulations as adopted by NHSI in the reporting manual
- Elements of the NHS Foundation Trust Code of Governance.

REMUNERATION COMMITTEES

There are two Committees which deal with the appointment, remuneration and other terms of employment of our directors. The Nominations Committee, a Committee of the Trust, is concerned with the Chair and other Non-Executive Directors. The ARTE Committee, as a Committee of the Board, deals with the pay and conditions of senior Executives.

Nominations Committee

The Committee comprises the Chair (except where there is a conflict of interest in relation to the Chair's role, when the Vice Chair or Senior Independent Director will attend), two public governors, one staff governor, and one appointed governor. The members have a nominated deputy who attends in their place if they are unable to attend. The Company Secretary advises the Committee as appropriate, and the Chief Executive is invited to attend all meetings. The Terms of Reference of the Committee are publicly available on application.

The Council of Governors appoint the members of the Nominations Committee for a two-year period and elections are held to replace any Committee member who ceases to be a governor following the annual governor elections or retirement of a governor in-year.

The composition of the Committee during 2023–24 is detailed in the attendance summary below.

Nominations Committee attendance summary

Name of Committee member	A	B	Percentage of meetings attended (%)
Peter White, Chair	2	2	100%
Professor Paul O'Neill, Interim Chair	1	1	100%
Tim Watkinson, Senior Independent Director	1	1	100%
Alistair Bradley, Appointed Governor	4	3	75%
Steven Doran, Staff Governor	4	2	50%
Steve Heywood, Public Governor	4	4	100%
Janet Miller, Public Governor	4	4	100%
Substitutes: not required			

A = Maximum number of meetings the member could have attended | B = Meetings attended

Work of the Committee

During 2023–24, the Committee met on four occasions which enabled it to:

- Receive feedback on the outcome of the Chair's appraisal for 2022–23.
- Receive feedback on the outcome of the Non-Executive Directors' appraisals for 2022–23.
- Consider and recommend to the Council of Governors the appointment of the Chair.
- Receive, consider, and recommend to the Council of Governors re-appointment of two Non-Executive Directors whose terms of office were due to come to an end during 2023–24.
- Support the shortlisting and interview process for the Non-Executive Director appointments.
- Consideration and recommendation to the Council of Governors the Non-Executive Director appointments.

The search for the Non-Executive and Associate Non-Executive Director appointments during the year (which was an open advertisement process) was supported internally at no extra cost.

The Committee was committed to ensuring that vacancies during the year reached the widest possible audience, and that the selection process reflected the high standards of the Trust's approach to equality, diversity and inclusion. The Committee utilised the ability to appoint to a non-voting Associate Non-Executive position as a pro-active succession planning mechanism for the position of Audit Chair and to address further the diversity balance against all protected characteristics on the composition of the Board.

Appointments, Remuneration and Terms of Employment (ARTE) Committee

All Non-Executive Directors are members of the Committee. The Chief Executive and Chief People Officer are normally in attendance at meetings of the Committee, except when their positions are being discussed. The Company Secretary also attends meetings as appropriate to provide advice and expertise and the Committee has the option to seek further professional advice as required.

During 2023–24 the Committee was supported by Gatenby Sanderson in the recruitment search for the Chief Executive Officer at a total cost of £25,060.

ARTE Committee attendance summary

Name of Committee member	A	B	Percentage of meetings attended (%)
Peter White	5	4	80%
Tim Ballard	2	1	50%
Victoria Crorken	7	6	86%
Paul O'Neill	7	6	86%
Kate Smyth	7	7	100%
Tim Watkinson	7	5	71%
Jim Whitaker	7	2	29%
Tricia Whiteside	7	6	86%

A = Maximum number of meetings the member could have attended | B = Meetings attended

Work of the Committee

During 2023–24, the Committee met on seven occasions. The Committee meetings involved a range of business in line with its terms of reference which enabled it to::

- Consider and approve the plan for recruitment of the substantive Chief People Officer.
- Receive feedback on the outcome of the Executive Directors' appraisals for 2022–23.
- Undertake the annual Committee effectiveness review.
- Consider and approve the interim arrangements for the Chief Executive and agree the plan to recruit to the substantive post.
- Approval of the arrangements for the Interim Chief Executive post including interim backfill arrangements for the Chief Operating Officer.
- Receive and approve the recommendation to appoint the substantive Chief People Officer.
- Receive and approve the recommendation to appoint the substantive Chief Executive.
- Consider and approve the plan for recruitment of the substantive Chief Operating Officer, including extension of the interim arrangements during the period of recruitment.

ANNUAL STATEMENT ON REMUNERATION

At Lancashire Teaching Hospitals, we understand that our Executive remuneration policy is key to attracting and retaining talented individuals to deliver our business plan, whilst at the same time recognising the constraints that public sector austerity measures bring.

In line with the Trust's agreed policy, the pay award for VSM posts was made in line with the recommendation of the Senior Salary Review Board in its annual report on Senior Salaries 2023.

Peter White
Chair of the Appointments, Remuneration and Terms of Employment Committee

SENIOR MANAGERS' REMUNERATION POLICY

As detailed in the Chair's statement above, the remuneration policy is designed to attract and retain talented individuals to deliver the Trust's objectives at the most senior level, with a recognition that the policy has to take account of the pressures on public sector finances.

This report outlines the approach adopted by the ARTE Committee when setting the remuneration of the Executive Directors and the other Executives who have authority or responsibility for directing or controlling the major activities of the organisation. The following posts have been designated as fitting this criterion by the ARTE Committee and are collectively referred to as the senior Executives within this report:

Executive Directors

- Chief Executive
- Chief Finance Officer/Deputy Chief Executive
- Chief Nursing Officer
- Chief Medical Officer
- Chief Operating Officer

Other Executives

- Chief People Officer
- Director of Communications and Engagement
- Director of Continuous Improvement
- Director of Strategy and Planning
- Chief Information Officer
- Company Secretary

Details on membership of the ARTE Committee and individual attendance can be found on page 47 of this report.

Our policy on Executive pay

Our policy on the remuneration of senior Executives is set out in a policy document approved by the ARTE Committee. When setting levels of remuneration, the Committee considers the remuneration policies and practices applicable to our other employees, along with any guidance received from the sector regulator and the Department of Health and Social Care. In addition, the Committee considers the need to ensure good use of public funds and delivering value for money. The maximum of any component of senior managers' remuneration is determined by the ARTE Committee.

Each year, the Chief Executive undertakes appraisals for each of the senior Executives, and the Chair undertakes the Chief Executive's appraisal. The results of these appraisals are presented to the ARTE Committee, and they are used to inform the Committee's discussions. The Committee considers matters holistically when considering Executive remuneration, such as the individual Executive's performance, the collective performance of the Executive Team and the performance of the organisation as a whole.

The remuneration package for senior Executives comprises:

Salary: As determined by the ARTE Committee and reviewed annually

Senior Executives do not receive any additional benefits that are not provided to staff as part of the standard Agenda for Change contract arrangements. No senior Executives have tailored arrangements outside of those described above.

The remuneration package for Non-Executive Directors comprises:

Salary: As determined by the Council of Governors and reviewed in line with the national guidance on remuneration of Non-Executive Directors. Current rates are:

- £13,000 p.a. for Non-Executive Directors
- £6,500 p.a. for Associate Non-Executive Directors
- £2,000 p.a. as additional responsibility payment payable to the Vice Chair, Senior Independent Director and Ockenden Champion
- £55,000 p.a. for the Chair

Additional benefits:

- Gym membership discounts with NHS identification
- Access to NHS staff benefits offered by retailers
- Onsite therapies at discounted rates
- Salary sacrifice schemes

There is no provision for bonuses to be paid to any senior manager within the Trust.

All senior Executives are employed on contracts with a six-month notice period. In the event that the contract is terminated without the Executive receiving full notice, compensation is limited to the payment of salary for the contractual notice period. No additional provision is made within the contracts for compensation for early termination and there is no provision for any additional benefit, over and above standard NHS pension arrangements, in the event of early retirement. In line with all other employees, senior Executives may have access to mutually agreed resignation schemes (MARS) where these have been authorised.

Our Non-Executive Directors are requested to provide three months' notice in the event that they wish to resign before their term of office comes to an end. They are not entitled to any compensation for early termination.

During the year no Executive Director, Non-Executive Director or Very Senior Manager received a payment for loss of office.

ANNUAL REPORT ON REMUNERATION

Business expenses

As with all staff, we reimburse the business expenses of Non-Executive Directors and senior Executives that are necessarily incurred during the course of their employment, including sundry expenses such as car parking and transport costs such as rail fares.

The expenses paid to Directors (both Executive and Non-Executive) during the year were:

	2022–23	2023–24
Total number of Directors in office as at 31 March:	22	23
Number of Directors receiving expenses:	8	5
Aggregate sum of expenses paid to Directors (£00s):	£2,190	£1,837

Salary and pension contributions of all Directors and senior Executives

Information on the salary and pension contributions of all Directors and senior Executives is provided in the tables on the following pages. The information in these tables, and in the remainder of this remuneration report, has been subject to audit by KPMG LLP. Additional information is available in the notes to the accounts.

Each of the Chief Executive's, the Chief Finance Officer's and the Chief Medical Officer's salary is above £150,000 per annum but within or below the national average, when benchmarking against other Trusts. In order to ensure the level of remuneration paid by the Trust is reasonable, on an annual basis we carry out a rigorous process of benchmarking against all other Trusts (including Trusts with comparable income, with comparable headcount, by Trust type and by region). We also take into account the individual Executive's performance, the collective performance of the Executive Team and the performance of the organisation as a whole. Furthermore, we consider the remuneration policies and practices applicable to our other employees, along with any guidance received from the sector regulator and the Department of Health and Social Care. Taking such factors into account, the ARTE Committee considers the remuneration for the Chief Executive, the Chief Finance Officer and the Chief Medical Officer to be reasonable.

Remuneration Report 2023–24

		2022–23				2023–24			
Name	**Title**	**Salary and Fee** (bands of £5,000)	**Taxable Benefits** (to the nearest £100)	**All pension related benefits** (bands of £2,500)	**TOTAL of all items** (bands of £5,000)	**Salary and Fees** (bands of £5,000)	**Taxable Benefits** (to the nearest £100)	**All pension related benefits** (bands of £2,500)	**TOTAL of all items** (bands of £5,000)
		£'000	**£**	**£'000**	**£'000**	**£'000**	**£**	**£'000**	**£'000**
Silas Nichols	Chief Executive Officer (from 8 January 2024)	0	0	0	0	55–60	300	0	55–60
Faith Button	Interim Chief Executive Officer (from 1 October 2023 to 7 January 2024)	0	0	0	0	65–70	0	35.0–37.5	105–110
Kevin McGee	Chief Executive Officer (left 30 September 2023)	270–275	5,800	0	275–280	150–155	0	0	150–155
Faith Button	Chief Operating Officer (Interim CEO as above, left 16 February 2024)	150–156	1	75.0–77.6	225–231	105–110	0	80.0–82.5	185–190
Imran Devji	Interim Chief Operating Officer (from 1 October 2023)	0	0	0	0	70–75	0	77.5–80.0	150–155
Jonathan Wood	Chief Finance Officer / Deputy Chief Executive Officer	175–180	0	50.0–52.5	230–235	185–190	1,200	0	185–190
Geraldine Skailes	Chief Medical Officer	205–210	0	152.5–155.0	360–365	215–220	1,200	0	220–225
Sarah Cullen	Chief Nursing Officer	145–150	4,800	50.0–52.5	200–205	150–155	4,800	2.5–5.0	160–165
Neil Pease	Chief People Officer (from 1 December 2023)	0	0	0	0	45–50	0	0	45–50
Nicki Latham	Interim Chief People Officer (from 1 June to 30 November 2023)	0	0	0	0	70–75	0	0	70–75
Karen Swindley	Chief People Officer (left 31 May 2023)	140–145	0	5.0–7.5	145–150	20–25	0	0	20–25
Stephen Dobson	Chief Information Officer	115–120	0	27.5–30.0	145–150	120–125	0	10.0–12.5	130–135
Gary Doherty	Director of Strategy and Planning	140–145	0	0	140–145	145–150	0	0	145–150

Naomi Duggan	Director of Communications and Engagement	115–120	0	35.0–37.5	155–160	120–125	0	0	120–125
Ailsa Brotherton	Director of Continuous Improvement	115–120	0	30.0–32.5	145–150	120–125	0	0	120–125
Angela Mulholland-Wells	Operational Director of Finance (from 17 October 2022)	55–60	0	15.0–17.5	70–75	125–130	0	30.0–32.5	160–165
Jennifer Foote	Company Secretary (from 1 July 2022)	80–85	0	12.5–15.0	95–100	115–120	0	27.5–30.0	140–145
Peter White	Chair (from 1 August 2023)	0	0	0	0	35–40	0	0	35–40
Paul O'Neill	Interim Chair (from 1 September 2022 to 31 July 2023) / Non-Executive Director	35–40	0	0	35–40	25–30	0	0	25–30
Ebrahim Adia	Chair (left 31 August 2022)	20–25	0	0	20–25	0	0	0	0
Tricia Whiteside	Acting Vice Chair (from 6 October 2022 to 31 July 2023) / Non-Executive Director	10–15	0	0	10–15	10–15	0	0	10–15
Tim Watkinson	Senior Independent Director (from 20 September 2022) / Non-Executive Director	15–20	0	0	15–20	15–20	0	0	15–20
Ann Pennell	Non-Executive Director (left 31 May 2023)	10–15	0	0	10–15	0–5	0	0	0–5
James Whitaker	Non-Executive Director	10–15	0	0	10–15	10–15	0	0	10–15
Kate Smyth	Non-Executive Director	10–15	0	0	10–15	10–15	0	0	10–15
Victoria Crorken	Non-Executive Director (from 24 January 2022)	10–15	0	0	10–15	10–15	0	0	10–15
Tim Ballard	Non-Executive Director (from 1 October 2023)	0	0	0	0	5–10	0	0	5–10
Peter Wilson (1)	Associate Non-Executive Director (from 16 June 2022)	5–10	0	0	5–10	5–10	0	0	5–10
Michael Wearden	Associate Non-Executive Director (from 10 June 2022)	5–10	0	0	5–10	5–10	0	0	5–10
Uzair Patel	Associate Non-Executive Director (from 1 October 2023)	0	0	0	0	0–5	0	0	0–5

Notes:
(1) Peter Wilson has chosen not to accept remuneration for his role. The amount disclosed is the amount that would have been received.
All members have been in post for the whole year unless otherwise stated
Non-Executive Directors do not receive any pensionable remuneration

Pension benefit:

	2023–24							
	Real increase in pension at pension age (bands of £2,500)	**Real increase in pension lump sum at pension age** (bands of £2,500)	**Total accrued pension at pension age at 31 March 2024** (bands of £5,000)	**Lump sum at pension age related to accrued pension at 31 March 2024** (bands of £5,000)	**Cash Equivalent Transfer Value at 1 April 2023**	**Real increase in Cash Equivalent Transfer Value** (CETV)	**Cash Equivalent Transfer Value at 31 March 2024**	**Employer's contribution to stakeholder pension**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Silas Nicholls Chief Executive Officer (1)	0	0	0	0	0	0	0	0
Faith Button Chief Operating Officer / Interim Chief Executive (5)	2.5–5.0	50.0–52.5	55–60	150–155	806	333	1,244	0
Kevin McGee Chief Executive Officer (2)	0	0	0	0	0	0	0	0
Jonathan Wood Chief Finance Officer / Deputy Chief Executive	0	25.0–27.5	70–75	195–200	1,465	91	1,728	0
Geraldine Skailes Chief Medical Officer	0	30.0–32.5	105–110	290–295	2,226	197	2,684	0
Sarah Cullen Chief Nursing Officer	0	35.0–37.5	40–45	105–110	527	194	794	0
Imran Devji Interim Chief Operating Officer	5.0–7.5	0	50–55	60–65	868	0	928	0
Neil Pease Chief People Officer (3)	0	0	0	0	0	0	0	0
Nicki Latham Interim Chief People Officer (6)	0	0	25–30	0	668	0	488	0
Stephen Dobson Chief Information Officer	0.0–2.5	0	30–35	0	375	88	517	0
Ailsa Brotherton Director of Continuous Improvement	0.0–2.5	0	70–75	0	954	121	1,188	0
Naomi Duggan Director of Communications and Engagement	0	0	25–30	0	359	54	466	0
Gary Doherty Director of Strategy and Planning (4)	0	0	0	0	0	0	0	0
Jennifer Foote Company Secretary	0.0–2.5	0	0–5	0	22	22	62	0
Angela Mulholland-Wells Operational Director of Finance	0.0–2.5	0	5–10	0	35	22	78	0

Notes:

(1) Silas Nicholls has chosen not to be covered by the NHS pension arrangements during the reporting year having opted out of the scheme in September 2020.

(2) Kevin McGee has chosen not to be covered by the NHS pension arrangements during the reporting year having opted out of the scheme in April 2021.

(3) Neil Pease chose not to be covered by the NHS pension arrangements during the reporting year, having opted out of the scheme in November 2018.

(4) Gary Doherty chose not to be covered by the NHS pension arrangements during the reporting year, having opted out of the scheme in October 2017.

(5) Faith Button left employment with the Trust in February 2024 and her pension entitlement has only been provided up to 29 February 2024.

(6) Nicki Latham left employment with the Trust in November 2023 and her pension entitlement has only been provided up to 30 November 2023.

Fair pay disclosure

NHS Foundation Trusts are required to disclose the relationship between the remuneration of the highest-paid director in our organisation against the 25th percentile, median and 75th percentile of total remuneration of our organisation's workforce.

The banded remuneration of the highest-paid director in Lancashire Teaching Hospitals NHS Foundation Trust in the financial year 2023–24 was £250,000 – £255,000 (2022–23, £270,000 – £275,000). This is a change between years of -7.3% (2022–23, 3.8%) following the appointment of a new Chief Executive Officer in January 2024. The relationship to the remuneration of the organisation's workforce is disclosed in the below table.

Set out below, the total remuneration of the employee at the 25th percentile, median and 75th percentile, is further broken down to disclose the salary component. The pay ratio shows the relationship between the remuneration of the highest paid director in Lancashire Teaching Hospitals NHS Foundation Trust against each percentile of the remuneration of the organisation's workforce.

Pay ratio information table

	2023–2024			2022–23		
	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
Total remuneration (£)	24,745	32,865	45,496	23,830	31,380	44,029
Salary component of total remuneration (£)	24,745	32,865	45,496	23,830	31,380	44,029
Pay ratio information	10.2	77	5.5	11.4	8.7	6.2

In 2023–24, 12 (2022–23, 2) employees received remuneration in excess of the highest-paid director in 2023–24. Remuneration ranged from £25 to £316,652 (2022–23, £20 to £303,297).

Total remuneration includes salary and non-consolidated performance-related pay but not severance payments or benefits in kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions. The benefit in kind pay information was not available during the preparation of the annual report disclosures but is considered to be negligible to the total remuneration cost.

The average percentage change from the previous financial year for salaries and allowances (based on total for all employees on an annualised basis, divided by full time equivalent number of employees; (both excluding the highest paid director) for employees of the Trust as a whole is 5.4% (2022–23, 7.4%). On the same basis, the average percentage change from the previous financial year for performance pay and bonuses payable is up 44.0% (2022-23 down 18.4%) due to clinical excellence award payments.

The Group Accounting Manual requires temporary agency staff to be included within the above median pay disclosures. Temporary agency staff costs equated to £20.6m in the year (2022-23, £22.2m). We have included information from our main agency staffing provider that amounts to £18.6m to calculate a meaningful annualised cost per temporary staff member for 2023-24 but some of this information was not available for the prior year.

This Remuneration Report is signed on behalf of the Board of Directors by:

Professor Silas Nicholls
Chief Executive
25 June 2024

STAFF REPORT

Our people

As at 31 March 2024, we employed 10,323 substantive members of staff. This number is broken down as shown in the below table; note that some staff hold roles that fall under different staff groups, thus the figures in the below table do not sum to the stated distinct headcount.

Staff Group	Headcount
Additional Clinical Services	2,156
Additional Professional, Scientific and Technical	218
Administrative and Clerical *(including NEDs)*	2,173
Allied Health Professionals	703
Estates and Ancillary	906
Healthcare Scientists	276
Medical and Dental *(excluding Lead Employer Doctors)*	857
Nursing and Midwifery Registered	3,042

A comparison of our workforce over the past three financial years is provided in the table below, and our staff turnover can be accessed via the information published by NHS Digital at the following link:
NHS workforce statistics - NHS Digital

	2023–24 HC	% of Total HC	2022–23 HC	% of Total HC	2021–22 HC	% of Total HC
Age (years)						
Under 20	63	0.6 %	74	0.7 %	57	0.6 %
20 - 29	1,849	17.9 %	1,853	18.6 %	1,778	19.0 %
30 - 39	2,800	27.1 %	2,713	27.2 %	2,359	25.2 %
40 - 49	2,332	22.6 %	2,176	21.8 %	2,091	22.3 %
50 - 59	2,143	20.8 %	2,140	21.5 %	2,157	23.0 %
60 - 69	1,071	10.4 %	961	9.6 %	890	9.5 %
70 and over	65	0.6 %	57	0.6 %	47	0.5 %

Ethnicity						
BAME: Asian	2,167	21.0 %	1,964	19.7 %	1,637	17.5 %
BAME: Black	361	3.5 %	334	3.3 %	196	2.1 %
BAME: Mixed	158	1.5 %	157	1.6 %	141	1.5 %
BAME: Other	152	1.5 %	156	1.6 %	144	1.5 %
White: Other	313	3.0 %	294	2.9 %	267	2.8 %
White: UK & ROI	7,043	68.2 %	6,935	69.5 %	6,897	73.5 %
Not Stated	129	1.2 %	134	1.3 %	97	1.0 %
	2023–24 HC	**% of Total HC**	**2022–23 HC**	**% of Total HC**	**2021–22 HC**	**% of Total HC**
Gender						
Male	2,473	24.0 %	2,309	23.2 %	2,200	23.5 %
Female	7,850	76.0 %	7,665	76.8 %	7,179	76.5 %
Recorded Disability	567	5.5 %	477	4.8 %	396	4.2 %

As at 31 March 2024, the gender split of our Board of Directors (including voting Non-Executive Directors) was eight male and five female. The gender split of our senior executives, as defined by the Appointments, Remuneration and Terms of Employment Committee, was six male and five female, with an average age of 54 years.

As an organisation we are required to publish our Gender Pay Gap report annually. The report can be accessed on our website.

The Trust is required to publish the ethnic diversity of its Board and senior managers in its annual Workforce Race Equality Standard (WRES) report, in which indicator nine assesses how far the Board reflects the ethnic diversity of the Trust's workforce. The data held by the Trust as submitted in the WRES report is set out below:

	Measure	# BME	% BME	# White	% White	# Unknown/Null	% Unknown/Null	Total
Total Board members	Headcount	1	4.55%	20	90.91%	1	4.55%	22
of which: Voting Board members	Headcount	0	0.00%	12	92.31%	1	7.69%	13
: Non Voting Board members	Auto-Calculated	1	11.11%	8	88.89%	0	0.00%	9
of which: Exec Board members	Headcount	0	0.00%	10	90.91%	1	9.09%	11
: Non Executive Board members	Auto-Calculated	1	9.09%	10	90.91%	0	0.00%	11
Difference (Total Board - Overall workforce)	Auto-Calculated		-23%		20%		3%	
Difference (Voting membership - Overall Workforce)	Auto-Calculated		-27%		21%		6%	
Difference (Executive membership - Overall Workforce)	Auto-Calculated		-27%		20%		8%	

Attendance management

Sickness absence data is reported on a calendar year basis (January to December 2023)::

Figures Converted by Department of Health to Best Estimates of Required Data Items:	
Average FTE 2023	8,939
Adjusted FTE days lost (to Cabinet Office definitions)	125,782
Average sick days per FTE	14.1
Statistics published by NHS Digital from ESR Data Warehouse:	
FTE days available	3,291,354
FTE days recorded sickness absence	206,110

Source: NHS Digital - Sickness Absence and Publication - based on data from the ESR Data Warehouse
Period covered: 1 January 2023 to 31 December 2023

The 12-month average sickness absence rate for the period 1 January to 31 December 2022 was 6.30%; a marginal improvement compared to 6.46% in the previous year. The split of this between short-term sickness (less than 28 days) and long-term sickness (28 days or more) was broadly consistent with the previous year. The annualised short-term absence rate was 2.30% compared to 2.47% in 2022 and the long-term absence rate was 4.00% compared to 3.98% in 2022.

We continue to observe several colleagues experiencing complex or serious health conditions and this makes it challenging to support some individuals back to work. Our psychological wellbeing service for colleagues has focused on increasing accessibility, with self-booking options introduced and outreach calls made to individuals off sick due to mental ill-health. An equality impact assessment has also been undertaken to help us better understand barriers to access. The closure of the Lancashire and South Cumbria Resilience Hub has impacted on waiting times for our internal service and we are working with colleagues from the Provider Collaborative to develop the service specification for future mental health pathways.

Flu and COVID-19 vaccination uptake was disappointing in our 2023–24 campaign, with our lowest flu vaccination uptake for several years and reflects a downward national trend amongst frontline healthcare workers. We noted a particularly high peak of short-term absence due to seasonal viruses in the last three months of 2023; educational strategies around the importance of vaccination are being reviewed ahead of the 2024–25 vaccination programme.

Developing a wellbeing culture is the overall aim of our health and wellbeing strategy, which requires a holistic approach. Over the last year, we have supported leaders to make wellbeing pledges, trained managers in holding wellbeing conversations, increased the diversity of our Health and Wellbeing Champion cohort, embedded Schwartz Rounds, refurbished more break areas with the support of charitable funding, and commenced a continuous improvement programme around preventing and reducing violence and aggression. In 2023, we were also re-accredited with the Workplace Wellbeing Charter. This external benchmark of our health and wellbeing offer and approach will help to inform our priorities for the next 12 months. In particular, we will be expanding our support offer for colleagues around alcohol and substance misuse, developing rehabilitation pathways for colleagues returning from long-term sickness, and identifying options further to embed physical activity at work.

Occupational Health

As in previous years, in 2023–24 there were three services making up our Occupational Health offer for our workforce:

1. The service related to pre-employment screening, management referrals, immunisations, health surveillance and support for needle-stick injuries was provided by Wellbeing Partners (our joint venture with Wrightington, Wigan and Leigh NHS Foundation Trust).

2. The Occupational Health Physiotherapy Service is delivered in-house with professional leadership from our Core Therapies Team. The service exists to provide rapid access assessment and treatment for colleagues suffering from musculoskeletal injuries or conditions.

3. Psychological Wellbeing Services are also provided in-house by our team of Clinical Psychologists, Cognitive Behavioural Therapists, Counsellors, and Psychological Wellbeing Practitioners. The service has been the subject of national case studies of best practice, and we continue to see positive outcome data with colleagues experiencing reductions in measures of anxiety, depression, and burnout post-therapy.

Equality Diversity and Inclusion

To support our vision of providing Excellent Care with Compassion, we have an Equality, Diversity and Inclusion (EDI) Strategy 2021–26. The aspiration behind the strategy is to "be consciously inclusive in everything we do for our colleagues and communities". Through this we commit to treating everyone we meet; patients, their families, carers, colleagues, temporary workers, volunteers, and colleagues from other organisations with dignity, respect, kindness and understanding.

The strategy outlines a set of five principles which aim to provide a framework of ideas and options to create systematic changes, these are:

1. Demonstrating collective commitment to equality, diversity and inclusion

2. Being evidence-led and transparent

3. Recognising the importance of lived experiences

4. Being representative of our community

5. Bringing about change through education and development

We have undertaken a review of our workforce profile by ethnic group and pay band so we can understand where minority ethnic colleagues may be experiencing barriers to career progression. The greatest representation of minority ethnic colleagues in non-clinical roles are in band 2 and below (below band 1 tend to be apprentices) and in band 8c (16.7% of band 8c colleagues are from an ethnic minority background). With the exception of colleagues in band 2 or below, ethnic minority colleagues are underrepresented across all other bands when compared against the overall non-clinical ethnic minority workforce (17.8%).

From a clinical workforce perspective, the highest percentage of minority ethnic colleagues can be found in band 5 roles (44.6%) which could, in part, be due to extensive international recruitment in the last couple of years. With the exception of apprentices and band 5 clinical roles, minority ethnic colleagues are underrepresented in all other bands when compared against the overall clinical minority ethnic workforce (29.5%).

From a medical and dental workforce perspective, the highest percentage of minority ethnic colleagues can be found in trainee roles (71.4%). Minority ethnic colleagues are underrepresented at Consultant level and above, when compared against the overall medical and dental minority ethnic workforce.

Over the last 12 months, we have included a requirement for interviews for roles banded 8a and above to demonstrate the legacy of past EDI work they have undertaken. Over the next quarter we will focus on reviewing our recruitment, selection and induction processes from end to end, with the aim of identifying processes which could be open to bias and define actions required to eliminate bias and encourage diversity throughout each stage of the process.

We will also schedule and deliver Cultural Awareness sessions and EDI Masterclasses to equip leaders and managers with the skills, competence and confidence to have conversations with colleagues about ethnicity, religion, disability, sexuality or generational differences aligned to their experience of work. As well as enabling them to understand what additional needs colleagues may have and how they may be able to support them to fulfil their potential.

Staff engagement and consultation

Staff engagement

Staff engagement is at the heart of what creates and supports a positive organisational culture. Our aim is to create a positive experience of work for all our colleagues, where they feel engaged with their role, their team, and our vision as a Trust.

Organisations that have higher levels of staff engagement deliver better patient care. Staff engagement remains a priority for us as a Trust to enable us to deliver high quality services, achieve our financial plans and support future organisation change and transformation programmes.

As part of our People Plan Strategy, we are working to find new ways to help our people feel they are valued, that they belong and that they are able to make a difference. This helps to support high performance, so staff go the extra mile for our patients and services and helps us to retain our talent, with individuals wanting to stay working for us and build their future with us.

As part of our strategic aim to be a great place to work, our annual programme of work includes measuring, understanding and taking action to deliver improvements in staff engagements, satisfaction and overall experience of work.

This is delivered through the following methods:

Annual National Staff Survey

This takes place between October to November each year with all colleagues invited to participate including temporary bank colleagues. Once embargo is lifted, results are cascaded across the organisation for action to be taken at every level.

As a Trust we develop a corporate level action plan to address key themes which support organisational-wide changes along with progressing the existing People Plan strategic actions. This year, we have also used the results to identify teams from each division to offer enhanced support as part of a more proactive approach to raise levels of staff engagement and satisfaction.

National Quarterly Pulse Survey

This shorter survey is undertaken electronically (in quarters one, two and four) with all colleagues invited to participate. It provides an opportunity for colleagues to share their feedback at more regular times throughout the year as opposed to one off survey.

The response rate for this engagement method is typically lower than the annual staff survey and whilst this is not unique to our Trust (nationally Trusts achieve a response rate around 10%) we can see we are performing better, achieving between 15–19% across the quarters.

A priority to us in 2024–25 will be to consider how we can utilise this survey further to enable us to align this with our People Plan strategic aim of ‘Creating a Positive Organisational Culture’.

We have begun to consider the development of a culture dashboard which would add value and complement the Staff Survey by providing more granular and real-time insights into cultural metrics, enabling targeted interventions and continuous improvement efforts.

This could enable us to continue our focus on applying a more proactive approach so we are able to align our resources, skills, and priorities with the parts of the organisation most in need of cultural support.

Team Engagement and Development Tool

The internal TED tool has been used across the organisation for the last eight years and is designed to be used by team leaders to enable them to have a conversation about their teams' level of effectiveness and engagement. It supports team and individual engagement by providing staff with the opportunity to share their feedback and collectively identify solutions as part of the team development action plan.

As part of our work with NHSE to enable the TED tool to be used with other Trusts we are also able to complete additional data analysis to examine the relationship between the use of the TED tool and the process and delivery of improved organisational performance in satisfaction and engagement as measured by the NHS Staff Survey.

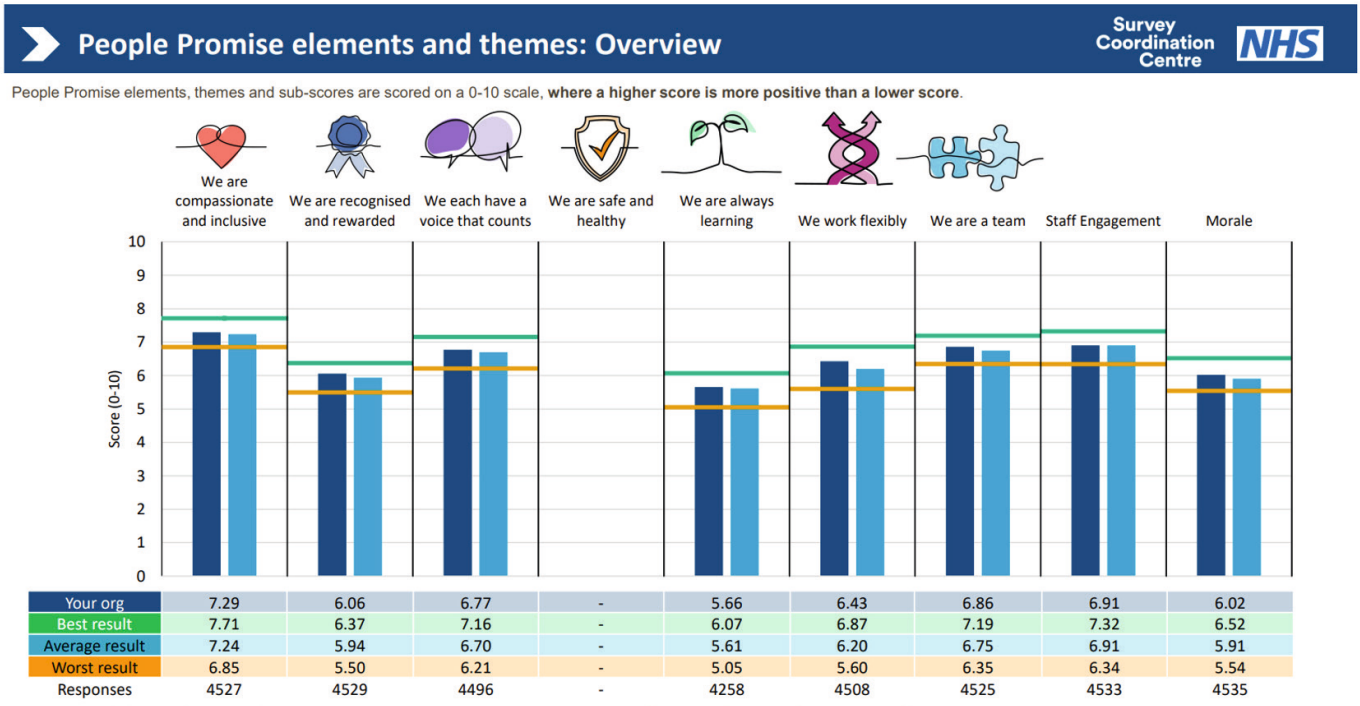
The analysis has found that where we have increased TED completion, we typically have higher levels of staff satisfaction across the People Promise elements and are more likely to be at or above the national average. We can also see that higher levels of TED completion are found to have a positive impact on team working questions and line manager effectiveness as measured in the national Staff Survey.

NHS Staff Survey

The NHS staff survey is conducted annually. From 2018 onwards, the results from questions are grouped to give scores in nine indicators. The indicator scores are based on a score out of 10 for certain questions with the indicator score being the average of those.

The Trust's response rate to the 2023 survey was 45%. This is a 2% increase from the 2022 survey (47%) and meets the national average (45%) in our benchmarking group (Acute and Acute and Community Trusts).

Scores for each indicator together with that of the survey benchmarking group are presented below.



	We are compassionate and inclusive	We are recognised and rewarded	We each have a voice that counts	We are safe and healthy	We are always learning	We work flexibly	We are a team	Staff Engagement	Morale
Your org	7.29	6.06	6.77	-	5.66	6.43	6.86	6.91	6.02
Best result	7.71	6.37	7.16	-	6.07	6.87	7.19	7.32	6.52
Average result	7.24	5.94	6.70	-	5.61	6.20	6.75	6.91	5.91
Worst result	6.85	5.50	6.21	-	5.05	5.60	6.35	6.34	5.54
Responses	4527	4529	4496	-	4258	4508	4525	4533	4535

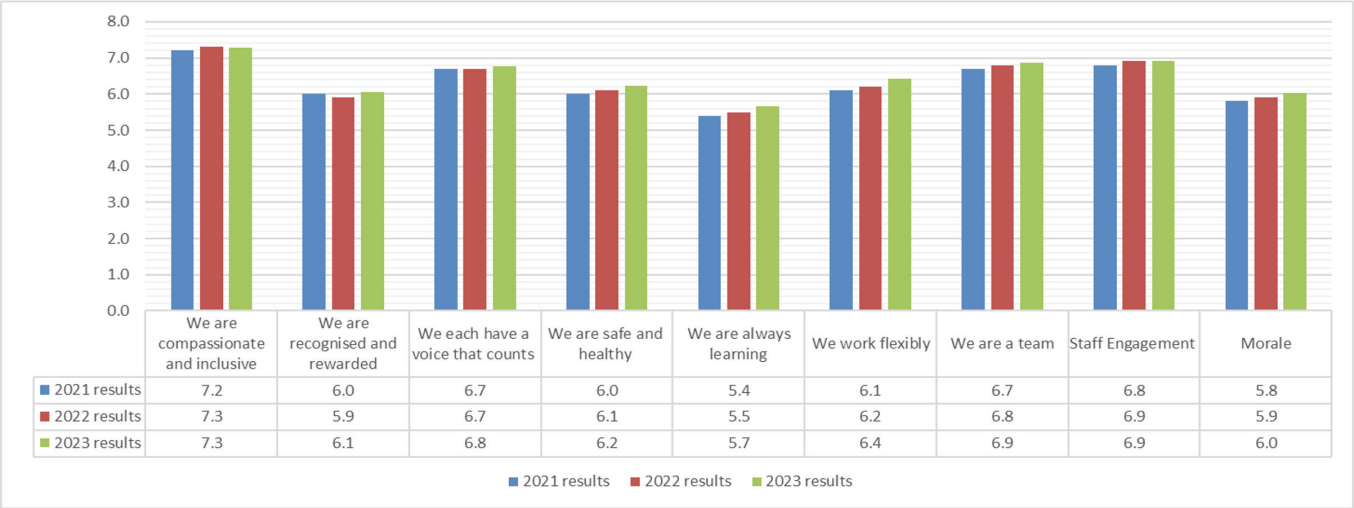
As indicated in the summary above, our position (navy blue bar) shows that we are above the national average for all elements except one (Staff Engagement measure) for which we have met the national average. (Note: 2023 results for 'We are safe and healthy' have not been reported due to an issue with the data. Please see https://www.nhsstaffsurveys.com for more details.)

Within the context of pressures facing the organisation, teams and managers, these results are very positive. We have been able to sustain our levels of engagement whilst demonstrating improvements across the majority of the People Promise measures.

It is pleasing to see that some of the corporate level actions taken following last year's results appear to be demonstrating impact in this year's results. Examples include an increased focus on recognition, further work to embed our flexible working policy and toolkit, the new focus on zero tolerance training and toolkit and increase promotion of our learning and development offer across the Trust and Divisional Workforce Committees.

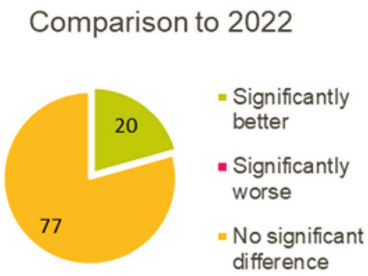
Looking at the data over the last three years (since the People Promise was launched) the graph below demonstrates that we are showing a positive trend across all the People Promise measures, staff engagement and morale.

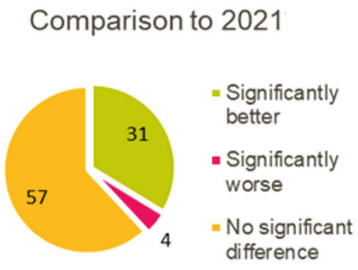
Staff Survey – People Promise Measure Results (2021–23)

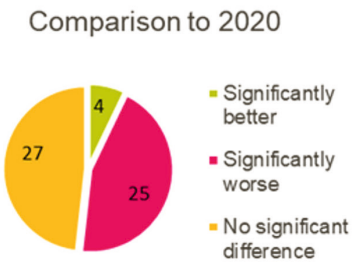


	We are compassionate and inclusive	We are recognised and rewarded	We each have a voice that counts	We are safe and healthy	We are always learning	We work flexibly	We are a team	Staff Engagement	Morale
2021 results	7.2	6.0	6.7	6.0	5.4	6.1	6.7	6.8	5.8
2022 results	7.3	5.9	6.7	6.1	5.5	6.2	6.8	6.9	5.9
2023 results	7.3	6.1	6.8	6.2	5.7	6.4	6.9	6.9	6.0

In summary, out of the 97 comparable questions, 83 have shown improvements, 2 remained the same and 12 declined. The pie charts below show how our 2023 question scores have compared against previous years.







2023 Staff engagement scores

The scores below detail the overall staff engagement score for 2023 and the breakdown of sub-scores which measure the three facets of engagement (motivation, involvement, and advocacy). The table shows a comparison of our scores against our previous years and the national average for this year.

The table below shows that for staff engagement we have seen improvements in all except two questions which have deteriorated in comparison linked to motivation and involvement, but advocacy shows declining scores for two out of the three questions.

Description	Organisation 2020	Organisation 2021	Organisation 2022	Organisation 2023	National Average
Motivation	**7.2**	**7.0**	**7.1**	**7.2 ↑**	**7.0 ↑**
I look forward to going to work.	**56.8%**	51.6%	55.2%	**57.0% ↑**	**55.0% ↑**
I am enthusiastic about my job.	74.2%	68.7%	70.2%	**71.3% ↑**	**69.4% ↑**
Time passes quickly when I am working.	77.3%	75.6%	74.5%	**75.6% ↑**	**72.3% ↑**
Involvement	**6.8**	**6.9**	**7.0**	**7.0 ↑**	**6.9 ↑**
There are frequent opportunities for me to show initiative in my role.	73.8%	74.9%	75.7%	**76.5% ↑**	**73.7% ↑**
I am able to make suggestions to improve the work of my team / department.	76.7%	73.8%	74.7%	**75.0% ↑**	**71.4% ↑**
I am able to make improvements happen in my area of work.	55.7%	53.9%	56.5%	**57.2% ↑**	**56.4% ↑**
Advocacy	**7.0**	**6.6**	**6.6**	**6.6 ●**	**6.7 ↑**
Care of patients/ service users is my organisation's top priority.	78.9%	72.6%	72.8%	**72.5% ↓**	**74.8% ↓**
I would recommend my organisation as a place to work.	63.6%	56.2%	57.2%	**59.4% ↓**	**60.5% ↓**
If a friend or relative needed treatment I would be happy with the standard of care provided by this organisation.	69.1%	61.8%	59.9%	**58.3% ↓**	**63.3% ↓**
Overall Staff Engagement Score	**7.0**	**6.8**	**6.9**	**6.9 ●**	**6.9 ●**

To summarise the staff engagement findings:

- In the many areas, our results show that we are continuing to make improvements and we are above the national average benchmarking data. Whilst our overall staff engagement score has been sustained, we remain on the national benchmark.
- The engagement questions relating to 'motivation' show some encouraging increases which are above national average and are an area of strength in our results. Alongside this, the 'we are recognised and rewarded' and 'morale' scores have been identified as significantly higher in the significance testing section of our 2023 Staff Survey Benchmark Report.
- The engagement questions relating to 'involvement' show improvements in all three questions in comparison to our 2022 results and in comparison to the national average.
- The engagement questions relating to 'advocacy' remains an area of focus for us. Whilst overall the score has remained static in this sub theme, there is work to be done to improve how colleagues feel regarding whether they would recommend the organisation as a place of work and if a friend or relative needed treatment they would be happy with the standard of care. Both these questions are below the national average for our benchmarking group.
- Looking at sub-questions lined to advocacy, we can see increases when asked if staff would recommend our Trust as a place to work and year-on-year improvements, however when asked if staff are happy with the standard of care provided by this organisation the results are showing a downward trend.
- The Staff Survey free text comments also show us that we need to support colleagues to feel more recognised and valued for their contribution at the Trust and support team members to feel more involved in changes and team decision-making.

Future priorities and targets

Whilst the overall 2023 results are positive, showing us where we are continuing to make progress, they also help us to understand our priorities and key areas we need to pay attention to over the next 12 months.

Many actions will continue to be delivered by the Workforce and Organisational Development team as outlined in Our People Plan which identifies our key strategic aims and deliverables. Alongside these our priority areas include:

1. Address experiences of personal safety, i.e. discrimination, bullying, harassment, aggression by further embedding our zero tolerance approach and implement the NHS Sexual Safety Charter to support colleagues to feel safe at work.

2. Explore and scope options there may be to improve key hygiene factors such as access to kitchen, break areas, car parking solutions, catering, dilapidated estate, etc.

3. Continue to embed our new recognition offers at a corporate level and increase local level recognition to support all colleagues to feel rewarded, recognised, and valued despite internal resourcing/financial challenges.

4. Support key manager practices such as one-to-one's, appraisals and involving teams in decision-making and continue to invest in leadership and management development.

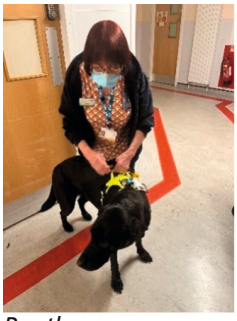
5. Work to address the different perceptions of the quality of care and find ways to increase feelings of advocacy across teams for provision of high-quality care.

Volunteers

Our volunteers provide a huge service to the Trust, giving up their time to provide support to our patients, families, visitors and staff. Many of our volunteers support us because of a personal connection to our hospitals or because they want to give something back. For others, it is an opportunity to develop new skills, knowledge, and experience to support their employability prospects.

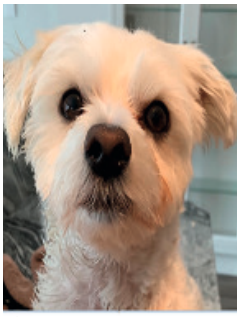
Volunteer roles and activities undertaken during 2023–24

- Ward volunteering – involving befriending patients on the ward and supporting staff with tasks such as making and distributing hot drinks to patients and ensuring shelves are stocked.
- Information desk – situated at our main entrances, they assist patients and visitors who need directions to find where they need to be.
- Hospital guides – taking patients and visitors to the wards or departments they need and sitting with them to keep them company while they wait.
- Gardening – a few wards are lucky enough to have access to a garden area, so we have volunteers who come in and make a real difference by maintaining them.
- Chaplaincy – these volunteers work with the Chaplaincy staff and regularly visit wards. They seek to create a calm and comforting environment in which individual needs can be recognised, valued and safeguarded. The Chaplaincy team can help nurture wellbeing, foster hope and support people through the transitions which accompany a period of ill health.
- Baby Beat – volunteers staff the shop based on the maternity wards to raise funds selling lots of different items from beautifully knitted clothing to snacks and drinks.
- Rosemere – these volunteers run the café based in the Rosemere Cancer Centre at Royal Preston Hospital.
- Hospital Radio – we have radio stations that cover both Preston and Chorley and broadcast 24 hours a day either live or pre-recorded shows.
- Volunteer dogs – we now have three specially trained dogs and their volunteer handlers have been visiting wards and departments and are so very appreciated by our patients and staff.



Bentley

Iska



Casper

We have Iska and Casper who are patient therapy dogs (PAT dogs) and they visit patients and staff on request weekly. We also have Bentley, who is a health and wellbeing dog and supports staff weekly. The feedback on all our dogs is so positive with staff commenting on the uplift in morale and wellbeing feeling. They are booked through our volunteer office.

Colleagues and networks

To stay in touch with colleagues across networks, we continue to attend regular virtual meetings with the National Association of Voluntary Service Managers as well as accessing all the resources available on the NHSE Futures Platform. This has enabled us to discuss and share ideas, best practice and the hear what others up and down the country are doing which helps us evolve each other's services.

There are monthly volunteer questions and answers forums supported by NHSE with Trusts across the country attending which we attend and contribute to.

Our new Volunteers Manager is also creating networks more locally with Trusts in our area to share ideas and best practice, as well as other local external voluntary organisations.

Learning and Development

During 2023–24, the Education Directorate made significant strides, contributing substantially to enhancing skills and acquiring knowledge across various domains. This report encapsulates key achievements, initiatives, and areas for further consideration.

Professional Education Development

The Professional Education Development team exhibited remarkable growth and impact during the year. Key accomplishments included:

- Sustained delivery of the Registered Nurse Degree Apprenticeship, resulting in 83 successful learner graduations.
- Acknowledgement of the Registered Nurse Degree Apprenticeship with a nomination for the Student Nursing Times Award, underscoring the unwavering commitment to excellence.
- Successful inauguration of the Practice Based Pathway in partnership with the University of Central Lancashire, facilitating enrolment of 60 learners.
- Delivery of 54 clinical skills sessions for University of Bolton nursing students.
- Supporting the development of 32 Trainee Nurse Associates who are due to qualify in 2024–25.
- Delivery of training support for 69 internationally recruited nurses.

Clinical Skills Education team

The Clinical Skills Education team continues to play a pivotal role in ensuring the Trust meets its legal obligations by equipping staff and students with the necessary expertise for safe, effective and compassionate patient care. Highlights from the year 2023–24 include:

- Delivering over 2,272 training sessions with 24,311 learner interactions, encompassing critical areas such as Resuscitation, Simulation, and Healthcare Assistant induction.
- Introduction of innovative programmes such as the Advanced Skills programme for Enhanced Care areas and Motivational Interviewing courses.
- Successful completion of the resuscitation defibrillator replacement programme and seamless implementation of the MyKit check scheme, augmenting efficiency and safety protocols.
- In addition to regular courses like Resuscitation and Mask Fit Testing, the team also delivered specialised courses such as Simulation, Surgical Simulation, and Return to Training programmes.

Student Training and Placement Support

The Student, Trainee and Placement Support (STPAS) team is responsible for providing comprehensive support and pastoral care to learners within the Trust.

Undergraduate and postgraduate support

- Successfully placed 1,462 students that included student nurses, undergraduate medical students, trainee nursing associates, Allied Health Professionals, Midwives and many others.
- Expanded placement provision by recruiting 13 GP surgeries.
- Development of personalised support sessions and targeted interventions for learners, coupled with proactive promotion of the services at Continuous Professional Development sessions and inductions.
- Development of enhanced induction sessions for locally employed and international doctors, and medical students.
- Introduction of an annual awards ceremony for the undergraduate medical education teams.
- Delivery of 16 Skills in Practice courses to support International Medical Graduates settle into their first training posts in the UK.
- Delivery of 308 inductions for new doctors.

- Review of 218 portfolios as part of the Annual Review of Competency.
- Hosted the Specialised Foundation Programme Showcase for specialised trainees, foundation leads and educators from across the Northwest.

Projects delivered

The STAPS team understands that the creation of a comprehensive learning experience requires development of a conducive learning environment. In this endeavour, they delivered or developed the following:

- Bespoke Educator Training for Registered Nurses, Midwives, Nursing Associates and Operating Department Practitioners.
- Practice Assessor Training for 263 established staff members.
- A Reducing Pre-registration Attrition and Improving Retention project, which included provision of 12 learning sessions (including Simulation) to a total of 267 learners. This was well received and presented at a regional NHSE conference.
- Learner Portfolio to support both learners and educators in practice on how to access resources and evidence learning for assessment.
- Developed a robust reporting system for Doctors in Training compliance, resulting in being placed at number one in the Northwest for Core Skills Training compliance rates.
- Secured NHSE funding to support the development of Speciality and Specialist grade doctors.

Apprenticeships

During 2023–24, the team offered a range of apprenticeships targeted towards workforce supply and skills gaps, and the outcomes include:

- Graduation of 42 Level 3 Senior Healthcare Support Worker (SHSW) apprentices.
- Graduation of 47 Level 3 Learning Mentor (LM) apprentices.
- Introduction of a Level 4 Learning and Skills Mentor apprenticeship.
- Recruitment of 51 new apprentice colleagues.
- Funded for 67 apprenticeships across clinical and non-clinical pathways from the levy.
- Recruitment of 19 T-Level students from Runshaw college and 4 from Preston college.

National recognition

Our Apprenticeship team has been recognised as delivering an outstanding education service. Notable achievements include:

- Highest performing NHS apprenticeship training provider in the Northwest.
- Ranked fourth nationally against other NHS providers, with the ambition to rise further.
- Our learner Qualification Achievement Rate (QAR) has consistently scored above the national average; 81.3% versus 54.6% (national average).
- SHSW QAR of 89.4% versus 50.2% (national average)
- Learning and Skills Mentor QAR of 87% versus 49.7% (national average)
- Our colleagues have been involved in apprenticeship trailblazer groups, advising on the development of new programmes.
- The team has been asked to present at the Association of Employment and Learning Providers National Apprenticeship Conference in response to the high QAR.

Awards

The Trust received appreciation at various prestigious awards ceremonies:

- Finalist at the Red Rose Awards 2023 in the Commitment to Skills category.
- Finalist at the Be Inspired Business Awards (BIBA) 2023 in the Educational Establishment of the Year and Apprenticeship Team of the Year categories.
- Highly Commended at the NHS Lancashire and South Cumbria Apprenticeship Awards
- Six apprentices were finalists at the NHS Lancashire and South Cumbria Awards:
- The Apprenticeship Team colleagues received 14 nominations at the Health Academy Awards in June 2023.

Training and compliance

The Training and Compliance team is committed to providing the highest quality of care to patients and a safe and effective work environment for our colleagues through the provision of mandatory training, which is based on the national Core Skills Training Framework and other national legislation.

The Trust has made significant strides in achieving mandatory training compliance. The number of subjects meeting target compliance of 90% completion has improved from the baseline of 9 out of 26 (2020–21) to 21 out of 33 subjects (February 2024). This includes achieving 95% compliance in Information Governance and 90% compliance across other nationally mandated subjects. While this is a positive trend, the Trust is actively working to improve compliance in the remaining 12 subjects. In addition, the Trust introduced two new training topics for all staff in May 2023. Learning Disability, Autism and Neurodiversity, and Speak Up for all staff, achieving the target of 90% for both topics within 5 months.

Innovation

The Training and Compliance team continuously strive for improvement and enhancement in the way training is delivered and recorded, notably achievements include:

- Transferring paper-based Medical Device compliance recording to an e-learning platform that enables individualised tracking of compliance and automates reminders to colleagues upon expiration. This system led to a 2.5% improvement in the figures. This system is being expanded to include all clinical competencies.
- Centralisation of training data from the divisions, which has improved requirement visibility and enabled targeting of areas that require greater focus.
- The team is piloting a novel blended learning approach for preceptorship training, designed to facilitate the smooth integration of new staff into their roles. This method will provide educators and managers with enhanced insights into trainee progress, leading to improved training effectiveness.
- The Skills Passport Programme is an initiative the team is leading on behalf of the Lancashire and South Cumbria ICS with the aim of developing an ICS-level common mandatory training framework, to support an ICS-level agreement on required training and associated training levels for practitioners, developing a model that supports skills and training transferability across the ICS, enhances staff mobility and offers the potential to deliver cost efficiencies through an integrated service delivery model.

Leadership and collaboration

The team has garnered recognition as a leader in e-learning delivery and compliance, both locally and nationally. They share training resources with healthcare providers across the UK and have been acknowledged by NHSE for excellence in immersive technology. The Trust remains at the forefront of technological innovation, exploring the potential integration of AI-powered marking for e-learning workbooks.

Actionable insights and collaboration

Action planning has been a key focus over the past year. Processes have been reviewed and updated and in collaboration with clinical divisions improved tracking and management of action plans. This joint effort ensures that improvement activities are completed, and external quality standards are met.

Learner feedback and engagement

Introduction of combined continuous professional development and learner feedback sessions has been well received by our nursing learners. This innovative approach resulted in a significant increase in feedback compared to the previous year. This approach will be implemented in other areas during the next year.

Commitment to quality education is reflected in the Trust's strong performance on national surveys. In 2023–24, learner participation rates exceeded regional averages for both the General Medical Council survey (84%, 3.34% above regional average) and the National Education and Training survey (437 completions, a 14.32% increase from the previous year).

Supporting operational excellence

Recognising the importance of strong governance for department effectiveness, the Education Governance team has completed several operational reviews during 2023–24 and supported delivery of some key initiatives, including:

- Review of external education contracts and service level agreements.
- Review of education policies to ensure currency and relevance.
- Full refresh of consolidated education income and expenditure profile.
- Introduction of Education Matters newsletter.
- Operational support of the regional Targeted Placement Expansion Programme.

Staff Costs

			2023–24	2022–23
	Permanent	Other	Total	Total
	£0	£0	£0	£000
Salaries and wages	387,942	36,181	**424,123**	398,945
Social security costs	42,322	3,948	**46,270**	42,277
Apprenticeship levy	1,957	183	**2,140**	1,989
Employer's contributions to NHS pensions	61,232	5,712	**66,944**	59,653
Pension cost – other	141	13	**154**	233
Other post-employment benefits	-	-	**-**	-
Other employment benefits	-	-	**-**	-
Termination benefits	-	-	**-**	-
Temporary staff	-	20,642	**20,642**	22,210
NHS charitable funds staff	-	-	**-**	-
Total gross staff costs	**493,594**	**66,679**	**560,273**	525,307
Recoveries in respect of seconded staff	-			-
Total staff costs	**493,594**	**66,679**	**560,273**	525,307
Of which				
Costs capitalised as part of assets	2,548	346	**2,894**	3,661

Consultancy costs	
2023–24	2022–23
£0	£0
0	5,000

Average number of employees (WTE basis)

			2023–24	2022–23
	Permanent	Other	Total	Total
	Number	Number	Number	Number
Medical and dental	1,023	103	**1,126**	**1,101**
Ambulance staff	0	0	**0**	**3**
Administration and estates	1,582	64	**1,646**	**1,437**
Healthcare assistants and other support staff	2,860	395	**3,255**	**3,270**
Nursing, midwifery and health visiting staff	2,709	233	**2,942**	**2,749**
Nursing, midwifery and health visiting learners			**0**	**-**
Scientific, therapeutic and technical staff	791	15	**806**	**771**
Healthcare science staff	247	11	**258**	**252**
Social care staff	0	0	**0**	**-**
Other	32	0	**32**	**34**
Total average numbers	**9,244**	**821**	**10,065**	**9,616**
Of which:				
Number of employees (WTE) engaged on capital projects	47	4	**51**	59

Pensions/retirement benefits and senior employees' remuneration

Accounting policies for pensions and other retirement policies and details of senior employees' remuneration are set out in the notes to the accounts and on pages 50 to 54 of this report.

Off-payroll arrangements

Table 1:
Highly paid off-payroll worker engagements as at 31 March 2024 earning at least £245 per day or greater:

Number of existing engagements as of 31 March 2024	2
Of which:	
Number that have existed for less than one year at time of reporting	2
Number that have existed for between one and two years at time of reporting	0
Number that have existed for between two and three years at time of reporting	0
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	0

Table 2: All highly paid off-payroll workers engaged at any point during the year ending 31 March 2024 earning £245 per day or greater:

Number of off-payroll workers engaged during the year ended 31 March 2024	2
Of which:	
Not subject to off-payroll legislation *	2
Subject to off-payroll legislation and determined as in-scope of IR35 *	0
Subject to off-payroll legislation and determined as out-of-scope of IR35 *	0
Number of engagements reassessed for compliance or assurance purposes during the year	0
Of which:	
Number of engagements that saw a change to IR35 status following review	0

** A worker that provides their services through their own limited company or another type of intermediary to the client will be subject to off-payroll legislation and the Trust must undertake an assessment to determine whether that worker is in-scope of Intermediaries legislation (IR35) or out-of-scope for tax purposes.*

Table 3: For any off-payroll engagements of Board members and/or senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024:

Number of off-payroll engagements of Board members and/or senior officials with significant financial responsibility, during the financial year	0
Number of individuals that have been deemed Board members and/or senior officials with significant financial responsibility during the financial year. This figure must include both off-payroll and on-payroll engagements	0

Staff exit packages

	2023–24			2022–23		
Exit packages cost band including any special payment element	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**
<£10,000	3	1	4	5	-	**5**
£10,000 - £25,000	1	-	1	2	1	**3**
£25,001 - £50,000	-	-	0	1	-	**1**
£50,001 - £100,000	-	-	-	-	-	**-**
£100,001 - £150,000	-	-	**-**	-	-	**-**
£150,001 - £200,000	-	-	**-**	-	-	**-**
>£200,000	-	-	**-**	-	-	**-**
Total number of exit packages by type	**4**	**1**	5	**8**	**1**	**9**
Total resource cost	**£29,000**	**£8,000**	**£37,000**	**£84,000**	**£16,000**	**£100,000**

Exit packages: non-compulsory departure payments

	2023–24		2022–23	
	Payments Agreements Number	Total Value of Agreements £000	Payments Agreements Number	Total Value of Agreements £000
Voluntary redundancies including early retirement contractual costs	-	-	-	-
Mutually agreed resignations contractual costs	-	-	-	-
Early retirements in the efficiency of the service contractual costs	-	-	-	-
Contractual payments in lieu of notice	1	8	1	16
Exit payments following Employment Tribunals or court orders	-	-	-	-
Non-contractual payments requiring HMT approval	-	-	-	-
Total	**1**	**8**	**1**	**16**
Of which:				
Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months of their annual salary	-	-	-	-

Value of special severance payments approved by NHS Improvement

No special severance payments were submitted to NHSI for approval in 2023–24.

Facilities and Time Off for Union Representatives

The 2023–24 collation and reporting of facilities and time off for union representatives falls outside of the timing of this report. Based on 2022–23 however the organisation had a headcount of 56 local trade union representatives, equating to 50.84 whole-time equivalents. Two of these were seconded into our Partnership team for 100% of working hours. Of the remaining representatives:

- There were no representatives who had between 51% and 99% of their working hours as facilities time
- 27 representatives had between 1% and 50% of their working hours as facilities time
- 27 representatives had 0% of their working time as facilities time

The hours spent totalled 3,300.9 and of these 633.5 hours (19.19%) were for paid trade union duties. The total cost of facility time was £81,109.05, representing 0.02% of the pay bill.

DISCLOSURES SET OUT IN THE NHS FOUNDATION TRUST CODE OF GOVERNANCE

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 requires a number of disclosures to be made within the annual report.

The code of governance for NHS provider trusts contains guidance on good corporate governance. NHSE, as the healthcare sector regulator, is keen to ensure that NHS Foundation Trusts have the autonomy and flexibility to ensure their structures and processes work well for their individual organisations, whilst making sure they meet overall requirements. For this reason, the code is designed around a 'comply or explain' approach.

The new code has been in place since 1 April 2023 and sets out a common overarching framework for the corporate governance of NHS providers (being NHS trusts and NHS foundation trusts), reflecting developments in UK corporate governance and the development of integrated care systems. The Trust is committed to the principles of the Code, which is supported by its robust internal governance arrangements, meets the statutory disclosure requirements in this annual report and also adheres to all other 'comply or explain' requirements.

Comply or explain

NHSE recognises that departure from the specific provisions of the code may be justified in particular circumstances, and reasons for non-compliance with the code should be explained. This 'comply or explain' approach has been in successful operation for many years in the private sector and within the NHS Foundation Trust sector. In providing an explanation for non-compliance, NHS Foundation Trusts are encouraged to demonstrate how its actual practices are consistent with the principle to which the particular provision relates.

Whilst the majority of disclosures are made on a 'comply or explain' basis, there are other disclosures and statements (which we have termed 'mandatory disclosures' in this report) that we are required to make, even where we are fully compliant with the provision.

Mandatory disclosures

Code ref.	Summary of requirement	See page(s):
A.2.1	The board of directors should assess the basis on which the trust ensures its effectiveness, efficiency and economy, as well as the quality of its healthcare delivery over the long term, and contribution to the objectives of the ICP and ICB, and place-based partnerships. The board of directors should ensure the trust actively addresses opportunities to work with other providers to tackle shared challenges through entering into partnership arrangements such as provider collaboratives. The trust should describe in its annual report how opportunities and risks to future sustainability have been considered and addressed, and how its governance is contributing to the delivery of its strategy.	12, 40–42, 78–96
A.2.3	The board of directors should assess and monitor culture. Where it is not satisfied that policy, practices or behaviour throughout the business are aligned with the trust's vision, values and strategy, it should seek assurance that management has taken corrective action. The annual report should explain the board's activities and any action taken, and the trust's approach to investing in, rewarding and promoting the wellbeing of its workforce	13, 57–61
A.2.8	The board of directors should describe in the annual report how the interests of stakeholders, including system and place-based partners, have been considered in their discussions and decision-making, and set out the key partnerships for collaboration with other providers into which the trust has entered. The board of directors should keep engagement mechanisms under review so that they remain effective. The board should set out how the organisation's governance processes oversee its collaboration with other organisations and any associated risk management arrangements	13, 44–45, 78–96
FT ARM	The annual report should include a statement about the number of meetings of the council of governors and individual attendance by governors and directors.	99–100

Code ref.	Summary of requirement	See page(s):
B.2.6	The board of directors should identify in the annual report each non-executive director it considers to be independent. Circumstances which are likely to impair, or could appear to impair, a non-executive director's independence include, but are not limited to, whether a director: • has been an employee of the trust within the last two years • has, or has had within the last two years, a material business relationship with the trust either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the trust • has received or receives remuneration from the trust apart from a director's fee, participates in the trust's performance-related pay scheme or is a member of the trust's pension scheme • has close family ties with any of the trust's advisers, directors or senior employees • holds cross-directorships or has significant links with other directors through involvement with other companies or bodies • has served on the trust board for more than six years from the date of their first appointment • is an appointed representative of the trust's university medical or dental school. Where any of these or other relevant circumstances apply, and the board of directors nonetheless considers that the non-executive director is independent, it needs to be clearly explained why.	25–32, 46–54
B.2.13	The annual report should give the number of times the board and its committees met, and individual director attendance for board and mandatory committees.	32, 46–47, 107
B.2.17	For foundation trusts, this schedule should include a clear statement detailing the roles and responsibilities of the council of governors. This statement should also describe how any disagreements between the council of governors and the board of directors will be resolved. The annual report should include this schedule of matters or a summary statement of how the board of directors and the council of governors operate, including a summary of the types of decisions to be taken by the board, the council of governors, board committees and the types of decisions which are delegated to the executive management of the board of directors.	31, 97–101
C.2.5	If an external consultancy is engaged, it should be identified in the annual report alongside a statement about any other connection it has with the trust or individual directors.	47
C.2.8	The annual report should describe the process followed by the council of governors to appoint the chair and non-executive directors. The main role and responsibilities of the nominations committee should be set out in publicly available written terms of reference.	31–32
C.4.2	The board of directors should include in the annual report a description of each director's skills, expertise and experience	25–30
C.4.7	All trusts are strongly encouraged to carry out externally facilitated developmental reviews of their leadership and governance using the Well-led framework every three to five years, according to their circumstances. The external reviewer should be identified in the annual report and a statement made about any connection it has with the trust or individual directors.	Not applicable
C.4.13	The annual report should describe the work of the nominations committee(s), including: • the process used in relation to appointments, its approach to succession planning and how both support the development of a diverse pipeline • how the board has been evaluated, the nature and extent of an external evaluator's contact with the board of directors and individual directors, the outcomes and actions taken, and how these have or will influence board composition • the policy on diversity and inclusion including in relation to disability, its objectives and linkage to trust vision, how it has been implemented and progress on achieving the objectives • the ethnic diversity of the board and senior managers, with reference to indicator nine of the NHS Workforce Race Equality Standard and how far the board reflects the ethnic diversity of the trust's workforce and communities served • the gender balance of senior management and their direct reports	46–48, 55–56
C.5.15	Foundation trust 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. The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	102–103
D.2.4	The annual report should include: • the significant issues relating to the financial statements that the audit committee considered, and how these issues were addressed • an explanation of how the audit committee (and/or auditor panel for an NHS trust) has assessed the independence and effectiveness of the external audit process and its approach to the appointment or reappointment of the external auditor; length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans • where there is no internal audit function, an explanation for the absence, how internal assurance is achieved and how this affects the external audit • an explanation of how auditor independence and objectivity are safeguarded if the external auditor provides non-audit services.	104–107

Code ref.	Summary of requirement	See page(s):
D.2.6	The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for stakeholders to assess the trust's performance, business model and strategy	33
D.2.7	The board of directors should carry out a robust assessment of the trust's emerging and principal risks. The relevant reporting manuals will prescribe associated disclosure requirements for the annual report	88–89
D.2.8	The board of directors should monitor the trust's risk management and internal control systems and, at least annually, review their effectiveness and report on that review in the annual report. The monitoring and review should cover all material controls, including financial, operational and compliance controls. The board should report on internal control through the annual governance statement in the annual report	78–96
D.2.9	The annual accounts, the board of directors should state whether it considered it appropriate to adopt the going concern basis of accounting when preparing them and identify any material uncertainties regarding going concern. Trusts should refer to the DHSC group accounting manual and NHS foundation trust annual reporting manual which explain that this assessment should be based on whether a trust anticipates it will continue to provide its services in the public sector. As a result, material uncertainties over going concern are expected to be rare.	19, 77, 94, 105
E.2.3	Where a trust releases an executive director, eg to serve as a non-executive director elsewhere, the remuneration disclosures in the annual report should include a statement as to whether or not the director will retain such earnings.	Not applicable
Appendix B, para 2.3 (not in Schedule A)	The annual report should identify the members of the council of governors, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated lead governor.	98–99
Appendix B, para 2.14 (not in Schedule A)	The board of directors should ensure that the NHS foundation trust provides effective mechanisms for communication between governors and members from its constituencies. Contact procedures for members who wish to communicate with governors and/or directors should be clear and made available to members on the NHS foundation trust's website and in the annual report	98–100, 102–103
Appendix B, para 2.15 (not in Schedule A)	The board of directors should state in the annual report the steps it has 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 foundation trust, eg through attendance at meetings of the council of governors, direct face-to-face contact, surveys of members' opinions and consultations	97–98
FT ARM	The Task force on climate-related financial disclosures (TFCD) NHS England's NHS foundation trust annual reporting manual has adopted a phased approach to incorporating the TCFD recommended disclosures as part of sustainability annual reporting requirements for NHS bodies, stemming from HM Treasury's TCFD aligned disclosure guidance for public sector annual reports. TCFD recommended disclosures as interpreted and adapted for the public sector by the HM Treasury TCFD aligned disclosure application guidance, will be implemented in sustainability reporting requirements on a phased basis up to the 2025/26 financial year. The phased approach incorporates the disclosure requirements of the governance pillar for 2023/24.	19–21
FT ARM	The Directors' report should include details of company directorships and other significant interests held by directors or governors which may conflict with their management responsibilities.	25–31, 92, 98

'FT ARM' indicates that the disclosure is required by the NHS Foundation Trust Annual Reporting Manual rather than the code of governance.

Other disclosures in the public interest

NHS Foundation Trusts are public benefit corporations and it is considered to be best practice for the annual report to include 'public interest disclosures' on the Foundation Trust's activities and policies in the areas set out below.

Summary of disclosure	See page(s):
Actions taken to maintain or develop the provision of information to, and consultation with, employees.	59–61
The foundation trust's policies in relation to disabled employees and equal opportunities.	58–59
Information on health and safety performance and occupational health.	23, 58
Information on policies and procedures with respect to countering fraud and corruption.	106
Statement describing the better payment practice code, or any other policy adopted on payment of suppliers, performance achieved and any interest paid under the Late Payment of Commercial Debts (Interest) Act 1998.	18
Details of any consultations completed in the previous year, consultations in progress at the date of the report, or consultations planned for the coming year.	Not applicable
Consultation with local groups and organisations, including the overview and scrutiny committees of local authorities covering the membership areas.	Not applicable
Any other public and patient involvement activities.	36–41
The number of and average additional pension liabilities for, individuals who retired early on ill-health grounds during the year.	Note 5.2 to the accounts
Detailed disclosures in relation to "other income" where "other income" in the notes to the accounts is significant.	Note 2.5 to the accounts
A statement that the NHS Foundation Trust has complied with the cost allocation and charging guidance issued by HM Treasury.	19
Sickness absence data.	57
Details of serious incidents involving data loss or confidentiality breach.	94–95

Voluntary disclosures

We have also included a number of 'voluntary disclosures' (as defined by the Foundation Trust annual reporting manual) in this report. These can be found as follows:

Summary of disclosure	See page(s):
Sustainability / environmental reporting	19–21, 92
Equality reporting	55–56, 92
Slavery and human trafficking statement (Modern Slavery Act 2015)	33

NHS OVERSIGHT FRAMEWORK

NHS England's NHS Oversight Framework provides the framework for overseeing systems including providers and identifying potential support needs. NHS organisations are allocated to one of four 'segments'.

A segmentation decision indicates the scale and general nature of support needs, from no specific support needs (segment 1) to a requirement for mandated intensive support (segment 4). A segment does not determine specific support requirements. By default, all NHS organisations are allocated to segment 2 unless the criteria for moving into another segment are met. These criteria have two components:

(a) objective and measurable eligibility criteria based on performance against the six oversight themes using the relevant oversight metrics (the themes are: quality of care; access and outcomes; people; preventing ill-health and reducing inequalities; leadership and capability; finance and use of resources; local strategic priorities)

(b) additional considerations focused on the assessment of system leadership and behaviours, and improvement capability and capacity.

An NHS Foundation Trust will be in segment 3 or 4 only where it has been found to be in breach or suspected breach of its licence conditions.

Segmentation

NHSE placed the Trust in segment 3. This segmentation information is the Trust's position as at November 2021. Current segmentation information for NHS Trusts and Foundation Trusts is published on the NHSE website.

On 12 November 2021 enforcement undertakings were revised and these were formally accepted by the Trust on 2 December 2021. For details of the enforcement undertakings and the Trust's progress made against them, please see the Annual Governance Statement.

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Statement of the Chief Executive's responsibilities as the accounting officer of Lancashire Teaching Hospitals 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 NHSE.

NHSE in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Lancashire Teaching Hospitals 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 Lancashire Teaching Hospitals NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

In preparing the accounts and overseeing the use of public funds, the Accounting Officer is required to comply with the requirements of the Department of Health and Social Care Group Accounting Manual and in particular to:

- observe the Accounts Direction issued by NHSE 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 and Social Care 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;
- confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS Foundation Trust's performance, business model and strategy; and
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

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 them 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.

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

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

Professor Silas Nicholls
Chief Executive
25 June 2024

ANNUAL GOVERNANCE STATEMENT 2023–24

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Lancashire Teaching Hospitals NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Lancashire Teaching Hospitals NHS Foundation Trust for the year ended 31 March 2024 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

Leadership and accountability

The Chief Executive has overall responsibility for ensuring that effective risk management systems are in place within the Trust, for meeting all statutory requirements, and for adhering to guidance issued by NHSI and other regulatory bodies in respect of risk and governance. The Chief Executive ensures the work of the Committees of the Board, including sub-groups, is reviewed by the Board of Directors.

The Trust has the capacity to handle risk through delegated responsibilities in place as defined in the Scheme of Reservation and Delegation of Powers, and the Risk Management Policy, both of which are approved by the Board of Directors. The Policy outlines the Trust's approach to risk, accountability arrangements and the risk management process including identification, analysis, evaluation and approval of the risk appetite and tolerance.

Accountability arrangements for risk management in 2023–24:

(a) The Board of directors has overall responsibility for ensuring robust systems of internal control, encouraging a culture of risk management, routinely considering risks and defining its appetite for risk.

(b) Committees of the Board scrutinise those risks that fall within their terms of reference on behalf of the Board of Directors, recommending new or revised risks to the Board as appropriate.

(c) The Audit Committee on behalf of the Board of Directors ensures that the Trust's risk management systems and processes are robust.

(d) For the majority of 2023–24, the Senior Leadership Team meeting was responsible for reviewing risks relevant to its remit and advising all Committees of the Board on potential/existing strategically significant risks, as well as liaising with the Divisional Boards and Groups to ensure the consistency of risk reporting and also overseeing the Trust's Risk Register.

(e) In February 2024, the Board of Directors approved a new Risk Management Strategy 2024–27 and as outlined in the Strategy, a new Risk Management Group started in March 2024, chaired by the Chief Executive, and this meeting is now responsible for risk management arrangements across the Trust.

(f) The Chief Executive, as the Trust's Accountable Officer, has overall responsibility for the risk management processes, the Risk Management Strategy 2024–27, and Risk Management Policy.

(g) The Chief Nursing Officer, Chief Medical Officer, and Company Secretary, supported by the Associate Director of Risk and Assurance, Associate Director of Safety and Learning, and Deputy Chief Nursing Officer, advises the Trust Board on all matters relating to governance, risk and quality.

(h) Each member of the Executive Team has responsibility for the identification and management of risks within their executive portfolios.

(i) The Chief Finance Officer/Deputy Chief Executive has responsibility for ensuring that the Trust has sound financial arrangements that are controlled and monitored through financial regulations and policies.

(j) The Chief Information Officer is responsible for ensuring that there are mechanisms in place for assuring the quality and accuracy of the performance data which informs reporting.

(k) The Nominated Individual with the CQC is the Chief Nursing Officer.

The BAF and Risk Register have been regularly scrutinised and reviewed through the Trust's governance structure and have been subject to internal and external reviews. The Trust's strategic intentions, policies, procedures and supporting documentation are openly accessible via the intranet for all staff to reference.

The existing organisational management structure and Risk Management Policy illustrates the Trust's commitment to effective governance and quality governance, including risk management processes.

There is a central risk management team and a centralised health and safety team, supported by divisional governance and risk teams, led by a Lead Clinical Governance and Risk Manager in each division.

As Accounting Officer, the Chief Executive has overall accountability for risk management within the Trust, however the Risk Management Policy describes the responsibility of every member of staff to recognise, respond to, report, record and reduce risks while they are undertaking work for the Trust.

Training and learning

Trust policies are available on the Trust's intranet and staff are encouraged to participate in the consultation of new and updated policies.

Risk management training is provided through the Datix training programme, available to all staff. Training for individual roles continues to be identified by managers and agreed with staff through personal development plans. Divisional governance teams also deliver localised risk management training for their services and for those who have requested additional support.

Incident reporting training is provided, and additional risk management training is delivered to staff who manage risks. There is additional risk management and incident management training available for staff on a monthly basis.

Mandatory training for all staff reflects essential training needs and includes risk management processes such as health and safety, fire safety, infection prevention and control, safeguarding children and vulnerable adults, patient safety for all staff, information governance, moving and handling, conflict resolution, fraud and bribery in the NHS, and equality, diversity and human rights.

Monitoring of training compliance and escalation arrangements are in place via the Education, Training and Research Committee, and the Divisional Improvement Forums to ensure that the Trust maintains good performance and can ensure targeted action in respect of areas or staff groups where performance is not at the required level. Where performance is below expected levels, the Trust Executive team oversees tailored support for the divisions and corporate teams in line with the Accountability Framework to underpin sustainable improvement and delivery of plans, objectives and required outcomes.

During 2023–24, a risk maturity workshop took place with Executive and Non-Executive Directors and subsequently the Board reviewed and approved the continued use of the risk appetite statement and tolerances that were developed during 2022–23.

As part of the newly approved Risk Management Strategy 2024–27, the training needs analysis for risk management is being refreshed and it is intended this will be implemented and monitored in the new financial year, upon approval.

As a learning organisation, the Trust takes an Always Safety First approach and has a strategy which seeks to

ensure good practice is identified and shared via corporate and divisional governance arrangements using multiple mediums, learning from mortality reviews, complaints, incidents and claims to reduce the risk of repeated issues. The Board of Directors receives assurances from the Safety and Quality Committee relating to the management of all serious untoward incidents, including Never Events.

The risk and control framework

Risk management is a fundamental part of operational working and service delivery. As set out in the Risk Management Policy, it is the responsibility of all employees and requires commitment and collaboration of both clinical and non-clinical staff.

The development of effective risk management across the organisation is underpinned by clear processes and procedures which include:

(a) a new Risk Management Strategy 2024–27;

(b) the Trust's Risk Management Policy;

(c) the organisational process for risk identification and analysis;

(d) a definition of significant risk and acceptable risk within the organisation;

(e) organisational risk management structures;

(f) the development and application of risk registers within the organisation;

(g) incident reporting;

(h) the accountability and responsibility arrangements for risk management; and

(i) the Board Assurance Framework.

Throughout the reporting period the Safety and Quality Committee, Finance and Performance Committee, Workforce Committee and Education, Training and Research Committee were the Committees of the Board charged with scrutinising the arrangements in place for specific areas of risk. They are supported by a number of sub-groups, including, but not limited to:

- Senior Leadership Team meeting
- Risk Management Group (introduced in March 2024)
- Divisional Management Groups
- Health and Safety Governance Group
- Infection Prevention and Control Committee
- Medicines Governance Group
- Patient Experience and Involvement Group
- Safeguarding Board
- Mortality and End of Life Group
- Safety and Learning Group (replaced by the Patient Safety Incident Response Framework [PSIRF] Oversight Panel in 2024 in line with the Trust's implementation of PSIRF)
- Capital Planning Forum
- Information Governance Forum
- Emergency Preparedness, Resilience and Response Group
- Always Safety First Group (replaced by the Always Safety First Learning and Improvement Group in 2024 in line with the Trust's implementation of PSIRF)
- Raising Concerns Group

These arrangements are supported by the work of the Audit Committee which receives assurances on the effectiveness of the risk management framework annually through the Head of Internal Audit Opinion. This is based on an internal audit programme which tests key aspects of the Trust's governance arrangements through a series of risk-based reviews undertaken throughout the year, which are also reported to the Audit Committee.

The Risk Management Policy

The policy defines risk in the context of clinical, health and safety, organisational, business, information, financial or environmental risk and also provides a definition of risk management. It details the Trust's approach to:

- the provision of high-quality services to the public in ways aimed at securing the best outcome for all involved. To this end, the Trust ensures that appropriate measures are in place to reduce or minimise risks to everyone for whom we have a responsibility;
- the implementation of policies and training to ensure that all appropriate staff are competent to identify risks, are aware of the steps needed to address them, and have authority to act;
- management action to assess all identified risks and the steps needed to minimise them. This comprises continuous evaluation, monitoring and reassessment of these risks and the resultant actions required;
- the designation of Executive leads with responsibility for implementation of the policy and the execution of risk management through operational and monitoring committees;
- action plans to maintain compliance with regulatory standards, which contribute to the delivery of the risk control framework; and
- the process by which risks are evaluated and controlled throughout the organisation. In support of the Risk Management Policy, a range of supplementary policies exist that provide clear guidance for staff on how to deal with concerns, complaints, claims, accidents and incidents on behalf of patients, visitors or themselves.

To ensure consistency, risks are systematically identified using a standardised approach. The potential consequence and likelihood of the risk occurring are scored and the sum of these scores determines the level in the organisation at which the risk is reported and monitored to ensure effective mitigation. Risk control measures are identified and implemented to reduce the potential for harm. A target risk score is created and monitored through the risk management process. In recognition that a risk may not be eliminated, this score must be set at the lowest tolerable level.

Each division has governance arrangements in place including a systematic process for assessing and identifying risk in line with the policy. Risk assessments are undertaken and this information is utilised to populate the relevant divisional risk register via our online system. Risks are continually reassessed and upon implementation of mitigating actions, where it is considered that the mitigation provides a tolerable level of risk in line with the Trust's risk appetite, the risk can be considered controlled. The responsibility for the management and control of a particular risk rests with the division concerned.

Risks were escalated to the Senior Leadership Team meeting when an action to control a particular risk fell outside the control or responsibility of that division, or where local control measures were considered to be potentially inadequate, require significant financial investment or the risk was rated as high. The Senior Leadership Team was able to escalate a particular risk to the appropriate Committee of the Board for further consideration when required and the Committee could in turn choose to escalate an operational risk to the Board of Directors for oversight. In March 2024, the Risk Management Group was initiated and assumed the responsibility for risk management arrangements, taking this over from the Senior Leadership Team meeting.

The Trust has in place a BAF which is designed to provide a structure and process to enable the Trust to identify those strategic and operational risks that may compromise the achievement of the Trust's high level strategic objectives and is made up of two parts: the **Strategic Risk Register** those risks that threaten the delivery of the strategic objectives and are not likely to change over time; and the **Operational Risk Register**, those risks that site on the divisional and corporate risk registers and may affect and relate to the day-to-day running of the organisation. They mainly affect internal functioning and delivery and are managed at the appropriate level within the organisation.

Responsibility for reviewing and updating the strategic risk and providing assurance to the Board on the controls and mitigations in place is retained by the relevant Executive Director. The BAF is also presented in full to the Audit Committee at each meeting once approved by the Board.

All operational risks are categorised in line with the Trust aims or ambitions that they predominantly impact upon. Any higher scoring operational 15+ risks are also presented to Committees of the Board to which the strategic aims or ambitions are aligned.

At the end of 2023–24, the risk profile of the Trust remains similar to that at the end of March 2023 with 489 overall risks in March 2024 compared to 488 in March 2023 and 85 high risks in March 2024 compared to 92 in March 2023. High risk themes continue to be reflective of the following:

- Financial challenges
- Increased demand
- Use of escalation areas
- Suboptimal capacity to meet targets/manage backlog following COVID-19
- Staffing challenges
- Physical environment/estate being suboptimal
- Mental health care provision

There is a continued focus on risk maturity and this is being achieved through the continued embedding of risk management within the Trust by various means, including:

- The development of a new Risk Management Strategy 2024–27.
- The Risk Management Policy, which is available to all staff through the Trust's intranet.
- Effective use of the strategic and operational risk registers at both divisional and corporate levels, and the BAF.
- Compliance with the mechanisms for the reporting of all accidents and incidents using an online incident reporting system.
- Ensuring that there is a robust process in place to escalate all risks, including divisional risks, with a rating of 15+ to Committees of the Board and the Board, if required.
- Embedding the use of dashboard, including themes, risk appetite, heat-maps, trajectory of risk and qualitative narrative on actions and mitigations.
- Automated governance dashboards for each division, providing easy access and removing the need for manual creation of dashboards. These are monitored as part of the Accountability Framework in Divisional Improvement Forums, with a specific risk section.
- Strengthening of divisional accountability processes through Divisional Improvement Forums and the Accountability Framework through Divisional Boards challenging performance of risk at Clinical Business Unit and Specialty Business Unit level.
- Continued training at all levels of the organisation in line with the National Patient Safety Strategy.
- The identification of local priorities as part of the Trust's transition from the Serious Incident Framework 2015 to the PSIRF in October 2023.
- The Trust has fully implemented PSIRF in 2023–24, having taken a phased approach to ensure capacity and capability to manage this change, which was supported by the ICB.
- Actively monitoring all serious incidents at the Safety and Quality Committee on a quarterly basis, and the Board annually.
- For the majority of 2023–24, the Senior Leadership Team meeting was used as a forum to discuss risk and share learning from the management of risks cross divisionally with the Executive team. This was achieved through presentation of a high risks report which contained key performance indicators each month alongside divisional and corporate risk registers on a cyclical basis.
- A new Risk Management Group started in March 2024, chaired by the Chief Executive, and this meeting is now responsible for the risk management arrangements across the Trust.

- Engaging with the Board of Directors using risk information to drive the Board workshop programme.
- Using outcomes from complaints, incidents, claims, Safety Triangulation Accreditation Review (STAR) visits and internal and external reviews, to mitigate future risks and aggregating these to identify Trust-wide risks.
- Connecting performance across the Trust at Board, Committee, Divisional and Specialty level using integrated performance reports which provides Ward to Board reporting that includes a range of metrics encompassing each of the elements of Our Big Plan by strategic ambition and includes quality, operation, finance, and workforce.
- Creating an open and accountable reporting culture whereby staff are encouraged to identify and report risk issues.
- Report cover sheets are linked to the Trust strategic aims and ambitions.
- Information within specific reports are categorised by and presented by strategic ambitions, for example, the Chief Executive's report and integrated performance report.
- Risks within Committee papers are connected to strategic risks within the BAF.
- Freedom to Speak Up Guardian and champions in place for staff to raise concerns. The team is promoted within the Trust and any concerns are triangulated with other processes for management, improvement, and shared learning.
- Use of an equality quality impact assessment policy which links to the planning framework and outlines the requirements of divisional management and Board members in assessing and monitoring the impact of service changes.

Risk Appetite

The Trust's Risk Appetite Statement was reviewed and discussed at a workshop with the Board of Directors in May 2023, and approved at the Board of Directors meeting in June 2023, with no changes from the previous year. The Risk Appetite Statement outlines the level of risk what the Trust is prepared to accept, after balancing the potential opportunities and threats a situation presents. In addition, the Trust's risk tolerance levels were also updated to outline the boundaries within which the Board is willing to allow the true day-to-day risk profile of the Trust to fluctuate while executing strategic objectives.

The Risk Appetite Statement set by the Board is as follows:

Providing safe and effective care for patients is paramount and so we have a low tolerance of risks which would adversely affect the quality and safety of clinical care. However, to **Consistently Provide Excellent Care**, we recognise that, in pursuit of this overriding objective, we may need to take other types of risk which impact on different organisational aims. Overall, our risk appetite in relation to consistently providing excellent care is cautious – we prefer safe delivery options with a low degree of residual risk, and we work to regulatory standards.

We have an open appetite for those risks which we need to take in pursuit of our commitment to create a **Great Place to Work**. By being open to risk, we mean that we are willing to consider all potential delivery options which provide an acceptable level of reward to our organisation, its staff and those who it serves. We tolerate some risk in relation to this aim when making changes intended to benefit patients and services. However, in recognising the need for a strong and committed workforce this tolerance does not extend to risks which compromise the safety of staff members or undermine our trust values.

We also have an open appetite for risk in relation to our strategic ambition to **Deliver Value for Money** and our strategic aim to **offer a range of high-quality specialist services to patients in Lancashire and South Cumbria**, maintaining and strengthening our position as the leading tertiary care provider in the local system, where we can demonstrate quality improvements and economic benefits. However, we will not compromise patient safety whilst innovating in service delivery. We are also committed to work within our statutory financial duties, regulatory undertakings, and our own financial procedures which exist to ensure probity and economy in the trust's use of public funds.

We seek to be **Fit for the Future** through our commitment to working with partner organisations in the local health and social care system to make current services sustainable and develop new ones. We also seek to lead in **driving health innovation through world class Education, Training & Research** by employing innovative approaches in the way we provide services. In pursuit of these aims, we will, where necessary, seek risk - meaning that we are eager to be innovative and will seek options offering higher rewards and benefits, recognising the inherent business risks.

Quality Governance

The Trust has strong quality governance arrangements in place, which are overseen by the Safety and Quality Committee. There is a thorough cycle of business in place to ensure assurance is received about safety, patient experience and effectiveness.

A suite of quality metrics aligned to the Trust's strategic objective to Consistently Deliver Excellent Care are provided in Our Big Plan on a monthly basis to track performance which support the Committee in understanding areas to focus attention. This is replicated in other Committees of the Board where versions of Our Big Plan metrics are aligned to the relevant strategic objective overseen by the Committee. The Board of Directors also receive an overview of Our Big Plan metrics related to all strategic objectives.

This approach is replicated at divisional level with a detailed set of key performance indicators aligned to Our Big Plan, split by strategic objective, produced for divisions. These are considered as part of Divisional Improvement Forums which are chaired by a member of the Executive team as part of the Accountability Framework.

Safety, Quality and Patient Experience

The Trust has in place a range of mechanisms for managing and monitoring risks in respect of safety and quality including

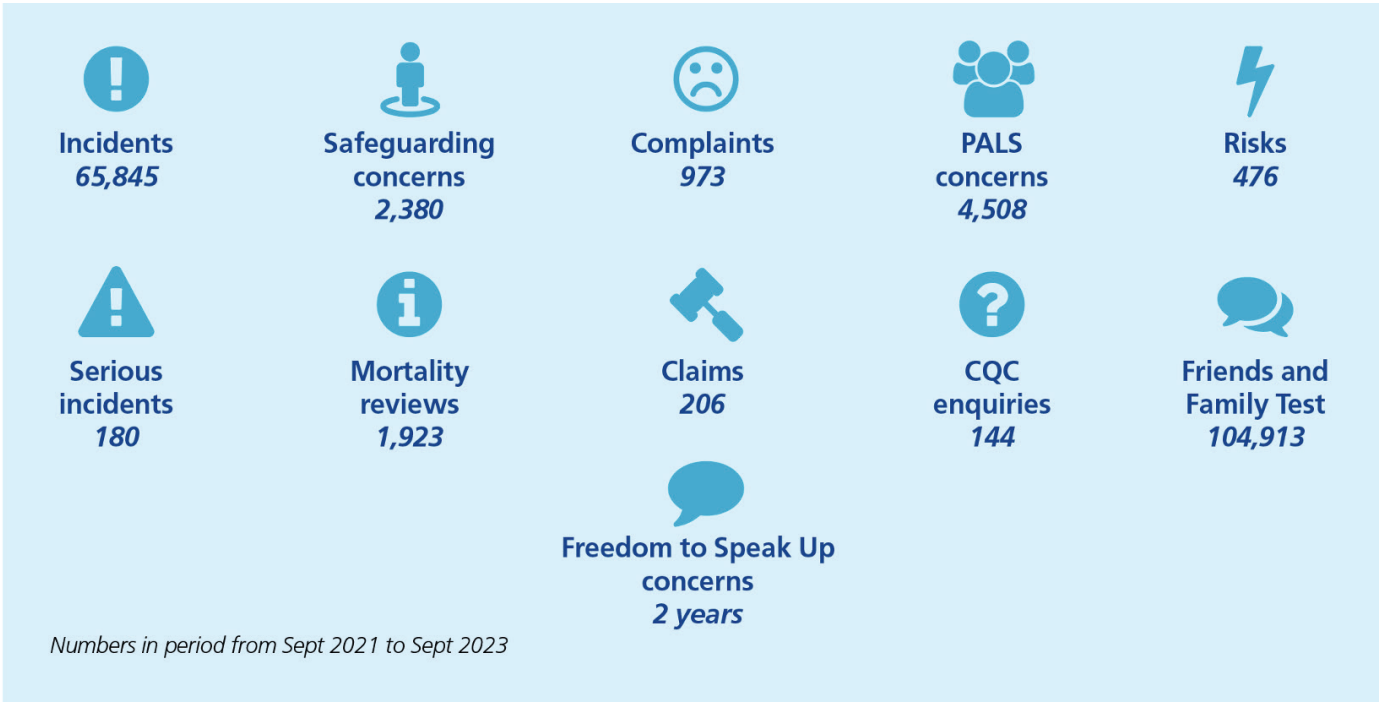
- An Always Safety First Strategy 2021–24, which outlines the Trust's response and approach to implementing the National Patient Safety Strategy published in 2019 and updated in 2021.
- A Patient Experience and Involvement Strategy 2022–25, which sets out the approach to involving patients, service users and their carers.
- A Risk Management Strategy 2024–27, which sets out the approach to improving risk maturity in the organisation.
- New processes and meeting structures following the transition to the PSIRF.
- The introduction of three Patient Safety Partners for the first time in the organisation who sit alongside the Maternity Neonatal Voices Partnership chair to provide the voice of the patient during meetings and activities of the Trust.
- A Safety and Quality Committee which meets monthly and is chaired by a Non-Executive Director.
- Publication of an Annual Quality Account (Report) as a separate document to the Annual Report.
- Arrangements and monitoring processes to ensure ongoing compliance with National Institute for Health and Care Excellence (NICE) guidance and service accreditation standards.
- The Chief Medical Officer has an identified Deputy Chief Medical Officer who is the Trust lead for mortality and reports regularly to the Safety and Quality Committee in respect of mortality.
- Safety Triangulation Accreditation Review (STAR) Quality Assurance Framework is operated in all clinical departments.
- A Board Safety and Experience Programme is in place to maintain Board visibility and contact with staff delivering services.

- A safe staffing dashboard is in place to monitor nurse and midwifery staffing levels across all wards and departments and a monthly staffing report is presented to the Safety and Quality Committee through the mandated safe staffing report. This is triangulated with measures of harm (for example hospital acquired infections) and patient experience (friends and family test) for maternity services, children and neonatal services and adult inpatients, including the Emergency Department.
- The Trust routinely considers and acts upon the recommendations of national quality benchmarking exercises, such as national patient surveys and other national publications, for example reports from the Health Services Safety Investigations Body (HSSIB).
- The Trust acts upon patient feedback from complaints and concerns and from feedback from patient and public involvement representatives such as Healthwatch and Trust governors.
- Patient and staff stories are presented to the Board of Directors and actions and lessons learned are widely shared.
- There is a process for the management of all patient safety and medical device alerts, prescribing and drug alerts, field safety notices, estates and facilities alerts, service disruption alerts and all alerts that arise as a result of actions identified by NHSI, or other national bodies are acted upon.
- Where appropriate, risk alerts are made to partner organisations in line with statutory responsibilities, such as for safeguarding purposes.
- Operational and quality breaches are discussed at the relevant operational and governance forums and ICB meetings with remedial action plans enacted.

Patient Safety Incident Response Framework (PSIRF)

In line with the requirements of the National Patient Safety Strategy, the Trust commenced the transition from the Serious Incident Framework to the PSIRF on 6 November 2023.

In advance of the transition to PSIRF, the Trust sought to identify local priorities as part of the development of a Patient Safety Incident Response Plan (PSIRP). The Trust reviewed a range of information held within the organisation including:



The Trust also engaged with a range of stakeholders including staff, governors, patient representatives and the ICB.

As a result of the analysis and engagement undertaken, the Trust identified and agreed five local priorities:

1. Delayed recognition of a deteriorating patient due to gaps in monitoring (including all pregnant women)
2. Delayed, missed or incorrect cancer diagnosis
3. Prescribing or administration error or near miss of anticoagulation medication
4. Adverse discharge due to gaps in communication or misinformation
5. Delay in responding to a critical pathology finding

A PSIRF policy and the Trust's PSIRP was developed and approved at the Board of Directors meeting in October 2023. The Trust plans and policies were also endorsed by the ICB Quality Committee on 18 October 2023.

Implementation of PSIRF was undertaken in two phases:

- Phase 1 was implemented on 6 November 2023 and included implementation of patient safety incident investigations for any patient safety events that met national and local priorities.
- Phase 2 was implemented on 25 March 2024 which included implementation of all learning responses.

Revised governance processes were developed, including the implementation of a new meeting structure in early 2024. Progress with implementation of PSIRF continues as our revised governance approach matures and this is monitored by the Safety and Quality Committee.

Clinical Effectiveness

With respect to clinical audit, the Trust has an annual clinical audit and effectiveness plan that is developed and agreed for the forthcoming year, which incorporates national mandatory audits, corporate audits, audits associated with Trust-wide priorities including those linked to the national and locally agreed PSIRF priorities, audits of national policies and guidelines, as well as other audits commissioned specifically in response to areas of identified risk and concern. The Chief Medical Officer has an identified Deputy Chief Medical Officer who is the Trust lead for Clinical Audit and Effectiveness.

The Audit Committee and the Safety and Quality Committee both receive clinical audit and effectiveness reports to provide assurance that the Trust has effective controls in place and is responsive to areas of concern, which may have been highlighted through the audit process, as well as audit outcomes which demonstrates best practice against defined standards. The clinical audit and effectiveness reports also provide evidence that health professionals are providing care that is both evidence-based and up-to-date.

Capacity and Flow Waiting

The NHS continued to be faced with significant pressures in 2023–24 and like all other NHS Trusts across the country Lancashire Teaching Hospitals remained challenged by non-elective demand for services, and periods of industrial action. As a result, performance across the board, both emergency and elective continued to be impacted with operational pressures experienced through the year resulting in non-compliance in relation to a number of key standards.

Whole health economy system pressure in response to increased demand resulted in high bed occupancy throughout the year, together with the requirement to recover and restore services. A system-wide action plan remains in place to address the urgent care capacity and demand pressures; with identified primary, community and social care initiatives/schemes delivering a level of sustainability.

During 2023–24 the Trust put in place a range of measures:

- Continued to refine and improve the offer from the Community Healthcare Hub at Finney House, providing 64 health led time-limited community beds, reducing medicine bed capacity in hospital as a result.
- Established an Acute Assessment Unit to reduce time spent in the Emergency Department ahead of the delivery of increased Medical Assessment Unit capacity.

- Increased the Virtual Ward bed base for Frailty, Respiratory and Acute Medicine.
- Enhanced internal escalation measures, including Full Capacity Protocol, surge and boarding to support ambulance handovers and capacity in the Emergency Department.

Alongside internal work, the Trust continued to undertake collaborative work with other partners in the local health economy through:

- A health economy-wide action plan to address the urgent care system and pressures; with identified primary and social care initiatives/schemes expected to deliver a level of sustainability.
- A range of continuous improvement and transformational work streams that include patient onflow, and flow.
- The Flow Coaching Academy, applying team coaching skills and improvement science at care pathway level to improve patient flow and experience through the healthcare system.
- We recognise that the longevity of system resilience is dependent on all stakeholders across our local health economy and we anticipate that there will be continued operational and subsequent compliance issues against key access targets during 2024–25 with the development and delivery of the Trust's new Single Improvement Plan.

STAR Quality Assurance Framework

The Trust ensures assurance of delivery of CQC standards and recommendations through the Trust's STAR Quality Assurance Framework which provides evidence of the standard of care delivery, including what works well and where further improvements are required through:

- STAR monthly reviews – 17 audit questions are undertaken by the Matron or professional leads; peer reviewed for each area.
- STAR accreditation visits – an in-depth, unannounced CQC-style audit is undertaken by the Quality Assurance team with support from staff, governors, and volunteers from across the Trust. Follow-up to the visits is risk stratified depending on the outcome of the previous review.
- Ward/clinical department to Board reporting arrangements on STAR outcomes.

Data Quality and Security

The Trust has a clear focus on data quality. Performance information is triangulated with other known information to identify any areas of weakness and where data requires further exploration, specific reviews are undertaken. The Trust is regularly audited on data quality and in the last few years has been audited by MIAA on referral to treatment waiting lists and its data quality framework and has been audited by Grant Thornton on its clinical coding quality. The Trust is also audited each year for its data security and prevention tool kit submissions which includes both security and data quality components.

The Trust is also monitored monthly through the national data quality maturity index which looks at the quality of both the commissioning data sets and Waiting List National Minimum Dataset submissions.

The Trust has a risk, scoring 15, related to the potential for a cyber-attack. The risk is reviewed and updated monthly as controls are continuously improved. All eligible Windows servers and workstations have been onboarded to enhanced national threat detection and monitoring systems. Cyber recovery solutions have been procured to protect critical server backups and over 11,000 staff members have been onboarded to multi-factor authentication, thus protecting Trust email and applications. The Trust continues to meet NHSE alerts and received substantial assurance for its most recent Data Security and Prevention Tool Kit assessment.

Principal Risks

The most significant risks that threaten the achievement of the Trust's aims and ambitions are identified within the BAF, alongside controls and assurances which describe how the Trust manages and mitigates these risks.

The BAF is the mechanism by which the Trust evaluates the risks that could impact on the achievement of the Trust's strategic objectives.

During 2023–24, there were six principal risks:

Risk		Risk ID	Risk Summary
Risk to delivery of Strategic Aim to drive health innovation through world class Education, Training & Research.		860	There is a risk that we are unable to deliver world class education, training and research due to challenges in effectively implementing high quality, appropriately funded and well-marketed education, training and research opportunities due to a range of internal and external constraints. This impacts on our ability to develop our reputation as a provider of choice sustaining our position in the market, supporting business growth and retaining our status as a teaching hospital.
Risk to delivery of the Trust's Strategic Aim of Providing a Range of the Highest Standard of Specialised Service		859	There is a risk to the Trust's ability to continue delivering its strategic aim of providing high quality specialist services due to integration and reconfiguration of specialist services across the ICS. This may impact on our reputation as a specialist services provider and commissioning decisions leading to a loss of services from the Trust portfolio and further unintended consequences affecting staff and patients.
Risks to delivery of Strategic Aim of providing outstanding and sustainable healthcare to our local communities	Risk to delivery of Strategic Ambitions.. Consistently Delivering Excellent Care	855	There is a risk that we are unable to deliver the Trust's strategic aim of offering excellent health care and treatment to our local communities, as well as the strategic objective of consistently delivering excellent care in inpatient, outpatient and community services due to: a) Availability of staff b) High Occupancy levels c) Fluctuating ability to consistently meet the constitutional and specialty standards d) Constrained financial resources impacting on the wider system, the deficit position facing the Trust and the significant costs of operating the current configuration of services. e) Health inequalities across the system.
	Risk to delivery of Strategic Ambitions.. Great Place to Work	856	There is a risk to the delivery of the Trust's Strategic ambition to be a great place to work due to the inability to offer a good working environment; inability to treat staff fairly and equitably; poor leadership; inability to support staff development. This could lead to staff losing confidence in the Trust as an employer and result in poor staff satisfaction levels, impacting on the organisations reputation and culture subsequently affecting the ability to attract and retain staff, causing key workforce shortages, increasing the use of temporary staffing and poor patient care.
	Risk to delivery of Strategic Ambitions.. Deliver Value for Money	857	There is a risk that we are unable to deliver the Trust's strategic objective 'deliver value for money' due to the inability of the Trust to transform given the range of internal and external constraints (relating to complex models of care, workforce transformation, planning processes, capital resources and dealing with high levels of backlog maintenance) which could result in a failure to move toward segment 2 of SOF and less than a 'good' rating from the use of resources of inspection.
	Risk to delivery of Strategic Ambitions.. Fit For the Future	858	There is a risk to the delivery of the Trust's Strategic Objective to be fit for the future due to the challenges of effectively implementing and developing Place and System (i.e. Integrated Care System and Provider Collaborative) level working we fail to deliver integrated, pathways and services which may result in Lancashire Teaching Hospitals no longer being fit for purpose and our healthcare system becoming unsustainable.

All risks that make up the BAF are subject to review by the respective lead Executive Director and are aligned to Our Big Plan and the underpinning enabling strategies to ensure correlation between the risks and strategic aims and ambitions. These are robustly monitored by the Board and Committees of the Board to ensure that the Board is informed about the principal risks faced by the Trust.

Operational High Risks escalated to Board:

During 2023–24, there have been three operational high risks escalated to the Board within the BAF. These are:

- **Impact of exit block on patient safety** which has been escalated to the Board via the Safety and Quality Committee since December 2020 but remains a risk with long lengths of stay in the Emergency Department and high ambulance handover times. To mitigate this risk, Standard Operating Procedures are in place which describe the processes for patient reviews, reporting of patient harm incidents and associated clinical governance arrangements. These procedures have been supplemented with a series of actions, including virtual wards, frailty, therapy pathway improvements and the continued use of Finney House Community Healthcare Hub, which was acquired in 2022. Monthly safety forums are also in place to identify further opportunities to improve flow and reduce long waits in the Emergency Department.
- **Elective restoration following the COVID-19 pandemic** which has been escalated to the Board via the Safety and Quality Committee since June 2021. Whilst patients have continued to wait for a significant among of time to receive non-urgent surgery, progress was made in this financial year. 104+ week waits have been eliminated for patients except for those patients that were unavailable for treatment and chose to wait longer. The Trust also sought to eliminate 78-week waits in this financial year and although this was delayed by industrial action, it was achieved by the end of March 2024, except for a small number of patients in the orthodontic specialty who have received a data for treatment in April 2024.

- **Impact of strikes on patient safety following announcement of the national pay award and the probability of ongoing strikes** which has been escalated to Board via the Safety and Quality Committee since October 2022. Over the last 12 months, strikes have taken place for junior doctors and consultants. The risks associated with ongoing strikes have been effectively managed in partnership with staff side, workforce, and clinical leaders with evidence of significant planning undertaken and learning implemented from previous strikes. As a result, it was recommended that this risk was de-escalated from the Board of Directors on 1 April 2024, and this was accepted.

During the year, the Internal Audit opinion on the Trust's BAF supporting process noted:

- The BAF is structured to meet NHS requirements.
- Governance, reporting, and scrutiny arrangements surrounding the BAF were clearly defined. Arrangements were subject to review and approval by the Board.
- Processes in place to update the BAF were robust. The Board and Audit Committee were engaged with the BAF.
- The organisation considers risk appetite regularly and the risk appetite is used to inform the management of the BAF.
- The BAF is visibly used by the organisation.
- The BAF clearly reflects the risks discussed by the Board.

Well Led

The Trust, as a whole, reviews its own leadership and governance arrangements periodically, in line with the requirements of NHSI that providers carry out developmental reviews.

Following the CQC Well Led inspection in 2019, the Trust developed a Well Led and Governance Maturity Plan to drive improvement in the Well Led domain of the organisation and this incorporated recommendations from a review undertaken of the divisional governance arrangements by the Quality Governance lead from the Nursing Directorate at NHSE/I which identified the Trust as an exemplar organisation in October 2020, a Risk Maturity Self-Assessment tool supported by Mersey Internal Audit Agency (MIAA), and a MIAA developmental Well Led review in February 2021. In addition, two external consultants were engaged from July 2021 to November 2022. Firstly, an external leadership consultant undertook a series of development sessions with the Board. Secondly, the Trust commissioned a Risk and Assurance review by an external provider from February to November 2022 and an action plan was developed in response to the findings.

The Trust chose not to commission any further external reviews in terms of leadership, governance, or risk management in 2023–24 as a result of the unannounced inspection by CQC between May and July 2023, which incorporated a Well Led inspection, and the subsequent publication of the report in November 2023.

Although all core services across the Royal Preston and Chorley hospital sites were rated as good for Well Led, the overall Well Led rating for the Trust declined from good to requires improvement. The inspection and outcome is covered in more detail under the Care Quality Commission section of the Annual Governance Statement.

Effectiveness of Governance and Risk Maturity

The effectiveness of the Trust's governance structures continued to be internally tested during 2023–24 via the process of internal and external audit, inspections, national audits, and national staff surveys.

The Trust chose not to commission any external reviews in terms of governance or risk management in 2023–24 following the unannounced inspection by the CQC between May and July 2023, which incorporated a Well Led inspection, and the subsequent publication of the report in November 2023.

In 2022–23, an external provider undertook a Risk and Assurance review commissioned by the Board of Directors from February to November 2022. The review was positive about the risk and governance arrangements at the Trust and did not identify any legislative or regulatory requirements that were not being met. One of the recommendations included introducing a new Risk Management Strategy across the Trust.

A new Risk Management Strategy 2024–27 was discussed and approved at the Board of Directors meeting in February 2024. The strategy sets out the approach to further enhancing risk management at the Trust over the next three years.

MIAA undertook a review of the risk management at the Trust in this financial year as part of the internal audit plan and this received High Assurance.

Head of Internal Audit Opinion 2023–24

The overall opinion for the period 1 April 2023 to 31 March 2024 provides Substantial Assurance that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.

Compliance with the NHS foundation trust licence condition 4 (FT governance)

The Board undertakes a review of its effectiveness annually. It has not identified any principal risks to compliance with provider licence condition FT4. This condition covers the effectiveness of governance structures, the responsibilities of Directors and Committees, the reporting lines and accountabilities between the Board, its Committees and the Executive team. The structures and reporting frameworks in place have allowed it to discharge its responsibilities throughout the year during a period of change in the positions of both Chair and Chief Executive Officer.

The Board is satisfied with the timeliness and accuracy of information to assess risks to compliance with the Foundation Trust's licence and the degree of rigour of oversight it has over performance.

Workforce

To ensure that short, medium, and long-term workforce strategies and staffing systems are in place, the Trust has an annual workforce plan in place aligned to the operational planning cycle with a focus on resourcing strategies to fill long-term or hard to fill workforce gaps.

This is reviewed and approved by the Finance and Performance Committee, Workforce Committee, signed off by the Executive team and commended to the Board. The workforce plan takes into account changes to services, investment and cost improvement plans, recruitment issues, turnover, and predictive workforce supply. It also considers external factors that may influence services, including commissioning strategies, service transformations, nursing acuity reviews and local workforce challenges such as gaps in establishment, retention issues, roles which are difficult to fill, new roles, training opportunities and apprenticeships. Workforce growth is included in plan where this has been fully financially approved. However, ultimately the workforce plan must produce a deliverable plan within the approved financial envelope.

To balance workforce supply and demand, workforce plans and regular skills gap analysis have taken place to inform localised or profession-specific recruitment and retention plans. These plans detail the programme of activity to reduce gaps through proactive campaigns around hard to fill posts.

Actions have also been identified to look at opportunities to work across the ICS to support workforce supply.

Recruitment trajectories are monitored and reviewed by the Workforce Committee for key staff groups such as nurses and healthcare support workers. There continues to be a focus on reducing premium spend, filling hard to fill medical posts and health care support worker recruitment.

Public stakeholders

We recognise that risk management is a two-way process between healthcare providers across the health economy. Issues raised through our internal risk management processes that impact on partner organisations are discussed in the appropriate forum so that the required action can be agreed.

We have also introduced three Patient Safety Partners to the organisation for the first time in 2023–24, as advocated in the NHS Patient Safety Strategy. The Patient Safety Partners regularly attend meetings of the Trust to provide the voice of the patient, including at the PSIRF Oversight Panel, and at the Always Safety First Learning and Improvement Group where issues of patient and organisational risk are discussed. We have an active Patient Experience and Involvement Strategy and understand the importance of listening to those with lived experience when considering changes to the services we deliver.

Care Quality Commission

The CQC carried out an unannounced inspection of Lancashire Teaching Hospitals NHS Foundation Trust between 31 May and 4 July 2023.

As part of their inspection CQC carried out:

- Unannounced inspections of Urgent and Emergency Care on both hospital sites, Medical Care at Royal Preston Hospital and Surgery at Royal Preston Hospital. This was part of CQC's continual checks.

- Focused inspection of Maternity on both hospital sites. This was part of CQC's national maternity services inspection programme.

- An inspection of how Well Led the Trust is overall.

The overall rating for the Trust was again rated requires improvement. Safe, effective and responsive were also again rated requires improvement. Caring remained good, and Well Led declined from good to requires improvement.

From a site ratings perspective, Chorley and South Ribble Hospital saw a decline in safe from good to requires improvement and a decline in its overall site rating from good to requires improvement. The site ratings for Royal Preston Hospital remained unchanged at requires improvement.

In the core service inspections there was:

- A decline in the Safe domain across three core services (Maternity at both hospital sites and Urgent and Emergency Care at Chorley and South Ribble Hospital) from good to requires improvement.

- A decline in Effective in one core service (Urgent and Emergency Services at Royal Preston Hospital) from good to requires improvement and an improvement in one core service (Surgery at Royal Preston Hospital) from requires improvement to good.

- No changes in the Caring domain.

- A decline in the Responsive domain in one core service (Surgery at Royal Preston Hospital) from good to requires improvement.

- An improvement in Well Led in one core service (Medical care at Royal Preston Hospital) from requires improvement to good.

Although all core services across the Royal Preston and Chorley and South Ribble hospital sites were rated as good for Well Led, the overall Well Led rating for the Trust declined from good to requires improvement and CQC confirmed this was due to the findings in Maternity and Urgent and Emergency Care, elective recovery, financial challenges, and stability of the Board following retirement of the Chief Executive and challenges in recruiting to a substantive Chair. Since the inspection a number of key Board appointments have been made including a new Chief Executive, Chair, and Chief People Officer.

In total, the Trust received 54 recommendations in the form of Must Do's and Should Do's (18 Must Do's and 36 Should Do's). Some recommendations were duplicated across the different core services.

A number of examples of outstanding and good practice were noted within the report, including in relation to governance where it was noted that leaders operated effective governance processes, throughout the service and with partner organisations.

On 7 December 2023 the Trust submitted an action plan to CQC in response to the inspection findings (i.e. Must Do's and Should Do's, and any associated actions). Progress against the action plan is monitored by the Safety and Quality Committee.

The Foundation Trust is fully compliant with the registration requirements of the CQC.

Declarations of Interest

The Foundation Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff, as defined by the Trust's Policy TP-200 Code of Conduct, within the past twelve months and as required by the Managing Conflicts of Interest in the NHS guidance.

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 into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

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

Equality and Diversity Legislation

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

As required through the NHS Standard Contract the Trust completes and publishes compliance against the Workforce Race Equality Standard and the Workforce Disability Equality Standard.

Greener NHS Programme

The Foundation Trust has undertaken risk assessments on the effects of climate change and severe weather and has developed a Green Plan following the guidance of the Greener NHS programme. The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Review of Economy, Efficiency and Effectiveness of the Use of Resources

We have continued to develop our systems and processes to help us deliver an improvement in the financial performance, including:

- Trust-wide commitment to the adoption of a Continuous Improvement approach, which has involved undertaking extensive staff engagement to identify priorities for improvement and is informing the development of a system-wide Continuous Improvement Strategy for the whole health economy;
- approval of the annual budget by the Board;
- monthly Finance and Performance Committee meetings to ensure Directors meet their respective financial targets reporting to the Board;
- monthly Divisional Improvement Forums attended by members of the Executive team to ensure that Divisions meet the required level of performance for key areas including financial targets;
- enhanced grip and control activities for both requisitions and filling of vacancies by the Vacancy Control Panel, by ensuring established vacancy prior to recruitment and review of budgets before approval to recruit;
- improvements have been made to the business planning processes with a clearer separation of business cases with a return on investment and net funding which might be required for a development or safety and quality issue;
- we have further strengthened setting our financial recovery plan targets at specialty level with the use of our patient level costing information;
- monthly reporting to the Board of Directors on key performance indicators covering finance and activity; quality and safety; and workforce targets through the Integrated Performance Report; and
- the Trust continues to have in place a 'Quality Impact Assessment' and robust governance systems that require clinical approval of all cost improvement programme schemes that have a clinical impact.

Financial Sustainability

During the 2023–24 financial year the Trust delivered a deficit (adjusted financial performance) of £35.6m. Ongoing changes to the financial regime for Trusts with the shift away from activity based payment to block income contracts have helped give greater certainty over income levels. However existing expenditure trends continue in that usage of agency staff at premium rates, and significant operational pressures remain in place, particularly in urgent and emergency care services. Additional non-recurrent income that was provided to meet excess demand on urgent and emergency care pathways are being withdrawn by NHSE. This means that the Trust is planning its budgets for 2024–25 and beyond to include the assumption that significant financial improvement over multiple years is required to deliver breakeven.

The continuing after effects of the pandemic and associated operational pressures in 2023–24 have led to the need for material savings to be delivered, and these have been made on a largely recurrent basis. Alongside, the Trust has received significant additional income to support the recovery post-pandemic.

At the end of 2023–24 there remained two outstanding areas in relation to our existing enforcement undertakings to the regulator:

i. Long term sustainability: With respect to the Trust's long-term sustainability, both clinically and financially, we recognise that sustainable financial balance needs to come through engagement with the wider health economy. This requires not only the Trust to achieve service efficiencies but to maximise the use of its sites and support the wider transformational change in service delivery. The Trust is an active participant in the ICS delivery boards which aim to implement improved and robust pathways of care across the system. We are also working within the ICS on specific projects to maximise efficiency opportunities working with multiple partners. We along with local and system partners are seeking sustainable solutions through the New Hospital Programme where we are working towards producing a range of options for the future provision of services. We will then complete a pre-consultation business case containing evidence of the work undertaken through the solution design process, following which a formal public consultation will be required.

ii. Funding conditions and spending approvals: With respect to this undertaking the Trust will endeavour to adhere to the terms and conditions relating to financing that is provided, will comply with reporting requests that are made by NHSE, and will comply with any spending approvals processes that are deemed necessary by NHSE.

New Hospitals Programme

The NHS in Lancashire and South Cumbria welcomed the Government's May 2023 announcement of two new hospitals to replace Royal Preston Hospital and Royal Lancaster Infirmary as part of a rolling programme of national investment in capital infrastructure beyond 2030. In addition, Furness General Hospital in Barrow will benefit from investment in improvements.

The existing Preston and Lancaster sites will remain in place and deliver services to our population until new hospital facilities are opened. The local NHS will continue to keep communities involved and provide further updates as more information becomes available.

Further detailed work is underway to assess the viability of potential locations for new hospital builds for both Royal Preston Hospital and Royal Lancaster Infirmary and to develop the required business cases.

In August 2023, a series of national New Hospital Programme roadshow events visited Preston, as Government representatives arrived to discuss the next steps for building two new hospitals in our region. Lord Markham CBE and Department of Health and Social Care representatives were able to hear directly from patients, colleagues, and wider stakeholders in the various sessions.

For the latest news, information, and ways to get involved, visit https://newhospitals.info.

Going Concern

Guidance from the Department of Health and Social Care indicates that all NHS bodies will be considered to be going concerns unless there are ongoing discussions at department level regarding the winding up of the activity of the organisation. There are no such conversations regarding this Trust and as such it is regarded as a going concern.

Trust Clinical Strategy

In support of the Integrated Care System Strategy published by the ICB, the Trust is supporting clear governance arrangements for the planning and delivery of the Trust's Clinical Strategy. This in turn enhances the requirements for the CQC's assessment on Use of Resources as it acts as an enabler for best use of public sector investment to be considered on a population health outcomes basis incorporating the wider determinants of health with the Trust recognised as an anchor institution. The Trust is committed to the development of ICB arrangements as it seeks to deliver improved health and wellbeing of local communities, joined-up care closer to home and safe and sustainable, high-quality services and reduce inequalities. However, the Trust is cognisant of the challenges associated with any proposed reconfiguration and the interdependences and risks which may impact on the Trust as a result of decisions outside the Trust's control being made at an ICB level.

Information Governance

The confidentiality and security of information regarding patients, staff and the Trust is maintained through governance and control policies, all of which support current legislation and is reviewed on a regular basis. Personal information is, increasingly, held electronically within secure IT systems. It is inevitable that in a complex NHS organisation a small number of data security incidents occur. The Trust is diligent in its reporting and investigation of such incidents, in line with statutory, regulatory, and best practice obligations. Any incident involving a breach of personal data is handled under the Trust's risk and control framework, graded and the more serious incidents are reported to the Department of Health and Social Care and the Information Commissioner's Office (ICO) where appropriate.

The Trust experienced two externally reportable serious incidents in the 2023–24 period, one of these incidents reached the reporting criteria and was sent to the ICO. For all incidents full internal processes were followed and both incidents were reported using the Data Security and Protection Toolkit (DSPT).

As part of our annual assessment, the DSPT is reviewed annually and updated to ensure Trust standards are aligned with statutory obligations. The status for the 2022–23 DSPT is 'standard met'. The Trust has submitted the baseline assessment for 2023–24 and is working towards the final submission which is due on 30 June 2024.

The Trust has established a dedicated information risk framework with Information Asset Owners throughout the organisation which is embedded with responsibilities in ensuring information assets are handled and managed appropriately. There are robust and effective systems, procedures, and practices to identify, manage and control information risks. Alongside training and awareness, incident management is part of the risk management framework and is a mechanism for the immediate reporting and investigation of actual or suspected information security breaches and potential vulnerabilities or weaknesses within the organisation. This will ensure compliance in line with the UK General Data Protection Regulations and the Data Protection Act 2018.

Although the Board of Directors is ultimately responsible for information governance it has delegated responsibility to the Information Governance Records Committee which is accountable to the Finance and Performance Committee. The Information Governance Committee is chaired by the Chief Medical Officer who is also the Caldicott Guardian. The Board appointed Senior Information Risk Owner is the Chief Finance Officer.

The Information Governance Management Framework brings together all the statutory requirements, standards, and best practice and in conjunction with the Information Governance Policy, is used to drive continuous improvement in information governance across the organisation. The development of the Information Governance Management Framework is informed by the results from DSPT assessment and by participation in the Information Governance Assurance Framework.

Data Quality and Governance

The Trust has a clear focus on data quality and good quality information is vital to enable individual staff and the organisation to evidence they are delivering high quality care.

As such a Data Quality Assurance team, via the Trust's Data Quality Policy and Framework, continuously monitor data looking for, correcting, and feeding back to divisional teams for improved data capture on areas such as:

- Outpatient appointments
- Inpatient/Outpatient commissioning services
- GP information
- Patient demographic data (addresses, date of birth, etc.)
- NHS numbers
- Visits
- Discharge dates
- Length of stay information
- Duplicates

In addition, a separate team validates waiting lists to ensure future events are correctly associated with their original referrals. This involves a combination of algorithmic and human validation with further checks on data consistency performed by the national team as data is submitted. Validated data is updated onto the Trust's electronic patient record.

An external data quality audit in 2023 looking at clinical coding identified areas of focus for ED treatment and investigation code and outpatient procedure code reporting with a recognition that coding in admitted patient care is low risk and supported by good processes.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and Safety and Quality Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control, includes:

- The Head of Internal Audit Opinion for 2023–24 that Substantial Assurance can be given that there is an adequate system of internal control.
- The Assurance Framework and the monthly performance reports, which provides evidence that the effectiveness of the controls in place to manage the risks to the organisation achieving its principal objectives, have been reviewed.
- The internal audit plan which is risk-based and reported to the Audit Committee at the beginning of every year. Progress reports are then presented to the Audit Committee on a regular basis with the facility to highlight any major issues. The Chair of the Audit Committee can, in turn, raise any areas of concern at the Board. Minutes of the Audit Committee and a Committee Chair's report are considered at Board meetings.
- Internal audit's review on the BAF and the effectiveness of the system of internal control as part of the annual internal audit plan to assist in the review of effectiveness, which concluded the Trust's BAF is structured to meet the NHS requirements, is visibly used by the Board, and clearly reflects the risks discussed by the Board.
- The Board undertakes bi-monthly reviews of the BAF, and the Committees of the Board at each meeting undertake detailed scrutiny of assurance received or gaps identified in relation to risks assigned to that particular Committee.
- The Audit Committee reviews the establishment and maintenance of an effective system of integrated governance, risk management, and internal control across the whole of the organisation's activities (both clinical and non-clinical) that supports the achievement of the organisation's objectives.
- The Executive Directors and senior managers meet on a weekly basis and have a process whereby key issues such as performance management, action plans arising from external reviews, and risk management are considered both on a planned timetable and an ad-hoc basis if there is a need.
- All relevant Committees have a clear timetable of meetings, cycles of business and a clear reporting structure to allow issues to be raised.

Conclusion

In conclusion, my review confirms that Lancashire Teaching Hospitals NHS Foundation Trust has an adequate system of internal control and that there have been no significant control issues at the Trust in 2023–24. Where control issues have been identified, action has been taken or action/ improvement plans are in place to address such issues.

The Trust Board recognises the challenges that the Trust faces to make the necessary service improvements and achieve financial sustainability which will require both a continuous focus by the Trust and a collaborative approach for solutions across the health system. The challenges the Board has focused on to deliver the Trust's aims and ambitions are robustly articulated in the strategic risk register that underpins the BAF in line with the Risk Management Policy.

This Annual Governance Statement is signed on behalf of the Board of Directors by

Professor Silas Nicholls
Chief Executive
25 June 2024

COUNCIL OF GOVERNORS' REPORT

The Council of Governors comprises elected and appointed governors who represent the interests of the members and the wider public. It also has an important role in holding Non-Executive Directors of the Board to account.

The Council of Governors has an essential function in influencing how the Trust develops its services to meet the needs of patients, members, and the wider community in the best way possible. The Council needs to be assured the Trust Board has considered the consequences of decisions on other partners within their system, and the impact on the public at large.

At the end of 2023–24, the Council comprised 28 governor seats, of which: 18 are elected governors who represent the public constituency; five are elected governors who represent the staff constituencies; one is appointed by our University partnership organisations (University of Central Lancashire, Lancaster University and University of Manchester); and four are appointed by local authorities (being Lancashire County Council, Preston City Council, Chorley Council and South Ribble Borough Council).

Elections

The governor election process takes place between January and March each year, and governors generally serve a three-year term of office, beginning in April. At the end of March 2024, the terms of office of three public governors and one staff governor (representing non-clinical staff) came to an end. Vacancies for the University partnership governor, one public governor, and three staff governors (representing doctors and dentists; other health professionals and healthcare scientists; and unregistered healthcare and support workers) remained vacant during the year. There were also three seats vacated following in-year resignations. On 22 March 2024 it was announced that eight public and four staff governors had been elected to their respective constituencies meaning 27 of the 28 governor seats have been filled. Work is ongoing with local Universities to appoint the partnership governor.

Ahead of this year's election process, various governor recruitment activities were undertaken to promote the role of the governor, including, issuing dedicated pre-election mailing to all members; advertising governor vacancies within the 'Trust Matters' magazine and advertising on media screens at both hospital sites; two pre-election workshops were held with the Chair and Company Secretary to encourage members to stand for election; and social media was used to highlight the election opportunities. The Chair and Company Secretary also posted videos on the Trust's website outlining the role and expectations of a governor.

Council of Governors Subgroups

Two governor subgroups are in place to consider specific issues in more detail than is possible at formal Council meetings. The subgroups focus on care and safety, and membership/public engagement. Both the subgroups have clear terms of reference and report their activities to formal Council of Governors' meetings. Each subgroup also has a Non-Executive Director in attendance. In addition, the Council nominates governors as members of the Trust's Nominations Committee.

Understanding the views of Governors and Members

Directors develop an understanding of the views of governors and members about the organisation through attendance at the Annual Members' Meeting, Council of Governors' meetings and workshops, linkages with the Council subgroups and an annual interactive forward planning session with the Board each year.

During the year we continued to focus on maintaining an effective relationship between the Board and governors through a number of ways, including the following:

- Governor attendance at public Board meetings (in the capacity of observer) is encouraged and governor attendance is recorded within the Board minutes. Attendance has decreased slightly during the second half of the year as the meetings reverted to fully face-to-face rather than virtual meetings.
- There is Non-Executive Director representation at each of the governor subgroups.

- Board members are invited to every Council of Governors' meeting and Non-Executive Directors in particular are invited to comment on the Trust's performance. Non-Executive Directors also deliver presentations to the Council on a cyclical basis outlining their involvement and providing insight into their roles and responsibilities of the Committees of the Board. Governors have the opportunity to ask them questions and seek assurances that Non-Executive Directors are holding the Executive team to account.
- As part of the Trust's forward planning process, the Board and the Council of Governors had a joint interactive workshop (in April 2023) where Board members and governors review the Trust's priorities for the year ahead and governors provide feedback from members and the wider public on such priorities.
- Information flows through a variety of events, including the Strategic Operational Group weekly feedback meeting, consultation on Trust strategic plans, and a range of working groups on patient-specific topics such as car parking and patient letters.
- Opportunities for visits to clinical areas and departments across the Trust which this year have included Finney House Community Healthcare Hub, Specialist Mobility Rehabilitation Centre, LIFE Centre, and Lancashire Eye Centre.

Board and Council engagement

The Trust Chair leads both the Board of Directors and the Council of Governors and, as such, is an important link between the two bodies. To strengthen communication and engagement further there is Non-Executive Director representation on each of the core governor subgroups. There are a range of other ways in which the two bodies work together, including joint Board and Council development sessions and written communications. In the event of any misunderstanding or disagreement, the Standing Orders for the Board set out a clear and unambiguous process for the resolution of disputes between Board and Council.

To help governors fulfil their important role of holding the Board to account, governors receive updates on progress against the Trust's Strategy and Single Improvement Plan at their quarterly Council of Governors' meetings. Non-Executive Directors routinely attend Council of Governors' meetings which provides governors with the opportunity to report their activities to Non-Executive Directors and to raise questions. Regular briefings are provided to governors on topical issues. In line with good practice, there is a policy on engagement between the Board and Council. The Chair also meets individually with the lead governor on a regular basis. The lead governor role (with a remit as set out in the Code of Governance) during 2023–24 was held by public governor Janet Miller.

The importance of joint working between the Board and the Council is acknowledged by the members of both bodies, who are committed to building on the progress that they have made in this area. The benefits of sharing good practice across NHS organisations is recognised and governors benefit from networks with colleagues in other Foundation Trusts in the Northwest as well as involvement in events arranged by organisations such as NHS Providers and MIAA.

In 2023 the Trust commissioned a review of Council. The review provided a series of recommendations for how the joint working between Council and Board could be improved further and how Council could re-align its oversight priorities to discharge its key responsibilities of holding Non-Executive Directors to account and to represent the interest of the Trust membership and public at large. A joint task and finish group was established to translate the recommendations into actions for implementation in 2024.

Declaration of interests

All governors have a responsibility to declare relevant interests as defined in our Constitution. These declarations are made to the Company Secretary and are subsequently reported to the Council and entered into a register. The register is published on our website or is available on request from the Company Secretary.

Attendance summary

There were four formal Council meetings during 2023–24, which were quarterly meetings scheduled for April, July and November 2023 and January 2024.

The table below shows governors' attendance at Council meetings in 2023–24:

Name of governor	Term of office	Type of governor	A	B	Percentage of meetings attended (%)
Will Adams	01/04/23 – 31/03/24	Appointed	4	4	100%
Pav Akhtar	01/04/18 – 31/03/24	Public	4	4	100%
Takhsin Akhtar	01/04/19 – 31/03/25	Public	4	4	100%
Peter Askew**	01/04/19 – 02/10/23	Public	2	2	100%
Sean Barnes	01/04/21 – 31/03/24	Public	4	3	75%
David Blanchflower	01/04/23 – 31/03/26	Public	4	4	100%
Alistair Bradley	01/04/23 – 31/03/24	Appointed	4	4	100%
Sheila Brennan	01/04/22 – 31/03/25	Public	4	3	75%
Kristinna Counsell**	01/04/22 – 02/06/23	Public	1	0	0%
Steven Doran	01/04/23 – 31/03/26	Staff: nurses and midwives	4	3	75%
Margaret France	01/04/17 – 31/03/26	Public	4	3	75%
Graham Fullarton	01/04/23 – 31/03/26	Public	4	3	75%
Steve Heywood	01/04/16 – 31/03/25	Public	4	4	100%
Lynne Lynch	01/04/15 – 31/03/24	Public	4	4	100%
Janet Miller	01/04/17 – 31/03/26	Public	4	4	100%
Eddie Pope	01/04/23 – 31/03/24	Appointed	4	4	100%
Frank Robinson	01/03/19 – 31/03/26	Public	4	4	100%
Suleman Sarwar	01/04/23 – 31/03/24	Appointed	4	4	100%
Michael Simpson	01/04/18 – 31/03/25	Public	4	3	75%
Piotr Spadlo	01/04/21 – 31/03/24	Staff: non-clinical	4	4	100%
Paul Wharton-Hardman**	01/04/22 – 12/03/24	Public	4	1	25%
Feixia Yu	01/04/23 – 31/03/26	Public	4	1	25%

A = Maximum number of meetings the governor could have attended | B = Meetings attended
*** Term of office ended due to resignation in 2023–24*

Director attendance at Council of Governors' meetings

The following Directors attended Council meetings during 2023–24:

Non-Executive Directors:

- Peter White, Chair
- Tim Ballard, Non-Executive Director
- Victoria Crorken, Non-Executive Director
- Paul O'Neill, Non-Executive Director
- Kate Smyth, Non-Executive Director
- Tim Watkinson, Non-Executive Director
- Jim Whitaker, Non-Executive Director
- Tricia Whiteside, Non-Executive Director

Associate Non-Executive Directors:

- Uzair Patel, Associate Non-Executive Director
- Michael Wearden, Associate Non-Executive Director

Executive Directors:

- Faith Button, Chief Operating Officer
- Sarah Cullen, Chief Nursing Officer
- Imran Devji, Interim Chief Operating Officer
- Nicki Latham, Interim Chief People Officer
- Kevin McGee, Chief Executive
- Silas Nicholls, Chief Executive
- Neil Pease, Chief People Officer
- Jonathan Wood, Chief Finance Officer/Deputy Chief Executive

Governor training and development

The importance of providing effective training and development opportunities for our governors is understood and is achieved in a number of ways.

On appointment, governors receive formal induction training to enable them to understand the context in which they are carrying out their role, including information on their statutory duties, as well as practical information such as the various subgroups available to them. The induction covers areas such as the local and national context, the role of regulatory bodies, the Foundation Trust provider licence, as well as practical details such as the calendar of meetings and the ways in which they will be expected to contribute in formal and subgroup meetings. Emphasis is placed on the respective roles of the Board and the Council of Governors. Induction is a continuous, tailored process, with skills and knowledge being identified and developed at an early stage.

A number of governor training sessions or workshops are held each year that form a key part of the governor development process, the topics of which are largely governor-led. The opportunity is also taken at workshops for updates on operational performance, communications with the regulator and topical issues affecting the Trust.

During 2023–24, our governors have participated in joint Board and Council sessions and governor workshops which included the following topics:

- A joint session between Board and Council to discuss the financial position of the Trust.
- A joint session on the planning framework and a discussion on the forward-looking strategy.
- Improvement work being undertaken within urgent and emergency care.
- A joint Board and Council session on the structure and function of the ICB delivered by the Chief Operating Officer from Lancashire and South Cumbria ICB.
- An overview of the Patient Safety Incident Response Framework (PSIRF).
- Engagement work being undertaken in the community by the Widening Partnership team.
- An overview of the Equality, Diversity and Inclusion Strategy and what had been delivered.
- A presentation by the Continuous Improvement team outlining the work of NHSE IMPACT.
- An overview of Lancashire Place and the work being undertaken across the system which was presented by the Integrated Place Leader for Lancashire.
- An introductory session with the new Chief People Officer.

Expenses claimed by Governors

Whilst governors do not receive payment for their work with us, we have a policy of reimbursing any necessary expenditure. During 2023–24 £611 of expenses were claimed by our governors.

	2022–23	2023–24
Total number of governors in office (as at 31 March)	23	22
Total number claiming expenses:	0	4
Aggregate sum of expenses (£00s):	£0	£611

Contacting your Governors

If you wish to contact a governor then please email: **governor@lthtr.nhs.uk** or alternatively contact the Company Secretary email: **company.secretary@lthtr.nhs.uk.**

MEMBERSHIP REPORT

Membership is free and aims to give local people and staff a greater influence on the provision and development of our services.

Public membership is open to members of the public aged 16 or over who live in our membership area which comprises all of the component electoral wards in the following Local Authority areas:

Blackburn with Darwen	Blackpool	Bolton
Bury	Cheshire East	Cheshire West
Cumberland	Halton	Knowsley
Liverpool	Lancashire	Manchester
Oldham	Rochdale	Salford
Sefton	St Helens	Stockport
Tameside	Trafford	Warrington
Wigan	Wirral	Westmorland and Furness

Eligible staff members automatically become Foundation Trust members unless they choose to opt out. Staff eligible for Foundation Trust membership are those who either:

- hold a permanent contract of employment with us;
- are contracted to work for a period of 12 months or longer or have held a series of temporary contracts adding up to more than 12 months; or
- are employed by the private sector or other partners (for example local Government or other NHS Trusts) and work at the Trust on a permanent basis or fixed-term contract of 12 months or more.

Our membership

The membership constituency for Lancashire Teaching Hospitals NHS Foundation Trust encompasses a wide and diverse geographical area, including the metropolitan areas of Liverpool and Manchester and the rural areas of north Lancashire and Cumbria.

Constituency	Members as at 31.03.23	Members as at 31.03.24	Difference	% Difference
Public	9,366	9,147	- 219	- 2.5%
Staff	9,314	10,252	+ 938	+ 9.6%
Total Membership	**18,680**	**19,399**	**+ 719**	**+ 3.8%**

Source: Civica Membership Database

During 2023–24 regular data cleansing was carried out to ensure that records continue to be as accurate as possible.

The membership database has continued to be updated with many members confirming their preference for receiving information from the Trust by email. This helps with more effective and efficient engagement with members as well as reducing expenditure on printing and postage costs.

The Health and Care Act 2022 recognised that NHS Foundation Trusts now operate within the new system way of working. The Council of Governors is assessing how it will discharge its wider duty to consider the Board's performance in part of the Trust's contribution to system-wide plans and their delivery, and its openness to collaboration with other partners, including with other providers through Provider Collaboratives. In holding Non-Executive Directors to account for the performance of the Board, the Council of Governors now considers whether the interests of the public at large have been factored into Board decision-making and be assured of the Board's performance in the context of the system as a whole, and as part of the wider provision of health and social care.

Review of 2023–24

Trust Matters, our members' magazine, is produced twice a year providing up-to-date information to members regarding the Trust's service developments and delivery against strategic priorities. The magazine also includes a dedicated section in which governors are able to inform members of the various ways in which they represent them and report back to members on how they have helped influence decision-making and service development from their views and feedback.

The Trust hosted its Annual Members' Meeting on 11 October 2023. The event provided an opportunity for patients, staff members and the public to find out about what had been happening at Royal Preston Hospital and Chorley and South Ribble Hospital and gave a detailed update on the progress and innovations the Trust had made during the last year. At the meeting, Chief Officers shared a review of the organisation's 2022–23 annual report and accounts and an outline of the plans for 2023–24 and beyond. This was followed by two presentations relating to the New Hospitals Programme, delivered by the Medical Lead for Lancashire and South Cumbria New Hospitals Programme; and a Research and Innovation update by the Deputy Director of Research and Innovation (Operations).

The Annual Members' Meeting was streamed on MS Teams Live from the Education Centre at Royal Preston Hospital and a link to watch the recording was published on the Trust's website following the meeting. The arrangements provided choice for people on whether they attended in person, joined remotely, or viewed the meeting at a time convenient to them or if they were unavailable on the evening. The number of people attending in person was low when compared to those joining remotely or accessing the recording on the website.

In partnership with the Communications and Engagement Team, social media has continued to prove a useful tool throughout the year to promote Trust events, elections to the Council of Governors and to provide information to the public, members, and staff.

Assessment of the membership and ensuring representativeness

As a Foundation Trust, we are required to have a membership strategy in place, together with a clear work plan for its implementation. The three-year Membership Management and Engagement Strategy (2022–25) was approved in January 2022 by the Council of Governors and the Trust Board.

Our vision for our membership is to have an informed, engaged and involved membership who are able to fully represent the needs and experiences of our community by actively participating in influencing and shaping how our services are provided both now and in the future.

We aim to have a Council of Governors elected from and by the membership which is effective in representing the membership and supporting the Board in formulating strategy, shaping culture and ensuring accountability.

Further details and a copy of our three-year Membership Management and Engagement Strategy can be found on the Trust website.

Members can contact the Corporate Affairs Office via:
Website: https://www.lancsteachinghospitals.nhs.uk/get-involved
Email: **corporateaffairs@lthtr.nhs.uk**
Members can contact governors direct via:
Email: **governor@lthtr.nhs.uk**

Also available on our website:

Further information on our membership scheme
Information on our annual members' meetings

AUDIT COMMITTEE REPORT

I am pleased to present the Audit Committee report for 2023–24. The Committee's role is to review the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the whole of the organisation's activities.

Introduction

In essence the Audit Committee's remit is to assure the Board that the systems and processes that the Trust relies upon that inform its financial statements, its operational decision making and its compliance with healthcare and governance standards are accurate, robust and can be relied upon. The Committee's work is focused on providing the Trust Board with these assurances, which allow the Board to discharge its own responsibilities with regard to the outputs of our systems and processes with confidence.

The Audit Committee comprises four independent Non-Executive Directors (who are also the Chairs of the main assurance committees): Kate Smyth, Jim Whitaker, Tricia Whiteside and myself, providing a broad range of experience to provide effective challenge on behalf of the Board.

The Audit Committee has met four times between 1 April 2023 and 31 March 2024 and is assisted in its work through the routine attendance at meetings of our internal and external auditors and our counter-fraud specialist. If required, the Committee can also access independent legal or other professional advice to help in its work.

It is the responsibility of the Chief Executive, as the Accountable Officer of the Trust, to establish and maintain processes for governance and he is supported in this by a number of Executive Directors. The regular attendance of the Chief Finance Officer, Chief Nursing Officer, the Company Secretary and the Associate Director of Risk and Assurance, as a result of their lead roles in matters to be addressed by the Committee, is of further assistance to us.

The Trust's overriding priority continues to be the establishment of a safe and financially sustainable delivery model in order to deliver the quadruple aims of the NHS.

In 2022–23 the Committee increased its role in respect of oversight of strategic risks and the risk frameworks and that work continued throughout 2023–24.

The Trust has sought to maintain strong oversight and governance during the year with all Board and Council of Governors meetings, and all meetings of Committees of the Board continuing to take place through the medium of Microsoft Teams. The Audit Committee has met (virtually) in accordance with the agreed schedule throughout the year.

Financial Reporting

The Audit Committee has reviewed the 2023–24 annual financial statements. In discharging its responsibilities, the Committee has particular focused on:

- compliance with financial reporting standards;
- areas requiring significant judgements in applying accounting policies;
- the accounting policies; and
- whether the accounts and annual report are a fair reflection of the Trust's performance.

The Committee considered the financial statements audit risks including the areas where the Trust has applied judgement in the treatment of revenues and costs to ensure that annual accounts represented a true and fair position of the Trust's finances.

The external audit plan for 2023–24 highlighted as significant audit opinion risks:

(i) valuation of land and buildings

(ii) fraud risk from expenditure recognition

(iii) management override of controls

The Committee was assured that these identified risks were common across NHS bodies of our size and nature and are included in recognition of the inherent risk to an organisation of our size and complexity within the NHS.

The Committee routinely reviews management reports on losses and special payments, single tender waivers and off payroll arrangements to consider their appropriateness and correct implementation of management controls.

The Committee has considered the appropriateness of the accounts being prepared on a going concern basis and drawn on the views of management and the external auditors to support the conclusion that it is appropriate for the accounts to be prepared on this basis.

Overall assurances on integrated governance, risk management and internal control

With respect to the internal audit reports issued this year, the table below confirms the assurance levels provided and the Committee has reviewed and discussed the work carried out by the internal auditors:

No	Audit	Assurance Level
(i)	Risk Management Deep Dive	High
(ii)	Radiology Infrastructure	Substantial
(iii)	RTT – Data Quality	Substantial
(iv)	Equality, Diversity and Inclusion	Substantial
(v)	Contract Monitoring	Substantial
(vi)	Transformation Projects	Substantial
(vii)	Safer Staffing	Substantial
(viii)	Medical Devices	Substantial
(ix)	Apprenticeship Funding	Substantial
(x)	IT Business Continuity and Disaster Recovery	Substantial
(xi)	Mental Capacity Assessments and Rapid Tranquilisation	Substantial
(xii)	Mortality	Substantial
(xiii)	Safeguarding/PiPoT	Substantial/Moderate
(xiv)	Data Quality Review - Patient Initiated Follow Up	Moderate

The Committee receives all internal audit reports and pays particular attention to any 'Limited Assurance' or 'No Assurance' internal audit reports. Any significant issues arising out of such reports are escalated by the Committee to the Board. In addition, Limited Assurance reports are referred to responsible Committees of the Board with Executive leads invited to attend the Audit Committee to provide assurance on the delivery of the audit recommendations. There were no reports during the year providing Limited or No Assurance.

The Director of Internal Audit has provided an overall opinion of Substantial Assurance based on the work of internal audit during 2023–24.

The Committee draws heavily on the conclusions from the work of internal audit but also on the Committee members' own knowledge of the Trust, as members of the Trust Board. The overall source of assurance comes from the work of the Audit Committee but the other Committees of the Board also have a role in providing assurance to the Board and work collaboratively to provide this assurance with frequent cross referrals between the Committees of the Board.

In addition, a number of reports on systems and processes reviewed by internal audit received High or Substantial Assurance. However, the Trust has continued to experience some difficulty in meeting its operational targets and the Trust's underlying financial position is unsustainable. The Committee will continue to seek assurance on the steps being taken to ensure improvements can be made in 2024–25 and beyond, recognising the critical importance of addressing the underlying financial deficit whilst ensuring services continue to be delivered safely and effectively. The Committee recognises that many of the solutions are dependent on the Trust being able to work collaboratively with partners in the Lancashire and South Cumbria ICS. As the Committee's chair I am working with my fellow chairs of Audit Committees across the ICS to encourage this collaborative approach.

Compliance

Under the revised NHS Oversight Framework, the Trust continues to be placed in segment 3. NHSE undertook a review of enforcement actions pertaining to breaches of the Health and Social Care Act 2012, as prevailing undertakings do not reflect the current financial position. A draft set of undertakings (relating to financial planning, and funding conditions and spending approvals) were shared with the Trust in a letter dated 12 November 2021 and remain in place.

Our external auditors

One of the Committee's roles is to provide oversight of the performance of our external auditors. We judge KPMG through the quality of their audit findings, management's response and stakeholder feedback. This qualitative assessment, in conjunction with the use of key performance indicators within the contract for services, allows the Committee to be confident that the Trust is receiving high quality services. No decisions are taken by KPMG over the design of internal controls, and they do not perform the role of management as part of any work they undertake. In addition, after each formal meeting, the Committee holds a private discussion with the internal and external auditors on an alternating basis. This is recognised best practice and allows for a frank exchange of views, without any management presence.

In addition to attending the Audit Committee, KPMG attend and report to the Council of Governors their findings for the year. Our auditors have also provided valuable support to the Trust by sharing their thoughts and guidance from across the sector and from the wider financial regulatory frameworks.

Our internal auditors

The Committee has considered the various procurement options bearing in mind discussions amongst Trusts within the Lancashire and South Cumbria ICS region regarding the possibility of creating a region-wide internal audit service, however, at year end no firm plans had materialised. In order to provide the Trust with continuity of services whilst discussions conclude and allow flexibility to participate in any regional arrangements that may emerge, it was decided to re-appoint MIAA for the provision of this service for a further two years (with an option to extend) as allowed for within current procurement rules.

It is the role of the Committee to provide oversight of MIAA's performance. Our team at MIAA is led by an Engagement Lead along with a dedicated Audit Manager. The internal audit programme is risk-based and is aligned to our strategic risk assessment. The internal audit plans are developed in compliance with national standards and guidance. In addition, MIAA has supported the Committee and the Trust by sharing best practice from across the sector and delivering valuable sector-wide training to members of the Committee along with other Audit Committee members across the North West.

Counter fraud

We have a policy in respect of countering fraud and corruption which includes contact details of the national helpline and a local independent counter fraud officer. The Trust has an accredited anti-fraud specialist provided by MIAA and they deliver the service in line with NHS Counter Fraud Authority's standards. In 2024–25 the anti-fraud specialist has completed the work programme in accordance with the agreed plan.

Audit Committee attendance summary from 1 April 2023 to 31 March 2024

Name of Committee member	A	B	Percentage of meetings attended (%)
Tim Watkinson (Committee Chair)	4	4	100%
Ann Pennell	1	0	0%
Kate Smyth	3	3	100%
Jim Whitaker	4	2	50%
Tricia Whiteside	4	2	50%

A = Maximum number of meetings the member could have attended | B = Meetings attended

Audit Committee effectiveness

The Committee undertakes a self-assessment on an annual basis. In July 2023, Committee members participated in a survey of its effectiveness, the results of which were considered by the Committee prior to submission to the Board. I am confident that the Committee has discharged its functions and responsibilities in accordance with its terms of reference, recognising the important role of this Committee to provide assurance to the Board.

Tim Watkinson
Audit Committee Chair
25 June 2024

This Accountability Report is signed on behalf of the Board of Directors by

Professor Silas Nicholls
Chief Executive
25 June 2024

Lancashire Teaching Hospitals NHS Foundation Trust

FINANCIAL REVIEW 2023–24

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF LANCASHIRE TEACHING HOSPITALS NHS FOUNDATION TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Lancashire Teaching Hospitals NHS Foundation Trust ("the Trust") for the year ended 31 March 2024 which comprise the Consolidated Statement of Comprehensive Income, Group and Trust Statements of Financial Position, Group and Trust Statements of Changes in Equity and Group and Trust Statements of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Group and the Trust as at 31 March 2024 and of the Group's and the Trust's income and expenditure for the year then ended; and
- have been properly prepared in accordance with the accounting policies directed by NHS England with the consent of the Secretary of State in February 2024 as being relevant to NHS Foundation Trusts and included in the Department of Health and Social Care Group Accounting Manual 2023/24; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Accounting Officer has prepared the financial statements on the going concern basis as they have not been informed by the relevant national body of the intention to either cease the Group and the Trust's services or dissolve the Group and the Trust without the transfer of their services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for [at least a year] from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Accounting Officer's conclusions, we considered the inherent risks associated with the continuity of services provided by the Group and the Trust over the going concern period.

Our conclusions based on this work:

- we consider that the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified and concur with the Accounting Officer's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Trust's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group and the Trust will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management, the Audit Committee and internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- Assessing the incentives for management to manipulate reported financial performance because of the need to achieve financial performance targets delegated to the Group by NHS England
- Reading Board and Audit Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Reading the Group's accounting policies.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet delegated targets we performed procedures to address the risk of management override of controls in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we did not identify a fraud risk related to revenue recognition due to the block nature of the funding provided to the Group during the year. We therefore assessed that there was limited opportunity for the Group and the Trust to manipulate the income that was reported**.**

In line with the guidance set out in Practice Note 10 Audit of Financial Statements of Public Sector Bodies in the United Kingdom we also recognised a fraud risk related to expenditure recognition, particularly in relation to completeness of year-end accruals.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included entries made to unrelated accounts linked to the recognition of expenditure, self-approved journals and other unusual journal characteristics.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.
- Assessing the completeness of disclosed related party transactions and verifying they had been accurately recorded within the financial statements.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with the Accounting Officer and other management (as required by auditing standards), and discussed with the Accounting Officer and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements, including the financial reporting aspects of NHS legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, recognising the nature of the Group's and the Trust's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Accounting Officer and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information in the Annual Report

The Accounting Officer is responsible for the other information, which comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements.

Annual Governance Statement

We are required by the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") to report to you if the Annual Governance Statement has not been prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2023/24. We have nothing to report in this respect.

Remuneration and Staff Reports

In our opinion the parts of the Remuneration and Staff Reports subject to audit have been properly prepared, in all material respects, in accordance with the NHS Foundation Trust Annual Reporting Manual 2023/24.

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 77, the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They 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; assessing the Group's and 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 they have been informed by the relevant national body of the intention to either cease the services provided by the Group and the Trust or dissolve the Group and the Trust without the transfer of their services to another public sector entity.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

Report on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report if we identify any significant weaknesses in the arrangements that have been made by the Trust to secure economy, efficiency and effectiveness in its use of resources.

We have nothing to report in this respect.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

As explained more fully in the statement set out on page 77, the Accounting Officer is responsible for ensuring that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Under Section 62(1) and paragraph 1(d) of Schedule 10 of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

We planned our work and undertook our review in accordance with the Code of Audit Practice and related statutory guidance, having regard to whether the Trust had proper arrangements in place to ensure financial sustainability, proper governance and to use information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

Statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice to report to you if any reports to the Regulator have been made under paragraph 6 of Schedule 10 of the National Health Service Act 2006 because we have reason to believe that the Trust, or a director or officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of expenditure which is unlawful, or is about to take, or has taken, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency.

We have nothing to report in this respect.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Lancashire Teaching Hospitals NHS Foundation Trust for the year ended 31 March 2024 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice.

Timothy Cutler

for and on behalf of KPMG LLP

Chartered Accountants

1 St Peter's Square

Manchester

M2 3AE

27 June 2024

Foreword to the accounts

Lancashire Teaching Hospitals NHS Foundation Trust

These accounts, for the year ended 31 March 2024, have been prepared by Lancashire Teaching Hospitals NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Signed ……

Name **Silas Nicholls**
Job title **Chief Executive**
Date **25 June 2024**

Consolidated Statement of Comprehensive Income

		Group	
		2023/24	2022/23
	Note	£000	£000
Operating income from patient care activities	2	731,222	688,858
Other operating income	3	78,722	79,086
Operating expenses	6, 8	(868,082)	(778,824)
Operating surplus/(deficit) from continuing operations		**(58,138)**	**(10,880)**
Finance income	10	1,707	973
Finance expenses	11	(653)	(551)
PDC dividends payable		(10,805)	(8,443)
Net finance costs		**(9,751)**	**(8,021)**
Other gains / (losses)	12	(35)	(102)
Gains / (losses) arising from transfers by absorption	31	-	-
Deficit for the year		**(67,924)**	**(19,003)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(3,000)	3,584
Revaluations		4,118	4,954
Total comprehensive income / (expense) for the period		**(66,806)**	**(10,465)**
Deficit for the period attributable to:			
Non-controlling interest, and		-	-
Lancashire Teaching Hospitals NHS Foundation Trust		(67,924)	(19,003)
TOTAL		**(67,924)**	**(19,003)**
Total comprehensive expense for the period attributable to:			
Non-controlling interest, and		-	-
Lancashire Teaching Hospitals NHS Foundation Trust		(66,806)	(10,465)
TOTAL		**(66,806)**	**(10,465)**

Statements of Financial Position

		Group		Trust	
		31 March 2024	31 March 2023	31 March 2024	31 March 2023
	Note	£000	£000	£000	£000
Non-current assets					
Intangible assets	14	9,256	11,416	9,256	11,416
Property, plant and equipment	15	345,836	339,088	345,832	339,082
Right of use assets	18	29,606	39,075	29,606	39,075
Receivables	20	7,032	6,379	8,532	7,879
Total non-current assets		**391,730**	**395,958**	**393,226**	**397,452**
Current assets					
Inventories	19	16,803	14,719	15,851	13,669
Receivables	20	39,678	47,844	39,541	48,004
Cash and cash equivalents	21	36,033	14,502	34,813	14,129
Total current assets		**92,514**	**77,065**	**90,205**	**75,802**
Current liabilities					
Trade and other payables	22	(99,490)	(105,123)	(98,677)	(105,354)
Borrowings	24	(8,158)	(13,727)	(8,158)	(13,727)
Provisions	25	(327)	(505)	(327)	(505)
Other liabilities	23	(5,587)	(5,224)	(5,587)	(5,224)
Total current liabilities		**(113,562)**	**(124,579)**	**(112,749)**	**(124,810)**
Total assets less current liabilities		**370,682**	**348,444**	**370,682**	**348,444**
Non-current liabilities					
Borrowings	24	(25,021)	(30,449)	(25,021)	(30,449)
Provisions	25	(3,128)	(3,379)	(3,128)	(3,379)
Other liabilities	23	(1,247)	(197)	(1,247)	(197)
Total non-current liabilities		**(29,396)**	**(34,025)**	**(29,396)**	**(34,025)**
Total assets employed		**341,286**	**314,419**	**341,286**	**314,419**
Financed by					
Public dividend capital		635,625	541,952	635,625	541,952
Revaluation reserve		40,979	41,019	40,979	41,019
Income and expenditure reserve		(335,318)	(268,552)	(335,318)	(268,552)
Total taxpayers' equity		**341,286**	**314,419**	**341,286**	**314,419**

The notes on pages 120 to 132 form part of these accounts

Name **Silas Nicholls**
Position **Chief Executive**
Date **25 June 2024**

Consolidated Statement of Changes in Equity for the year ended 31 March 2024

Group	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2023 - brought forward	**541,952**	**41,019**	**(268,552)**	**314,419**
Surplus/(deficit) for the year	-	-	(67,924)	**(67,924)**
Other transfers between reserves	-	(1,158)	1,158	**-**
Impairments	-	(3,000)	-	**(3,000)**
Revaluations	-	4,118	-	**4,118**
Public dividend capital received	108,295	-	-	**108,295**
Public dividend capital repaid	(14,622)	-	-	**(14,622)**
Taxpayers' and others' equity at 31 March 2024	**635,625**	**40,979**	**(335,318)**	**341,286**

Consolidated Statement of Changes in Equity for the year ended 31 March 2023

Group	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2022 - brought forward	**516,713**	**33,443**	**(250,511)**	**299,645**
Surplus/(deficit) for the year	-	-	(19,003)	**(19,003)**
Other transfers between reserves	-	(962)	962	**-**
Impairments	-	3,584	-	**3,584**
Revaluations	-	4,954	-	**4,954**
Public dividend capital received	25,239	-	-	**25,239**
Taxpayers' and others' equity at 31 March 2023	**541,952**	**41,019**	**(268,552)**	**314,419**

Consolidated Statement of Changes in Equity for the year ended 31 March 2024

Trust	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2023 - brought forward	**541,952**	**41,019**	**(268,552)**	**314,419**
Surplus/(deficit) for the year	-	-	(67,924)	**(67,924)**
Other transfers between reserves	-	(1,158)	1,158	**-**
Impairments	-	(3,000)	-	**(3,000)**
Revaluations	-	4,118	-	**4,118**
Public dividend capital received	108,295	-	-	**108,295**
Public dividend capital repaid	**(14,622)**	**-**	**-**	**(14,622)**
Taxpayers' and others' equity at 31 March 2024	**635,625**	**40,979**	**(335,318)**	**341,286**

Consolidated Statement of Changes in Equity for the year ended 31 March 2023

Trust	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2022 - brought forward	**516,713**	**33,443**	**(250,511)**	**299,645**
Surplus/(deficit) for the year	-	-	(19,003)	**(19,003)**
Other transfers between reserves	-	(962)	962	**-**
Impairments	-	3,584	-	**3,584**
Revaluations	-	4,954	-	**4,954**
Public dividend capital received	25,239	-	-	**25,239**
Taxpayers' and others' equity at 31 March 2023	**541,952**	**41,019**	**(268,552)**	**314,419**

Statements of Cash Flows

	Note	Group 2023/24 £000	Group 2022/23 £000	Trust 2023/24 £000	Trust 2022/23 £000
Cash flows from operating activities					
Operating surplus / (deficit)		(58,138)	(10,880)	(58,138)	(10,880)
Non-cash income and expense:					
Depreciation and amortisation	6.1	34,607	32,215	34,605	32,213
Net impairments	7	31,889	(1,426)	31,889	(1,426)
Income recognised in respect of capital donations	3	(457)	(1,471)	(457)	(1,471)
(Increase) / decrease in receivables and other assets		9,575	(12,708)	9,872	(13,087)
(Increase) / decrease in inventories		(2,084)	(843)	(2,182)	(765)
Increase / (decrease) in payables and other liabilities		(17,045)	(14,853)	(18,089)	(14,377)
Increase / (decrease) in provisions		(456)	(1,750)	(456)	(1,750)
Net cash flows from / (used in) operating activities		**(2,109)**	**(11,716)**	**(2,956)**	**(11,543)**
Cash flows from investing activities					
Interest received		1,707	973	1,707	973
Purchase of intangible assets		(3,386)	(5,999)	(3,386)	(5,999)
Purchase of PPE and investment property		(44,048)	(35,435)	(44,048)	(35,434)
Sales of PPE and investment property		90	40	90	40
Receipt of cash donations to purchase assets		457	1,471	457	1,471
Net cash flows from / (used in) investing activities		**(45,180)**	**(38,950)**	**(45,180)**	**(38,949)**
Cash flows from financing activities					
Public dividend capital received		108,295	25,239	108,295	25,239
Public dividend capital repaid		(14,622)	-	(14,622)	-
Movement on loans from DHSC		(1,575)	(2,167)	(1,575)	(2,167)
Movement on other loans		(75)	(76)	(75)	(76)
Capital element of lease liability repayments		(12,306)	(11,203)	(12,306)	(11,203)
Interest on loans		(92)	(124)	(92)	(124)
Other interest		(3)	(1)	(3)	(1)
Interest paid on lease liability repayments		(533)	(408)	(533)	(408)
PDC dividend (paid) / refunded		(10,269)	(7,979)	(10,269)	(7,979)
Net cash flows from / (used in) financing activities		**68,820**	**3,281**	**68,820**	**3,281**
Increase / (decrease) in cash and cash equivalents		**21,531**	**(47,385)**	**20,684**	**(47,211)**
Cash and cash equivalents at 1 April - brought forward		**14,502**	**61,887**	**14,129**	**61,340**
Cash and cash equivalents transferred under absorption accounting	31	-	-	-	-
Cash and cash equivalents at 31 March	21	**36,033**	**14,502**	**34,813**	**14,129**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS England has directed that the financial statements of the 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 2023/24 issued by the Department of Health and Social Care. 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 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 the accounts.

Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

Note 1.2 Going concern

These accounts have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

Guidance from the Department of Health and Social Care indicates that all NHS bodies will be considered to be going concerns unless there are ongoing discussions at department level regarding the winding up of the activity of the organisation. The Trust has not been informed by NHS England that there is any prospect of its dissolution within the next twelve months and it anticipates the continuation of the provision of services in the foreseeable future as evidenced by the inclusion of financial provision for those services in published documents and contracts for services with commissioners.

It is clear that the Trust remains in a deficit position and will need to work with its partners across the local healthcare system to achieve efficiencies, maximise the use of its assets and sustainable financial balance. The Trust will work with NHS England and its stakeholders to achieve this objective.

In addition to the matters referred to above, the Trust has not been informed by NHS England and NHS Improvement that there is any prospect of its dissolution within the next twelve months and it anticipates the continuation of the provision of services in the foreseeable future as evidenced by the inclusion of financial provision for those services in published documents and contracts for services with commissioners.

Based on these indications the directors believe that it remains appropriate to prepare the accounts on a going concern basis.

Note 1.3 Consolidation

Subsidiary entities are those over which the trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines.

The Trust is corporate trustee of the Lancashire Teaching Hospitals NHS Foundation Trust Charity and the Rosemere Cancer Foundation Charity. The Trust has assessed its relationship to the charitable funds and determined them to be subsidiaries because the Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable funds and the ability to affect those returns and other benefits through its power over the funds. However the combined charitable funds are not material to the Trust and therefore consolidation is not required.

The Trust is sole owner of Lancashire Hospitals Services Limited, a company dispensing prescription drugs to Trust patients. The company has traded throughout the 2023/24 financial year. As sole owner the company therefore constitutes a subsidiary of the Trust and the financial results of the company through the financial year have been consolidated with the Trust to form the Group. The Trust is also the sole owner of Edovation Limited which has not been consolidated due to it being a dormant company.

Note 1.4 Segmental Reporting

An operating segment is a component of the Trust that engages in activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Trust's other components.

The chief operating decision maker for the Trust is the Board of Directors. The Board receives the monthly financial reports for the whole Trust and subsidiary information relating to income and divisional expenses. The board makes decisions based on the effect on the monthly financial statements.

The single segment of Healthcare has therefore been identified consistent with the core principle of IFRS 8 which is to enable users of the financial statements to evaluate the nature and financial effects of business activities and economic environments.

Note 1.5 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. Funding envelopes are set at an Integrated Care System (ICS) level. The majority of the Trust's NHS income is earned from NHS commissioners under the NHS Payment Scheme (NHSPS) which replaced the National Tariff Payment System on 1 April 2023. The NHSPS sets out rules to establish the amount payable to trusts for NHS-funded secondary healthcare.

Aligned payment and incentive (API) contracts form the main payment mechanism under the NHSPS. In 2023/24 API contracts contain both a fixed and variable element. Under the variable element, providers earn income for elective activity (both ordinary and day case), out-patient procedures, out-patient first attendances, diagnostic imaging and nuclear medicine, and chemotherapy delivery activity. The precise definition of these activities is given in the NHSPS. Income is earned at NHSPS prices based on actual activity. The fixed element includes income for all other services covered by the NHSPS assuming an agreed level of activity with 'fixed' in this context meaning not varying based on units of activity. Elements within this are accounted for as variable consideration under IFRS 15 as explained below.

High costs drugs and devices excluded from the calculation of national prices are reimbursed by NHS England based on actual usage or at a fixed baseline in addition to the price of the related service.

In 2023/24 fixed payments were set at a level assuming the achievement of elective activity targets within aligned payment and incentive contracts.

The Trust also receives income from commissioners under Commissioning for Quality Innovation (CQUIN) and Best Practice Tariff (BPT) schemes. Delivery under these schemes is part of how care is provided to patients. As such CQUIN and BPT payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the overall contract with the commissioner and accounted for as variable consideration under IFRS 15. Payment for CQUIN and BPT on non-elective services is included in the fixed element of API contracts with adjustments for actual achievement being made at the end of the year. BPT earned on elective activity is included in the variable element of API contracts and paid in line with actual activity performed.

Where the relationship with a particular integrated care board is expected to be a low volume of activity (annual value below £0.5m), an annual fixed payment is received by the provider as determined in the NHSPS documentation. Such income is classified as 'other clinical income' in these accounts.

Elective recovery funding provides additional funding to integrated care boards to fund the commissioning of elective services within their systems. In 2023/24, trusts do not directly earn elective recovery funding, instead earning income for actual activity performed under API contract arrangements as explained above. The level of activity delivered by the trust contributes to system performance and therefore the availability of funding to the trust's commissioners. In 2022/23 elective recovery funding for providers was separately identified within the aligned payment and incentive contracts.

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract. Some research income alternatively falls within the provisions of IAS 20 for government grants.

NHS injury cost recovery scheme

The 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, for instance by an insurer. The Trust recognises the income when performance obligations are satisfied. In practical terms this means that treatment has been given, it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Note 1.6 Other forms of income

Grants and donations

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grants is used to fund capital expenditure, it is credited to the Statement of Comprehensive Income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

Apprenticeship service income

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Other income

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. Other income includes income from car parking and catering which is recognised at the point of receipt of cash consideration.

Note 1.7 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pension Schemes. Details of the benefits payable and rules of the schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period. The contributions are charged to operating expenses as and when they become due.

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:

Pension costs (continued)

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2024, is based on valuation data as 31 March 2023, updated to 31 March 2024 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 latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020. The results of this valuation set the employer contribution rate payable from April 2024. The Department of Health and Social Care has recently laid Scheme Regulations confirming the employer contribution rate will increase to 23.7% of pensionable pay from 1 April 2024 (previously 20.6%). The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the

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

Note 1.8 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.

In 2023/2024 the Trust introduced a new accounting policy for expenditure accruals. The policy is that individual items valued at less than £5,000 and/or relating to period more than 6 months in the past are not accrued. There are limited exceptions to this policy which can be approved by management. The policy applies to manual entries and does not apply to accruals generated by the E-Procurement systems.

Note 1.9 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the trust
- it is expected to be used for more than one financial year
- 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.

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

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.

Note 1.9 Property, plant and equipment (continued)
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.
Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and meeting the location requirements of the services being provided. The modern equivalent may be smaller than the existing asset, for example, due to technological advances in plant and machinery or reduced operational use. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

Depreciation
Items of property, plant and equipment are depreciated over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment which has been reclassified as ‘held for sale’ cease to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

Revaluation gains and losses
Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating expenditure.

Revaluation losses 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’.

Impairments
In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of 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 that arises from a clear consumption of economic benefit or of 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.

Note 1.9 Property, plant and equipment (continued)

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

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 useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated and grant funded 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 has imposed 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.

This includes assets donated to the trust by the Department of Health and Social Care as part of the response to the coronavirus pandemic. As defined in the GAM, the trust applies the principle of donated asset accounting to assets that the trust controls and is obtaining economic benefits from at the year end.

Useful lives of property, plant and equipment

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	1	80
Plant & machinery	5	15
Transport equipment	7	7
Information technology	3	15
Furniture & fittings	7	10

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.10 Intangible assets

Recognition

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

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 Trust intends to complete the asset and sell or use it
- the Trust has the ability to sell or use the asset
- how the intangible asset will generate probable future economic or service delivery benefits, e.g., the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the Trust to complete the development and sell or use the asset and
- the Trust can measure reliably the expenses attributable to the asset during development.

Note 1.10 Intangible assets (continued)

Software

Software which is integral to the operation of hardware, eg an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, eg 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 current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS40 or IFRS 5..

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 lives in a manner consistent with the consumption of economic or service delivery benefits.

Useful lives of intangible assets

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life Years	Max life Years
Information technology	5	10
Software licences	2	10
Licences & trademarks	2	2

Note 1.11 Inventories

Inventories are valued at the lower of cost and net realisable value.

The Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

Note 1.12 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Note 1.13 Financial assets and financial liabilities

Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

Classification and measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets or financial liabilities in respect of assets acquired or disposed of through leasing arrangements are recognised and measured in accordance with the accounting policy for leases described below.

Financial assets and financial liabilities are classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Derecognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Note 1.14 Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that for NHS bodies, this includes lease-like arrangements with other public sector entities that do not take the legal form of a contract. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects meet the definition of a lease. The trust does not apply lease accounting to new contracts for the use of intangible assets.

The Trust determines the term of the lease term with reference to the non-cancellable period and any options to extend or terminate the lease which the Trust is reasonably certain to exercise.

The Trust as a lessee

Recognition and initial measurement

At the commencement date of the lease, being when the asset is made available for use, the Trust recognises a right of use asset and a lease liability.

The right of use asset is recognised at cost comprising the lease liability, any lease payments made before or at commencement, any direct costs incurred by the lessee, less any cash lease incentives received. It also includes any estimate of costs to be incurred restoring the site or underlying asset on completion of the lease term.

The lease liability is initially measured at the present value of future lease payments discounted at the interest rate implicit in the lease. Lease payments includes fixed lease payments, variable lease payments dependent on an index or rate and amounts payable under residual value guarantees. It also includes amounts payable for purchase options and termination penalties where these options are reasonably certain to be exercised.

Where an implicit rate cannot be readily determined, the Trust's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 3.51% applied to new leases commencing in 2023 and 4.72% to new leases commencing in 2024.

The Trust does not apply the above recognition requirements to leases with a term of 12 months or less or to leases where the value of the underlying asset is below £5,000, excluding any irrecoverable VAT. Lease payments associated with these leases are expensed on a straight-line basis over the lease term. Irrecoverable VAT on lease payments is expensed as it falls due.

Subsequent measurement

As required by a HM Treasury interpretation of the accounting standard for the public sector, the Trust employs a revaluation model for subsequent measurement of right of use assets, unless the cost model is considered to be an appropriate proxy for current value in existing use or fair value, in line with the accounting policy for owned assets. Where consideration exchanged is identified as significantly below market value, the cost model is not considered to be an appropriate proxy for the value of the right of use asset.

The Trust subsequently measures the lease liability by increasing the carrying amount for interest arising which is also charged to expenditure as a finance cost and reducing the carrying amount for lease payments made. The liability is also remeasured for changes in assessments impacting the lease term, lease modifications or to reflect actual changes in lease payments. Such remeasurements are also reflected in the cost of the right of use asset. Where there is a change in the lease term or option to purchase the underlying asset, an updated discount rate is applied to the remaining lease payments.

The Trust as a lessor

The Trust assesses each of its leases and classifies them as either a finance lease or an operating lease. Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Where the Trust is an intermediate lessor, classification of the sublease is determined with reference to the right of use asset arising from the headlease.

Operating leases

Income from operating leases is recognised on a straight-line basis or another systematic basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Note 1.14 Leases (continued)

Initial application of IFRS 16 in 2022/23

IFRS 16 Leases as adapted and interpreted for the public sector by HM Treasury was applied to these financial statements with an initial application date of 1 April 2022. IFRS 16 replaced IAS 17 Leases, IFRIC 4 *Determining whether an arrangement contains a lease* and other interpretations.

The standard was applied using a modified retrospective approach with the cumulative impact recognised in the income and expenditure reserve on 1 April 2022. Upon initial application, the provisions of IFRS 16 were only applied to existing contracts where they were previously deemed to be a lease or contain a lease under IAS 17 and IFRIC 4. Where existing contracts were previously assessed not to be or contain a lease, these assessments were not revisited.

The Trust as lessee

For continuing leases previously classified as operating leases, a lease liability was established on 1 April 2022 equal to the present value of future lease payments discounted at the Trust's incremental borrowing rate of 0.95%. A right of use asset was created equal to the lease liability and adjusted for prepaid and accrued lease payments and deferred lease incentives recognised in the Statement of Financial Position immediately prior to initial application. Hindsight was used in determining the lease term where lease arrangements contained options for extension or earlier termination.

No adjustments were made on initial application in respect of leases with a remaining term of 12 months or less from 1 April 2022 or for leases where the underlying assets had a value below £5,000. No adjustments were made in respect of leases previously classified as finance leases.

The Trust as lessor

Leases of owned assets where the Trust was lessor were unaffected by initial application of IFRS 16. For existing arrangements where the Trust was an intermediate lessor, classification of all continuing sublease arrangements was been reassessed with reference to the right of use asset.

Note 1.15 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective from 31 March 2023:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	4.26%	3.27%
Medium-term	After 5 years up to 10 years	4.03%	3.20%
Long-term	After 10 years up to 40 years	4.72%	3.51%
	Exceeding 40 years	4.40%	3.00%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31 March 2023:

	Inflation rate	Prior year rate
Year 1	3.60%	7.40%
Year 2	1.80%	0.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's post-employment benefits discount rate of 2.45% in real terms (prior year: 1.70%).

Note 1.15 Provisions (continued)

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the 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 Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at Note 25.1 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

The trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the trust pays an annual contribution to 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.

Note 1.16 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 26 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 26, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

• present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.17 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. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

The Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the 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 trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care.

This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.

In accordance with the requirements laid down by the Department of Health and Social Care (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 calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.18 Value added tax

Most of the activities of the 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.

Note 1.19 Corporation tax

The Trust is a health service body within the meaning of s519A ICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is a power for HM Treasury to disapply the exemption in relation to specified activities of a Foundation Trust (S519A(3) to (8) ICTA 1988). Accordingly, the Trust is potentially within the scope of corporation tax in respect of activities which are not related to, or ancillary to, the provision of healthcare.

Note 1.20 Climate change levy
Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

Note 1.21 Foreign exchange
The functional and presentational currency of the trust is 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. Any resulting exchange gains or losses are recognised in income or expense in the period in which they arise.

Note 1.22 Third party assets
Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM*.

Note 1.23 Losses and special payments
Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

The losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.24 Transfers of functions to/from other NHS bodies/local government bodies
For functions that have been transferred to the trust from another NHS / local government body, the transaction is accounted for as a transfer by absorption. The assets and liabilities transferred are recognised in the accounts using the book value 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.

For functions that the trust has transferred to another NHS / local government body, the assets and liabilities transferred are de-recognised from the accounts as at the date of transfer. The net loss / gain corresponding to the net assets/ liabilities transferred is recognised within expenses / income, but not within operating activities. Any revaluation reserve balances attributable to assets de-recognised are transferred to the income and expenditure reserve. Adjustments to align the acquired function to the trust's accounting policies are applied after initial recognition and are adjusted directly in taxpayers' equity.

Note 1.25 Early adoption of standards, amendments and interpretations
No new accounting standards or revisions to existing standards have been early adopted in 2023/24.

Note 1.26 Standards, amendments and interpretations in issue but not yet effective or adopted
IFRS17 Insurance Contracts has been issued must be adopted for accounting periods starting on or after 1st January 2023. It will be effective from 2024/25. It is anticipated that the new standard will have no impact upon the Trusts Financial Statements.

Note 1.27 Critical judgements in applying accounting policies
In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Note 1.28 Sources of estimation uncertainty

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

The revaluations of hospitals have been carried out by Cushman & Wakefield, who have applied the modern equivalent asset (MEA) valuation. This approach assumes that the asset would have been replaced with a modern equivalent, not a building of identical design, with the same operational value as the existing asset. The modern equivalent may well be smaller that the existing asset, for example, due to technological advances in plant and machinery or reduced operational use. The application and assessment of the valuation has been informed by Trust management in respect of the estimated requirements of a modern equivalent hospital. Estimation uncertainty within the revaluation is primarily driven by the following key assumptions:

- Selection of individual Building Cost Information Services (BCIS) values for each individual building component fror within a published range, reflecting the condition and specifications of the actual component.
- The application of a 'location factor' adjustment to the overall BCIS index movement to reflect specific local factor relating to the cost of construction.
- The application of physical obsolescence adjustments to the valuation of individual buildings to reflect the building's ag and condition, and application of functional obsolescence adjustments to reflect the extent to which a modern equivalent asset would be configured in a more efficient manner and over a reduced gross internal area.

It is impracticable to disclose the extent of the possible effects of an assumption or another source of estimation uncertainty at the end of the reporting period. Outcomes within the next financialyear that are different from the assumption around the valuation of our land or PPE could require a material adjustment to the carrying amount of the asset recorded in note 15

Note 2 Operating income from patient care activities (Group)

All income from patient care activities relates to contract income recognised in line with accounting policy 1.5

Note 2.1 Income from patient care activities (by nature)	2023/24 £000	2022/23 £000
Acute services		
Income from commissioners under API contracts - variable element *	154,515	-
Income from commissioners under API contracts - fixed element *	489,290	569,982
High cost drugs and devices income from commissioners	59,730	60,346
Other NHS clinical income	1,717	266
All services		
Private patient income	1,122	812
Elective recovery fund *		19,376
National pay award central funding **	371	16,911
Additional pension contribution central funding ***	20,392	18,163
Other clinical income	4,085	3,002
Total income from activities	**731,222**	**688,858**

* Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. Elective Recovery Fund income for 2023/24 amounted to £20.4m and is now included within income from commissioners under API contracts - fixed element.
More information can be found in the 2023/25 NHS Payment Scheme documentation.

https://www.england.nhs.uk/pay-syst/nhs-payment-scheme/

** Additional funding was made available by NHS England in 2023/24 and 2022/23 for implementing the backdated element of pay awards where government offers were made at the end of the financial year. 2023/24: In March 2024, the government announced a revised pay offer for consultants, reforming consultant pay scales with an effective date of 1 March 2024. Trade Unions representing consultant doctors accepted the offer in April 2024. 2022/23: In March 2023, the government made a pay offer for staff on agenda for change terms and conditions which was later confirmed in May 2023. The additional pay for 2022/23 was based on individuals in employment at 31 March 2023.

*** The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019/20, NHS providers have continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

Note 2.2 Income from patient care activities (by source)

Income from patient care activities received from:	2023/24 £000	2022/23 £000
NHS England	244,183	245,792
Clinical commissioning groups		105,889
Integrated care boards	481,319	332,847
Department of Health and Social Care	18	2
Other NHS providers	235	266
NHS other	86	-
Local authorities	745	250
Non-NHS: private patients	968	672
Non-NHS: overseas patients (chargeable to patient)	69	50
Injury cost recovery scheme	3,340	3,002
Non NHS: other	259	88
Total income from activities	**731,222**	**688,858**
Of which:		
Related to continuing operations	731,222	688,858
Related to discontinued operations	-	-

Note 2.3 Overseas visitors (relating to patients charged directly by the provider)

	2023/24	2022/23
	£000	£000
Income recognised this year	69	50
Cash payments received in-year	39	50
Amounts added to provision for impairment of receivables	204	9
Amounts written off in-year	257	120

The above note relates to the treatment of overseas visitors charges directly by the Trust in accordance with Guidance on implementing the overseas regulations 2015 issued by the Department of Health and Social Care.

Amounts written off in-year 2023/24: 73 customers (2022/23 32 customers)

Note 3 Other operating income (Group)

	2023/24			2022/23		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	3,652	-	**3,652**	3,179	-	**3,179**
Education and training	29,796	1,996	**31,792**	34,488	1,953	**36,441**
Non-patient care services to other bodies	20,619		**20,619**	12,426		**12,426**
Reimbursement and top up funding				3,176		**3,176**
Receipt of capital grants and donations and peppercorn leases		457	**457**		1,471	**1,471**
Other contributions to expenditure		141	**141**		999	**999**
Revenue from operating leases		1,944	**1,944**		1,766	**1,766**
Other income (see note 3.1)	20,117	-	**20,117**	19,628	-	**19,628**
Total other operating income	**74,184**	**4,538**	**78,722**	**72,897**	**6,189**	**79,086**
Of which:						
Related to continuing operations			78,722			79,086
Related to discontinued operations			-			-

Note 3.1 Breakdown of Other income recognised in 'Other Operating Income' (Group)

	2023/24	2022/23
	£000	£000
Car Parking income	2,977	2,435
Catering	1,974	1,263
Pharmacy sales	2,765	2,419
Staff accommodation rental	409	411
Non-clinical services recharged to other bodies	130	372
Clinical excellence awards	476	152
Other income generation schemes (recognised under IFRS 15)*	11,386	12,576
Total Other Income	**20,117**	**19,628**

*Charges for discretionary services and sales of goods.

Note 4.1 Additional information on contract revenue (IFRS 15) recognised in the period

	2023/24	2022/23
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	5,013	16,439
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	634	10,637

Note 4.2 Transaction price allocated to remaining performance obligations

Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	2023/24	2022/23
	£000	£000
within one year	5,587	5,224
after one year, not later than five years	1,247	197
after five years		
Total revenue allocated to remaining performance obligations	**6,834**	**5,421**

The trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure.
Revenue from
(i) contracts with an expected duration of one year or less and
(ii) contracts where the trust recognises revenue directly corresponding to work done to date is not disclosed.

Note 4.3 Fees and charges (Group)

The following disclosure is of income from charges to service users where the full cost of providing that service exceeds £1 million and is presented as the aggregate of such income. The cost associated with the service that generated the income is also disclosed.

	2023/24	2022/23
	£000	£000
Income	15,519	3,698
Full cost	(14,095)	(4,007)
Surplus / (deficit)	**1,424**	**(309)**

Note 4.4 Income from activities arising from commissioner requested services

The 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 below:

	2023/24	2022/23
	£000	£000
Income from services designated as commissioner requested services	725,502	684,528
Income from services not designated as commissioner requested services	-	-
Total	**725,502**	**684,528**

Note 5 Operating leases - Lancashire Teaching Hospitals NHS Foundation Trust as lessor

This note discloses income generated in operating lease agreements where Lancashire Teaching Hospitals NHS Foundation Trust is the lessor. These leases relate to parts of the Trust buildings which are occupied by third parties to (for example) use as retail outlets.

Note 5.1 Operating leases income (Group)

	2023/24	2022/23
	£000	£000
Lease receipts recognised as income in year:		
Minimum lease receipts	1,829	1,620
Variable lease receipts / contingent rents	115	146
Total in-year operating lease income	**1,944**	**1,766**

Note 5.2 Future lease receipts (Group)

	31 March 2024	31 March 2023
	£000	£000
Future minimum lease receipts due in:		
- not later than one year	1,575	1,124
- later than one year and not later than two years	972	711
- later than two years and not later than three years	972	702
- later than three years and not later than four years	972	702
- later than four years and not later than five years	972	702
- later than five years	1,454	607
Total	**6,917**	**4,548**

Note 6.1 Operating expenses

	Group		Trust	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
Staff and executive directors costs	557,350	521,562	556,278	520,623
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	75,060	67,343	75,032	67,273
Supplies and services - clinical (excluding drugs costs)	59,449	56,177	59,449	56,177
Premises	43,305	35,373	44,554	36,473
Depreciation on property, plant and equipment	32,243	30,068	32,241	30,066
Net impairments	31,889	(1,426)	31,889	(1,426)
Clinical negligence	18,927	20,186	18,927	20,186
Purchase of healthcare from non-NHS and non-DHSC bodies	16,115	18,335	16,115	18,335
Supplies and services - general	13,431	11,236	13,414	11,221
Establishment	5,030	4,641	5,030	4,641
Education and training	4,382	4,611	4,382	4,611
Transport (including patient travel)	3,111	3,235	3,099	3,223
Amortisation on intangible assets	2,364	2,147	2,364	2,147
Expenditure on short term leases	1,293	1,357	1,293	1,357
Insurance	862	775	852	763
Expenditure on low value leases	800	800	800	800
Other	702	505	662	498
Legal fees	444	758	431	758
Internal audit costs	243	114	243	114
Audit services *	232	155	215	141
Inventories written down	218	250	180	221
Remuneration of non-executive directors	173	180	173	180
Purchase of healthcare from NHS and DHSC bodies	149	601	149	601
Research and development	141	214	141	214
Increase/(decrease) in other provisions	105	201	105	201
Movement in credit loss allowance: contract receivables / contract assets	90	(501)	90	(501)
Redundancy	29	84	29	84
Losses, ex gratia & special payments	11	55	11	55
Change in provisions discount rate(s)	(66)	(217)	(66)	(217)
Consultancy costs	-	5	-	5
Total	**868,082**	**778,824**	**868,082**	**778,824**
Of which:				
Related to continuing operations	868,082	778,824	868,082	778,824
Related to discontinued operations	-	-		

* Total audit services for 2023/24 are £196k (excluding VAT) which relate solely to statutory external audit. No additional work has been undertaken.

Note 6.2 Limitation on auditor's liability (Group)

The limitation on auditor's liability for external audit work is £2 million (2022/23: £2 million).

Note 7 Impairment of assets (Group)

	2023/24	2022/23
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	31,889	(1,426)
Total net impairments charged to operating surplus / deficit	**31,889**	**(1,426)**
Impairments charged to the revaluation reserve	3,000	(3,584)
Total net impairments	**34,889**	**(5,010)**

Note 8 Employee benefits (Group)

	2023/24 Total £000	2022/23 Total £000
Salaries and wages	424,448	398,945
Social security costs	45,945	42,277
Apprenticeship levy	2,140	1,989
Employer's contributions to NHS pensions	66,944	59,653
Pension cost - other	154	233
Temporary staff (including agency)	20,642	22,210
Total gross staff costs	**560,273**	**525,307**
Recoveries in respect of seconded staff	-	-
Total staff costs	**560,273**	**525,307**
Of which		
Costs capitalised as part of assets	2,894	3,661

Note 8.1 Retirements due to ill-health (Group)

During 2023/24 there were 14 early retirements from the trust agreed on the grounds of ill-health (15 in the year ended 31 March 2023). The estimated additional pension liabilities of these ill-health retirements is £2,063k (£632k in 2022/23).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

Note 9 Pension costs

Past and present employees are covered by the provisions of the NHS Pension Schemes. Details of the benefits payable and rules of the schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2024, is based on valuation data as 31 March 2023, updated to 31 March 2024 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 latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020. The results of this valuation set the employer contribution rate payable from April 2024. The Department of Health and Social Care has recently laid Scheme Regulations confirming the employer contribution rate will increase to 23.7% of pensionable pay from 1 April 2024 (previously 20.6%). The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

Note 10 Finance income (Group)

Finance income represents interest received on assets and investments in the period.

	2023/24	2022/23
	£000	£000
Interest on bank accounts	1,707	973
Total finance income	**1,707**	**973**

Note 11.1 Finance expenditure (Group)

Finance expenditure represents interest and other charges involved in the borrowing of money or asset financing.

	2023/24	2022/23
	£000	£000
Interest expense:		
Interest on loans from the Department of Health and Social Care	72	102
Interest on other loans	18	18
Interest on lease obligations	532	409
Interest on late payment of commercial debt	4	1
Total interest expense	**626**	**530**
Unwinding of discount on provisions	27	21
Total finance costs	**653**	**551**

Note 11.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015 (Group)

	2023/24	2022/23
	£000	£000
Total liability accruing in year under this legislation as a result of late payments	-	1
Amounts included within interest payable arising from claims made under this legislati	4	1
Compensation paid to cover debt recovery costs under this legislation	3	-

Note 12 Other gains / (losses) (Group)

	2023/24	2022/23
	£000	£000
Gains on disposal of assets	-	12
Losses on disposal of assets	(35)	(114)
Total gains / (losses) on disposal of assets	**(35)**	**(102)**

Note 13 Trust income statement and statement of comprehensive income

In accordance with Section 408 of the Companies Act 2006, the trust is exempt from the requirement to present its own income statement and statement of comprehensive income. The trust's deficit for the period was £67.9 million (2022/23: £19.0 million). The trust's total comprehensive expense for the period was £66.8 million (2022/23: £10.5 million).

Note 14.1 Intangible assets - 2023/24

Group	Software licences £000	Licences & trademarks £000	IT (internally generated and 3rd party) £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2023 - brought forward	**13,366**	**13**	**1,815**	**3,910**	**19,104**
Additions	1,992	-	813	581	**3,386**
Impairments	-	-	(250)	(2,943)	**(3,193)**
Reclassifications	-	-	-	-	**-**
Valuation / gross cost at 31 March 2024	**15,358**	**13**	**2,378**	**1,548**	**19,297**
Amortisation at 1 April 2023 - brought forward	**7,432**	**13**	**243**	**-**	**7,688**
Provided during the year	2,088	-	276	-	**2,364**
Impairments	-	-	(11)	-	**(11)**
Reclassifications	1	-	(1)	-	**-**
Amortisation at 31 March 2024	**9,521**	**13**	**507**	**-**	**10,041**
Net book value at 31 March 2024	**5,837**	**-**	**1,871**	**1,548**	**9,256**
Net book value at 1 April 2023	**5,934**	**-**	**1,572**	**3,910**	**11,416**

Note 14.2 Intangible assets - 2022/23

Group	Software licences £000	Licences & trademarks £000	IT (internally generated and 3rd party) £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2022 - as previously stated	**21,354**	**13**	**1,381**	**-**	**22,748**
Additions	1,655	-	434	3,910	**5,999**
Reclassifications	180	-	-	-	**180**
Disposals / derecognition	(9,823)	-	-	-	**(9,823)**
Valuation / gross cost at 31 March 2023	**13,366**	**13**	**1,815**	**3,910**	**19,104**
Amortisation at 1 April 2022 - as previously stated	**15,310**	**6**	**44**	**-**	**15,360**
Provided during the year	1,941	7	199	-	**2,147**
Reclassifications	4	-	-	-	**4**
Disposals / derecognition	(9,823)	-	-	-	**(9,823)**
Amortisation at 31 March 2023	**7,432**	**13**	**243**	**-**	**7,688**
Net book value at 31 March 2023	**5,934**	**-**	**1,572**	**3,910**	**11,416**
Net book value at 1 April 2022	**6,044**	**7**	**1,337**	**-**	**7,388**

Note 15.1 Property, plant and equipment - 2023/24

Group	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2023 - brought forward	**16,952**	**245,284**	**12,786**	**88,047**	**88**	**26,669**	**252**	**390,078**
Additions	-	26,020	3,219	21,008	24	3,868	119	**54,258**
Impairments	-	(1,084)	(4,883)	-	-	-	-	**(5,967)**
Reversals of impairments	198	2,771	-	-	-	-	-	**2,969**
Revaluations	-	(25,785)	-	-	-	(1,100)	-	**(26,885)**
Reclassifications	-	7,003	(7,036)	34	-	(1)	-	**-**
Disposals / derecognition	-	-	-	(1,112)	-	-	-	**(1,112)**
Valuation/gross cost at 31 March 2024	**17,150**	**254,209**	**4,086**	**107,977**	**112**	**29,436**	**371**	**413,341**
Accumulated depreciation at 1 April 2023 - brought forward	**-**	**1,234**	**-**	**37,251**	**73**	**12,372**	**60**	**50,990**
Provided during the year	-	6,622	-	8,785	12	4,344	32	**19,795**
Impairments	-	36,349	(14)	-	-	512	-	**36,847**
Reversals of impairments	-	(8,138)	-	-	-	-	-	**(8,138)**
Revaluations	-	(29,903)	-	-	-	(1,100)	-	**(31,003)**
Reclassifications	-	(12)	14	(2)	-	-	-	**-**
Disposals / derecognition	-	-	-	(986)	-	-	-	**(986)**
Accumulated depreciation at 31 March 2024	**-**	**6,152**	**-**	**45,048**	**85**	**16,128**	**92**	**67,505**
Net book value at 31 March 2024	**17,150**	**248,057**	**4,086**	**62,929**	**27**	**13,308**	**279**	**345,836**
Net book value at 1 April 2023	**16,952**	**244,050**	**12,786**	**50,796**	**15**	**14,297**	**192**	**339,088**

Note 15.2 Property, plant and equipment - 2022/23

Group	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2022 - as previously stated	**16,475**	**219,195**	**11,558**	**135,645**	**214**	**52,798**	**1,772**	**437,657**
IFRS 16 implementation - reclassification to right of use assets	-	(100)	-	-	-	-	-	**(100)**
Additions	3	22,998	1,228	14,506	-	5,095	33	**43,863**
Impairments	-	(17)	-	-	-	-	-	**(17)**
Reversals of impairments	462	3,347	-	-	-	-	-	**3,809**
Revaluations	12	(140)	-	-	-	(1,385)	-	**(1,513)**
Reclassifications	-	1	-	(182)	-	1	-	**(180)**
Disposals / derecognition	-	-	-	(61,922)	(126)	(29,840)	(1,553)	**(93,441)**
Valuation/gross cost at 31 March 2023	**16,952**	**245,284**	**12,786**	**88,047**	**88**	**26,669**	**252**	**390,078**
Accumulated depreciation at 1 April 2022 - as previously stated	**-**	**1,189**	**-**	**91,489**	**188**	**38,808**	**1,589**	**133,263**
IFRS 16 implementation - reclassification to right of use assets	-	-	-	-	-	-	-	**-**
Provided during the year	-	7,083	-	7,534	11	4,051	24	**18,703**
Impairments	-	5,307	-	-	-	738	-	**6,045**
Reversals of impairments	-	(7,263)	-	-	-	-	-	**(7,263)**
Revaluations	-	(5,082)	-	-	-	(1,385)	-	**(6,467)**
Reclassifications	-	-	-	(4)	-	-	-	**(4)**
Disposals / derecognition	-	-	-	(61,768)	(126)	(29,840)	(1,553)	**(93,287)**
Accumulated depreciation at 31 March 2023	**-**	**1,234**	**-**	**37,251**	**73**	**12,372**	**60**	**50,990**
Net book value at 31 March 2023	**16,952**	**244,050**	**12,786**	**50,796**	**15**	**14,297**	**192**	**339,088**
Net book value at 1 April 2022	**16,475**	**218,006**	**11,558**	**44,156**	**26**	**13,990**	**183**	**304,394**

Note 15.3 Property, plant and equipment financing - 31 March 2024

Group	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	17,150	246,179	4,086	59,570	27	13,202	271	**340,485**
Owned - donated/granted	-	1,878	-	3,359	-	106	8	**5,351**
NBV total at 31 March 2024	**17,150**	**248,057**	**4,086**	**62,929**	**27**	**13,308**	**279**	**345,836**

Note 15.4 Property, plant and equipment financing - 31 March 2023

Group	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	16,952	241,811	12,786	47,172	15	14,050	183	**332,969**
Owned - donated/granted	-	2,239	-	3,624	-	247	9	**6,119**
NBV total at 31 March 2023	**16,952**	**244,050**	**12,786**	**50,796**	**15**	**14,297**	**192**	**339,088**

Note 15.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2024

Group	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	88	4,004	-	-	-	-	-	**4,092**
Not subject to an operating lease	17,062	244,053	4,086	62,929	27	13,308	279	**341,744**
NBV total at 31 March 2024	**17,150**	**248,057**	**4,086**	**62,929**	**27**	**13,308**	**279**	**345,836**

Note 15.6 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

Group	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	-	3,831	-	-	-	-	-	**3,831**
Not subject to an operating lease	16,952	240,219	12,786	50,796	15	14,297	192	**335,257**
NBV total at 31 March 2023	**16,952**	**244,050**	**12,786**	**50,796**	**15**	**14,297**	**192**	**339,088**

Note 16.1 Property, plant and equipment - 2023/24

Trust	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2023 - brought forward	**16,952**	**245,284**	**12,786**	**88,047**	**88**	**26,669**	**244**	**390,070**
Additions	-	26,020	3,219	21,008	24	3,868	119	**54,258**
Impairments	-	(1,084)	(4,883)	-	-	-	-	**(5,967)**
Reversals of impairments	198	2,771	-	-	-	-	-	**2,969**
Revaluations	-	(25,785)	-	-	-	(1,100)	-	**(26,885)**
Reclassifications	-	7,003	(7,036)	34	-	(1)	-	**-**
Disposals / derecognition	-	-	-	(1,112)	-	-	-	**(1,112)**
Valuation/gross cost at 31 March 2024	**17,150**	**254,209**	**4,086**	**107,977**	**112**	**29,436**	**363**	**413,333**
Accumulated depreciation at 1 April 2023 - brought forward	**-**	**1,234**	**-**	**37,251**	**73**	**12,372**	**58**	**50,988**
Provided during the year	-	6,622	-	8,785	12	4,344	30	**19,793**
Impairments	-	36,349	(14)	-	-	512	-	**36,847**
Reversals of impairments	-	(8,138)	-	-	-	-	-	**(8,138)**
Revaluations	-	(29,903)	-	-	-	(1,100)	-	**(31,003)**
Reclassifications	-	(12)	14	(2)	-	-	-	**-**
Disposals / derecognition	-	-	-	(986)	-	-	-	**(986)**
Accumulated depreciation at 31 March 2024	**-**	**6,152**	**-**	**45,048**	**85**	**16,128**	**88**	**67,501**
Net book value at 31 March 2024	**17,150**	**248,057**	**4,086**	**62,929**	**27**	**13,308**	**275**	**345,832**
Net book value at 1 April 2023	**16,952**	**244,050**	**12,786**	**50,796**	**15**	**14,297**	**186**	**339,082**

Note 16.2 Property, plant and equipment - 2022/23

Trust	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2022 - as previously stated	**16,475**	**219,195**	**11,558**	**135,645**	**214**	**52,798**	**1,765**	**437,650**
IFRS 16 implementation - reclassification of existing leased assets to right of use assets	-	(100)	-	-	-	-	-	**(100)**
Additions	3	22,998	1,228	14,506	-	5,095	32	**43,862**
Impairments	-	(17)	-	-	-	-	-	**(17)**
Reversals of impairments	462	3,347	-	-	-	-	-	**3,809**
Revaluations	12	(140)	-	-	-	(1,385)	-	**(1,513)**
Reclassifications	-	1	-	(182)	-	1	-	**(180)**
Disposals / derecognition	-	-	-	(61,922)	(126)	(29,840)	(1,553)	**(93,441)**
Valuation/gross cost at 31 March 2023	**16,952**	**245,284**	**12,786**	**88,047**	**88**	**26,669**	**244**	**390,070**
Accumulated depreciation at 1 April 2022 - as previously stated	**-**	**1,189**	**-**	**91,489**	**188**	**38,808**	**1,589**	**133,263**
Provided during the year	-	7,083	-	7,534	11	4,051	22	**18,701**
Impairments	-	5,307	-	-	-	738	-	**6,045**
Reversals of impairments	-	(7,263)	-	-	-	-	-	**(7,263)**
Revaluations	-	(5,082)	-	-	-	(1,385)	-	**(6,467)**
Reclassifications	-	-	-	(4)	-	-	-	**(4)**
Disposals / derecognition	-	-	-	(61,768)	(126)	(29,840)	(1,553)	**(93,287)**
Accumulated depreciation at 31 March 2023	**-**	**1,234**	**-**	**37,251**	**73**	**12,372**	**58**	**50,988**
Net book value at 31 March 2023	**16,952**	**244,050**	**12,786**	**50,796**	**15**	**14,297**	**186**	**339,082**
Net book value at 1 April 2022	**16,475**	**218,006**	**11,558**	**44,156**	**26**	**13,990**	**176**	**304,387**

Note 16.3 Property, plant and equipment financing - 31 March 2024

Trust	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	17,150	246,179	4,086	59,570	27	13,202	267	**340,481**
Owned - donated / granted	-	1,878	-	3,359	-	106	8	**5,351**
Total net book value at 31 March 2024	**17,150**	**248,057**	**4,086**	**62,929**	**27**	**13,308**	**275**	**345,832**

Note 16.4 Property, plant and equipment financing - 31 March 2023

Trust	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	16,952	241,811	12,786	47,172	15	14,050	177	**332,963**
Owned - donated / granted	-	2,239	-	3,624	-	247	9	**6,119**
Total net book value at 31 March 2023	**16,952**	**244,050**	**12,786**	**50,796**	**15**	**14,297**	**186**	**339,082**

Note 16.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2024

Trust	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	88	4,004	-	-	-	-	-	**4,092**
Not subject to an operating lease	17,062	244,053	4,086	62,929	27	13,308	275	**341,740**
Total net book value at 31 March 2024	**17,150**	**248,057**	**4,086**	**62,929**	**27**	**13,308**	**275**	**345,832**

Note 16.6 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

Trust	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	-	3,831	-	-	-	-	-	**3,831**
Not subject to an operating lease	16,952	240,219	12,786	50,796	15	14,297	186	**335,251**
Total net book value at 31 March 2023	**16,952**	**244,050**	**12,786**	**50,796**	**15**	**14,297**	**186**	**339,082**

Note 17 Donations of property, plant and equipment

In 2023/24, the Trust received medical equipment donations totalling £457k from the non-consolidated charity.

Note 18 Leases - Lancashire Teaching Hospitals NHS Foundation Trust as a lessee

The Trust leases many assets including land and buildings, vehicles, machinery, equipment, and IT. This note details information about leases for which the Trust is a lessee.

Land & Buildings leases

The Trust leases clinical space within other NHS sites which are owned by NHS Property Services or other NHS Foundation Trusts. These leases run for 5 to 12 years and amounts payable under the leases are revised annually using inflation factors as set out in NHS Planning guidance issued by NHSE.

The Trust also has two leases with commercial landlords; one for Preston Business Centre and one for Finney House. The lease for Preston Business Centre is for 10 years and commenced on 1st December 2021. The amount payable under this lease is revised at five yearly intervals as per the clauses in the lease. The lease for Finney House commenced on the 15th November 2023 for a 5 year term. The lease terms provide for an annual rental review each April using the consumer price index from the preceding February.

The Trust leases some of it's premises under operating leases (see note 5.1)

Some leases contain extension options exercisable by the Trust in accordance with the lease terms. The Trust seeks to include extension options in new leases to provide operational flexibility. The extension options are exercisable only by the Trust and not by the lessors. The Trust assesses at lease commencement whether it is reasonably certain to exercise the extension options. It reassesses whether it is reasonably certain to exercise options if there is a significant event or significant change in circumstances within it's control.

Other leases

The Trust leases vehicles and equipment, with terms between 1 to 8 years. In some cases the Trust has options to purchase the assets at the end of the contract term; in other cases the Trust is obliged to return the items to the lessor or negotiate a secondary lease. Neither are considered to be obligations and therefore the Trust is not estimating liabilities beyond the original lease terms.

Note 18.1 Right of use assets - 2023/24

Group	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1 April 2023 - brought forward	**30,161**	**19,516**	**260**	**6**	**21**	**49,964**	**8,570**
Transfers by absorption	458	-	-	-	-	**458**	-
Additions	800	1,160	65	-	-	**2,025**	800
Remeasurements of the lease liability	647	-	-	-	-	**647**	(6,827)
Reclassifications	(2,346)	2,346	-	-	-	**-**	(1,667)
Disposals / derecognition	(178)	(11,290)	(75)	-	(21)	**(11,564)**	(60)
Valuation/gross cost at 31 March 2024	**29,542**	**11,732**	**250**	**6**	**-**	**41,530**	**816**
Accumulated depreciation at 1 April 2023 - brought forward	**3,808**	**6,999**	**70**	**2**	**10**	**10,889**	**1,733**
Transfers by absorption	-	-	-	-	-	**-**	-
Provided during the year	5,071	7,294	70	2	11	**12,448**	34
Reclassifications	-	-	-	-	-	**-**	(1,699)
Disposals / derecognition	(178)	(11,174)	(40)	-	(21)	**(11,413)**	(60)
Accumulated depreciation at 31 March 2024	**8,701**	**3,119**	**100**	**4**	**-**	**11,924**	**8**
Net book value at 31 March 2024	**20,841**	**8,613**	**150**	**2**	**-**	**29,606**	**808**
Net book value at 1 April 2023	**26,353**	**12,517**	**190**	**4**	**11**	**39,075**	**6,837**

Net book value of right of use assets leased from other NHS providers	-
Net book value of right of use assets leased from other DHSC group bodies	808

Note 18.2 Right of use assets - 2022/23

Group	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1 April 2022 - brought forward	**-**	**-**	**-**	**-**	**-**	**-**	**-**
IFRS 16 implementation - reclassification of existing leased assets from PPE or intangible assets	100	-	-	-	-	**100**	-
IFRS 16 implementation - adjustments for existing operating leases / subleases	24,488	18,393	260	6	21	**43,168**	11,581
Additions	8,684	1,123	-	-	-	**9,807**	-
Disposals / derecognition	(3,111)	-	-	-	-	**(3,111)**	(3,011)
Valuation/gross cost at 31 March 2023	**30,161**	**19,516**	**260**	**6**	**21**	**49,964**	**8,570**
Accumulated depreciation at 1 April 2022 - brought forward	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Provided during the year	4,284	6,999	70	2	10	**11,365**	2,109
Disposals / derecognition	(476)	-	-	-	-	**(476)**	(376)
Accumulated depreciation at 31 March 2023	**3,808**	**6,999**	**70**	**2**	**10**	**10,889**	**1,733**
Net book value at 31 March 2023	**26,353**	**12,517**	**190**	**4**	**11**	**39,075**	**6,837**
Net book value at 1 April 2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Net book value of right of use assets leased from other NHS providers	6,795
Net book value of right of use assets leased from other DHSC group bodies	42

Note 18.3 Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the statement of financial position. A breakdown of borrowings is disclosed in note 24.

	Group		Trust	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
Carrying value at 1 April	**39,225**	**99**	**39,225**	99
IFRS 16 implementation - adjustments for existing operating leases	-	43,168	-	43,168
Transfers by absorption	441	-	441	-
Lease additions	2,025	9,807	2,025	9,807
Lease liability remeasurements	647	-	647	-
Interest charge arising in year	532	409	532	409
Early terminations	(151)	(2,647)	(151)	(2,647)
Lease payments (cash outflows)	(12,839)	(11,611)	(12,839)	(11,611)
Carrying value at 31 March	**29,880**	**39,225**	**29,880**	**39,225**

Lease payments for short term leases, leases of low value underlying assets and variable lease payments not dependent on an index or rate are recognised in operating expenditure.

These payments are disclosed in Note 6.1. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

The Trust does not sub lease any right of use assets so the value included within revenue from operating leases in note 3 all relates to Trust owned property that is leased.

Note 18.4 Maturity analysis of future lease payments at 31 March 2024

	Group		Trust	
	Total	Of which leased from DHSC group bodies:	Total	Of which leased from DHSC group bodies:
	31 March 2024	31 March 2024	31 March 2024	31 March 2024
	£000	£000	£000	£000
Undiscounted future lease payments payable in:				
- not later than one year;	7,426	78	7,426	78
- later than one year and not later than five years;	17,914	302	17,914	302
- later than five years.	6,017	743	6,017	743
Total gross future lease payments	**31,357**	**1,123**	**31,357**	**1,123**
Finance charges allocated to future periods	(1,477)	(315)	- 1,477	- 315
Net lease liabilities at 31 March 2024	**29,880**	**808**	**29,880**	**808**
Of which:				
Leased from other NHS providers		-		-
Leased from other DHSC group bodies		808		808

Note 18.5 Maturity analysis of future lease payments at 31 March 2023

	Group		Trust	
	Total	Of which leased from DHSC group bodies:	Total	Of which leased from DHSC group bodies:
	31 March 2023	31 March 2023	31 March 2023	31 March 2023
	£000	£000	£000	£000
Undiscounted future lease payments payable in:				
- not later than one year;	12,386	1,774	12,386	1,774
- later than one year and not later than five years;	21,378	5,229	21,378	5,229
- later than five years.	6,527	-	6,527	-
Total gross future lease payments	**40,291**	**7,003**	**40,291**	**7,003**
Finance charges allocated to future periods	(1,066)	(133)	(1,066)	(133)
Net finance lease liabilities at 31 March 2023	**39,225**	**6,870**	**39,225**	**6,870**
Of which:				
Leased from other NHS providers		6,827		6,827
Leased from other DHSC group bodies		43		43

Note 19 Inventories

	Group		Trust	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Drugs	5,692	5,093	4,740	4,043
Consumables	10,935	9,457	10,935	9,457
Energy	162	143	162	143
Other	14	26	14	26
Total inventories	**16,803**	**14,719**	**15,851**	**13,669**
of which:				
Held at fair value less costs to sell	-	-	-	-

Inventories recognised in expenses for the year were £82,557k (2022/23: £92,406k). Write-down of inventories recognised as expenses for the year were £218k (2022/23: £250k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2023/24 the Trust received £141k of items purchased by DHSC (2022/23: £999k).

In 2022/23 these inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses disclosed above for 2022/23.

In 2023/24 the Trust has, on the grounds of materiality, excluded donated PPE from inventories. Instead the deemed cost of these inventories was charged directly to expenditure on receipt with the corresponding benefit recognised in income.

Note 20 Receivables

	Group		Trust	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£000	£000	£000	£000
Current				
Contract receivables	28,962	41,818	29,007	42,201
Allowance for impaired contract receivables / assets	(1,532)	(1,764)	(1,532)	(1,764)
Prepayments (non-PFI)	5,521	4,234	5,511	4,226
Operating lease receivables	126	169	126	169
PDC dividend receivable	-	224	-	224
VAT receivable	2,669	1,308	2,448	1,093
Corporation and other taxes receivable	28	25	28	25
Other receivables	3,904	1,830	3,953	1,830
Total current receivables	**39,678**	**47,844**	**39,541**	**48,004**
Non-current				
Contract receivables	6,879	5,916	6,879	5,916
Allowance for impaired contract receivables / assets	(716)	(619)	(716)	(619)
Other receivables	869	1,082	2,369	2,582
Total non-current receivables	**7,032**	**6,379**	**8,532**	**7,879**
Of which receivable from NHS and DHSC group bodies:				
Current	20,893	33,436	20,678	33,221
Non-current	869	1,082	869	1,082

Note 20.1 Allowances for credit losses

	Group		Trust	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£000	£000	£000	£000
Allowances as at 1 Apr	2,383	3,519	2,383	3,519
New allowances arising	933	575	933	575
Changes in existing allowances	(5)	(838)	(5)	(838)
Reversals of allowances	(838)	(238)	(838)	(238)
Utilisation of allowances (write offs)	(225)	(635)	(225)	(635)
Allowances as at 31 Mar	**2,248**	**2,383**	**2,248**	**2,383**

Note 21 Cash and cash equivalents movements

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	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
At 1 April	**14,502**	**61,887**	**14,129**	**61,340**
Net change in year	21,531	(47,385)	20,684	(47,211)
At 31 March	**36,033**	**14,502**	**34,813**	**14,129**
Broken down into:				
Cash at commercial banks and in hand	1,241	392	21	19
Cash with the Government Banking Service	34,792	14,110	34,792	14,110
Total cash and cash equivalents as in SoFP	**36,033**	**14,502**	**34,813**	**14,129**
Total cash and cash equivalents as in SoCF	**36,033**	**14,502**	**34,813**	**14,129**

Note 21.1 Third party assets held by the trust

Lancashire Teaching Hospitals NHS Foundation Trust held cash and cash equivalents which relate to monies held by the 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	
	2024	2023
	£000	£000
Bank balances	7	6
Total third party assets	**7**	**6**

Note 22 Trade and other payables

	Group		Trust	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Current				
Trade payables	19,367	15,029	18,325	15,139
Capital payables	36,923	26,713	36,923	26,713
Accruals	23,309	46,810	23,558	46,947
Social security costs	5,604	5,459	5,595	5,451
Other taxes payable	6,489	5,048	6,481	5,042
PDC dividend payable	312	-	312	-
Pension contributions payable	6,380	5,662	6,380	5,662
Other payables	1,106	402	1,103	400
Total current trade and other payables	**99,490**	**105,123**	**98,677**	**105,354**
Of which payables from NHS and DHSC group bodies:				
Current	10,847	9,682	10,034	9,913
Non-current	-	-	-	-

Note 23 Other liabilities

	Group		Trust	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Current				
Deferred income: contract liabilities	5,587	5,224	5,587	5,224
Total other current liabilities	**5,587**	**5,224**	**5,587**	**5,224**
Non-current				
Deferred income: contract liabilities	1,247	197	1,247	197
Total other non-current liabilities	**1,247**	**197**	**1,247**	**197**

Cancer Alliance funding has been received by the Trust to support staff posts over a 2 year period. A proportion that represents funding for the second year is deferred as non-current and the remainder is included in the current balance.

Note 24 Borrowings

	Group		Trust	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Current				
Loans from DHSC	1,116	1,586	1,116	1,586
Other loans	79	79	79	79
Lease liabilities	6,963	12,062	6,963	12,062
Total current borrowings	**8,158**	**13,727**	**8,158**	**13,727**
Non-current				
Loans from DHSC	1,763	2,870	1,763	2,870
Other loans	341	416	341	416
Lease liabilities	22,917	27,163	22,917	27,163
Total non-current borrowings	**25,021**	**30,449**	**25,021**	**30,449**

Note 24.1 Reconciliation of liabilities arising from financing activities

Group - 2023/24	Loans from DHSC	Other loans	Lease liabilities	Total
	£000	£000	£000	£000
Carrying value at 1 April 2023	**4,456**	**495**	**39,225**	**44,176**
Cash movements:				
Financing cash flows - payments and receipts of principal	(1,575)	(75)	(12,306)	**(13,956)**
Financing cash flows - payments of interest	(74)	(18)	(533)	**(625)**
Non-cash movements:				
Transfers by absorption	-	-	441	**441**
Additions	-	-	2,025	**2,025**
Lease liability remeasurements	-	-	647	**647**
Application of effective interest rate	72	18	532	**622**
Early terminations	-	-	(151)	**(151)**
Carrying value at 31 March 2024	**2,879**	**420**	**29,880**	**33,179**

Group - 2022/23	Loans from DHSC	Other loans	Lease liabilities	Total
	£000	£000	£000	£000
Carrying value at 1 April 2022	**6,627**	**571**	**99**	**7,297**
Cash movements:				
Financing cash flows - payments and receipts of principal	(2,167)	(76)	(11,203)	**(13,446)**
Financing cash flows - payments of interest	(106)	(18)	(408)	**(532)**
Non-cash movements:				
IFRS 16 implementation - adjustments for existing operating leases / subleases			43,168	**43,168**
Additions	-	-	9,807	**9,807**
Application of effective interest rate	102	18	409	**529**
Early terminations	-	-	(2,647)	**(2,647)**
Carrying value at 31 March 2023	**4,456**	**495**	**39,225**	**44,176**

Note 25 Provisions for liabilities and charges analysis

Group	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000
At 1 April 2023	**1,294**	**276**	**2,314**	**3,884**
Change in the discount rate	(66)	-	(193)	**(259)**
Arising during the year	118	72	(51)	**139**
Utilised during the year	(108)	(72)	(24)	**(204)**
Reversed unused	-	(83)	(107)	**(190)**
Unwinding of discount	27	-	58	**85**
At 31 March 2024	**1,265**	**193**	**1,997**	**3,455**
Expected timing of cash flows:				
- not later than one year;	106	193	28	**327**
- later than one year and not later than five years;	399	-	1,171	**1,570**
- later than five years.	760	-	798	**1,558**
Total	**1,265**	**193**	**1,997**	**3,455**

Permanent injury benefits
Payments are made on a quarterly basis to the NHS Pension Scheme and NHS Injury Benefit Scheme respectively.

Note 25 Provisions for liabilities and charges analysis (continued)

Clincians pension tax

Clinicians who were members of the NHS Pensions Scheme and who as a result of work undertaken in the tax year (2019/20) face a tax charge in respect of growth of their NHS pension benefits above their pensions savings annual allowance threshold will be able to have this charge paid by the NHS Pension Scheme.

Dilapidation provisions

The Trust has created a provision for the reinstatement of leased properties (dilapidations). Payments will be made as and when leases expire and agreements are reached with Landlords.

Note 25.1 Clinical negligence liabilities

At 31 March 2024, £301,867k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Lancashire Teaching Hospitals NHS Foundation Trust (31 March 2023: £324,548k).

Note 26 Contingent assets and liabilities

	Group		Trust	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Value of contingent liabilities				
NHS Resolution legal claims	(109)	(113)	(109)	(113)
Gross value of contingent liabilities	**(109)**	**(113)**	**(109)**	**(113)**
Amounts recoverable against liabilities	-	-		
Net value of contingent liabilities	**(109)**	**(113)**	**(109)**	**(113)**

The Trust has no contingent assets to disclose.

Note 27 Contractual capital commitments

	Group		Trust	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Property, plant and equipment	5,832	3,159	5,832	3,159
Total	**5,832**	**3,159**	**5,832**	**3,159**

The contractual capital commitments represent the value of works committed to on projects that were work in progress at the 31st March 2023.

Note 28 Financial instruments

Note 28.1 Financial risk management

International Financial Reporting Standard 9 requires disclosure of the role which Financial Instruments have had during the period in creating or changing the risks which a body faces in undertaking its activities. Because of the continuing service provider relationship which the Trust has with its Commissioners, and the way in which those Commissioners are financed, the 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 for the Trust than would be typical of listed companies, to which these standards mainly apply. The 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 Trust in undertaking its activities.

The Trust's Treasury Management operations are carried out by the Finance Department, within parameters defined formally within the Trust's Standing Financial Instructions, and policies agreed by the Board of Directors. The Trust's treasury activities are also subject to review by Internal Audit.

Liquidity Risk

Net operating costs of the Trust are funded under annual Service Agreements with NHS Commissioners, which are financed from resources voted annually by Parliament. While the Trust is in deficit it is accessing working capital support by means of PDC through DHSC. The Trust largely finances its capital expenditure from internally generated cash, and funds made available by the DHSC. Additional funding by way of loans has been arranged with the Foundation Trust Financing Facility to support major capital developments. The Trust is, therefore, exposed to liquidity risks from the loan funding - however these risks are approved, and comply with Monitor's Risk Assessment Framework.

Currency Risk

The Trust is a domestic organisation with the overwhelming majority of transactions, assets and liabilities being in the UK and Sterling based. The Trust has no overseas operations, and therefore has low exposure to currency rate fluctuations..

Interest Rate Risk

100% of the Trust's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. The Trust is not, therefore, exposed to significant interest rate risk.

Credit Risk

The majority of the Trust's Income comes from contracts with other public sector bodies, and therefore the Trust has low exposure to credit risk. The maximum exposure as at 31 March 2023 is within Receivables from customers, as disclosed in the Trade and Other Receivables note to these Accounts.

Note 28.2 Carrying values of financial assets

	Group		Trust	
Carrying values of financial assets as at 31 March 2024	**Held at amortised cost**	**Total book value**	**Held at amortised cost**	**Total book value**
	£000	**£000**	**£000**	**£000**
Trade and other receivables excluding non financial assets	38,520	**38,520**	40,115	**40,115**
Cash and cash equivalents	36,033	**36,033**	34,813	**34,813**
Total at 31 March 2024	**74,553**	**74,553**	**74,928**	**74,928**

	Group		Trust	
Carrying values of financial assets as at 31 March 2023	**Held at amortised cost**	**Total book value**	**Held at amortised cost**	**Total book value**
	£000	**£000**	**£000**	**£000**
Trade and other receivables excluding non financial assets	48,457	**48,457**	50,340	**50,340**
Cash and cash equivalents	14,502	**14,502**	14,129	**14,129**
Total at 31 March 2023	**62,959**	**62,959**	**64,469**	**64,469**

Note 28.3 Carrying values of financial liabilities

	Group		Trust	
	Held at amortised cost £000	Total book value £000	Held at amortised cost £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2024				
Loans from the Department of Health and Social Care	2,879	**2,879**	2,879	**2,879**
Obligations under leases	29,880	**29,880**	29,880	**29,880**
Other borrowings	420	**420**	420	**420**
Trade and other payables excluding non financial liabilities	79,586	**79,586**	78,793	**78,793**
Total at 31 March 2024	**112,765**	**112,765**	**111,972**	**111,972**

	Held at amortised cost £000	Total book value £000	Held at amortised cost £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2023				
Loans from the Department of Health and Social Care	4,456	**4,456**	4,456	**4,456**
Obligations under leases	39,225	**39,225**	39,225	**39,225**
Other borrowings	495	**495**	495	**495**
Trade and other payables excluding non financial liabilities	89,358	**89,358**	89,603	**89,603**
Total at 31 March 2023	**133,534**	**133,534**	**133,779**	**133,779**

Note 28.4 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

	Group		Trust	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
In one year or less	88,258	103,290	87,465	103,535
In more than one year but not more than five years	19,061	23,750	19,061	23,750
In more than five years	114,637	8,021	114,637	8,021
Total	**221,956**	**135,061**	**221,163**	**135,306**

Note 29 Losses and special payments (Group)

	2023/24		2022/23	
Group and trust	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses	4	-	1	-
Fruitless payments and constructive losses	1	17	-	-
Bad debts and claims abandoned	918	403	753	162
Stores losses and damage to property	3	218	3	216
Total losses	**926**	**638**	**757**	**378**
Special payments				
Compensation under court order or legally binding arbitration award	1	-	2	15
Ex-gratia payments	49	149	80	548
Total special payments	**50**	**149**	**82**	**563**
Total losses and special payments	**976**	**787**	**839**	**941**

Note 30 Related parties

Lancashire Teaching Hospitals NHS Foundation Trust is a public interest body, a Department of Health and Social Care (parent of the group) Group body, authorised by NHS Improvement, the Independent Regulator for NHS Foundation Trusts. During the year none of the Board members or members of key management staff or parties related to them has undertaken any material transactions with Lancashire Teaching Hospitals NHS Foundation Trust.

Council of Governors

The roles and responsibilities of the Council of Governors of the Foundation Trust are carried out in accordance with the Trust's Provider Licence:

The Council has specific powers including:

- appointment and, if appropriate, removal of the Chair and other non-executive Directors
- approval of the appointment of the Chief Executive
- to decide the remuneration and allowances and the other terms and conditions of office of the Chair and other non-executive Directors
- to appoint and, if appropriate, remove the Trust's external auditors
- to appoint or remove any other external auditor
- to receive the annual accounts, annual report and any report on them by the auditor
- to provide their views to the board of directors when the board of directors is preparing the Trust's forward plan
- to hold the non-executive directors individually and collectively to account for the performance of the board of directors
- to represent the interests of the members of the Trust as a whole and of the public
- to approve 'significant transactions' as defined within the constitution
- to approve an application by the Trust to enter into a merger, acquisition, seperation or dissolution
- to decide whether the Trust's private patient work would significantly interfere with the Trust's principal purpose
- to approve any proposed increase in private patient income of 5% of total income or more in any financial year
- to approve, along with the Board of Directors, any changes to the Trust's consititution
- to require the attendance of one or more directors at a Council of Governors meeting, for the purpose of obtaining information about the Trust's performance of its functions or the directors' performance of their duties (and for deciding whether to propose a vote on the Trust's or directors' performance).

The Foundation Trust maintains a register of interests for the Board and for members of the Council of Governors. Of the total of 28 members of the Council of Governors, 5 represent the interests of other organisations who the Trust has identified as key partners in the delivery of healthcare to the population of Preston Chorley and South Ribble.

Members of the Council of Governors, Executive Directors and Non-Executive Directors, or close family members of the same, who have interests in or hold positions with organisations with which the trust has had transactions during the year, are listed below:

	Income	Expenditure	Receivable	Payable	Relationship
	£000	£000	£000	£000	
NHS England	252,422	1,095	2,675	3,773	Corporate Director
East Lancashire Hospitals NHS Trust	4,040	3,238	1,754	1,752	Council of Governors Non-Executive Director
Lancashire County Council	721	71	34	4	Council of Governors
University of Manchester	429	353	16	-	Non-Executive Director Corporate Director
University of Central Lancashire	360	270	35	82	Council of Governors Executive Director Corporate Director
North West Ambulance Service NHS Trust	309	260	51	57	Chair Non-Executive Director Executive Director
Mersey & West Lancashire NHS Foundation Trust	303	159	106	357	Council of Governors
University of Bolton	156	34	42	-	Executive Director
St Catherine's Hospice	115	4	18	-	Executive Director
West Lancashire Borough Council	29	-	3	-	Council of Governors
South Ribble Borough Council	8	-	1	-	Council of Governors
Unison	6	187	3	-	Council of Governors
NHS Blood and Transplant	3	2,146	-	140	Council of Governors
Preston City Council	-	1	-	-	Council of Governors
Care Quality Commission	-	507	-	-	Non-Executive Director
Weightmans Solicitors LLP	-	176	-	-	Executive Director
Calderdale and Huddersfield NHS Foundation Trust	-	38	-	4	Non-Executive Director

The Trust previously established a wholly owned subsidiary, Lancashire Hospitals Services Ltd. Lancashire Hospitals Services Ltd took over the outpatient pharmacies accross the Trust on 1 October 2018. Being wholly owned, the Trust has prepared its financial statements on a Group basis, consolidating the results of Lancashire Hospitals Services Ltd.

The Trust is Corporate Trustee of two charities which means that the Trust has control over the charities. Both Charities are registered with the Charity Commission and produce a set of annual accounts and an annual report (separate to that of the NHS Foundation Trust) These documents will be available in December 2024, on request from the Finance Department of the Trust. Details of the charities and of material transactions between them and the Trust are detailed below.

Note 30 Related parties (continued)

Charity	Registered Number	Donations received £000	Receivable £000	Payable £000
Lancashire Teaching Hospitals Charity	1051194	86	105	0
The Rosemere Cancer Foundation	1131583	372	176	0

Note 31 Transfers by absorption (Group)

During 2022/23 the Boards of Lancashire Teaching Hospitals NHS Foundation Trust (LTH) and Northern Care Alliance NHS Foundation Trust (NCA) agreed that with effect from the 1st June 2023 the East Lancashire Financial Services (ELFS) Business Services will be transferred to LTH. This transfer has been transacted as a transfer by absorption by the two Trusts; LTH as the receiving entity and NCA as the divesting entity. The total assets transferred were equal to the liabilities transferred giving a nil impact upon the SOCI. There were no such transfers during 2022/23.

	2023/24 £000	2022/23 £000
Inward transfers Northern Care Alliance NHS Foundation Trust		
Right of Use Assets	458	-
Receivables	2,286	-
Payables	(1,003)	-
Other Liabilities	(1,300)	-
Borrowings (Right of Use Assets lease liability)	(441)	-
Net transfers - recognised in the SOCI as a loss due to transfers by absorption	**-**	**-**

If you have any queries regarding this report, or wish to make contact with any of the Directors or Governors, please contact:

Company Secretary
Lancashire Teaching Hospitals NHS Foundation Trust
Royal Preston Hospital, Sharoe Green Lane,
Fulwood, Preston,
PR2 9HT

T: **01772 522010**
E: **Company.Secretary@lthtr.nhs.uk**

For more information about Lancashire Teaching Hospitals NHS Foundation Trust see:

www.lancsteachinghospitals.nhs.uk

@lancshospitals

lancshospitals

Auditor's Annual Report 2023/24

Lancashire Teaching Hospitals NHS Foundation Trust

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27 June 2024

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This report is addressed to Lancashire Teaching Hospitals NHS Foundation Trust (the Trust). We take no responsibility to any member of staff acting in their individual capacities, or to third parties.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

01 Executive Summary

Executive Summary

Purpose of the Auditor's Annual Report

This Auditor's Annual Report provides a summary of the findings and key issues arising from our 2023-24 audit of Lancashire Teaching Hospitals NHS Foundation Trust (the 'Trust'). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office and is required to be published by the Trust alongside the annual report and accounts.

Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014. In line with this we provide conclusions on the following matters:

Accounts - We provide an opinion as to whether the accounts give a true and fair view of the financial position of the Trust and of its income and expenditure during the year. We confirm whether the accounts have been prepared in line with the Group Accounting Manual prepared by the Department of Health and Social Care (DHSC).

Annual report - We assess whether the annual report is consistent with our knowledge of the Trust. We perform testing of certain figures labelled in the remuneration report.

Value for money - We assess the arrangements in place for securing economy, efficiency and effectiveness (value for money) in the Trust's use of resources and provide a summary of our findings in the commentary in this report. We are required to report if we have identified any significant weaknesses as a result of this work.

Other reporting - We may issue other reports where we determine that this is necessary in the public interest under the Local Audit and Accountability Act.

Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities

Accounts	We issued an unqualified opinion on the Trust's accounts on 27th June 2024.This means that we believe the accounts give a true and fair view of the financial performance and position of the Trust We have provided further details of the key risks we identified and our response on page 7-9.
Annual report	We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Trust. We confirmed that the Governance Statement had been prepared in line with the Department of Health and Social Care requirements.
Value for money	We are required to report if we identify any matters that indicate the Trust does not have sufficient arrangements to achieve value for money. We have nothing to report in this regard.
Other reporting	We did not consider it necessary to issue any other reports in the public interest.

02
Audit of the Financial Statements

Audit of the financial statements

KPMG provides an independent opinion on whether the Trust's financial statements:

- Give a true and fair view of the state of the Trust's affairs as at 31 March 2024 and of its income and expenditure for the year then ended;
- Have been properly prepared in accordance with the accounting policies directed by NHS England with the consent of the Secretary of State as being relevant to NHS Foundation Trusts and included in the Department of Health and Social Care Group Accounting Manual 2023/24; and
- Have been prepared in accordance with the requirements of the National Health Service Act 2006 (as amended).

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Audit opinion on the financial statements

We have issued an unqualified opinion on the Trust's financial statements before 28 June 2024.

The full opinion is included in the Trust's Annual Report and Accounts for 2023/24 which can be obtained from the Trust's website.

Further information on our audit of the financial statements is set out overleaf.

Audit of the financial statements

The table below summarises the key risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.

Risk	Procedures undertaken	Findings
Fraud risk from expenditure recognition: Liabilities and related expenses for purchases of goods or services are not completely recorded As the Trust and system is set a financial performance target by NHS England there is a risk that non-pay expenditure, excluding depreciation, may be manipulated in order to report that the control total has been met. The setting of a financial performance target can create an incentive for management to understate the level of non-pay expenditure compared to that which has been incurred. Management agreed a revised forecast of £51.5m deficit in December 2023 (£15.3m deficit agreed in original approved plan in May 2023). This was further reduced to £35.6m following additional funding from the ICB. Internal forecasting had assumed a worst case of £62m deficit. The pressure to meet a more favourable deficit means the Trust is incentivised to understate expenditure accordingly. We consider this would be most likely to occur through omitting accruals in order to mitigate financial pressures in the current year.	We have performed the following procedures in order to respond to the significant risk identified: - We assessed the design and implementation of controls for ensuring the completeness of accruals, including those controls for ensuring the cut-off of non-NHS expenditure is correct, to ensure it was captured in the correct financial year. - We inspected a sample of invoices of expenditure and payments made, in the period after 31 March 2024, to determine whether expenditure has been recognised in the correct accounting period; - We inspected a sample of cash expenditure recorded in the bank statement in the post balance sheet and reviewed associated evidence including invoices where applicable to test for unrecorded liabilities. - We inspected journals posted as part of the year end close procedures that decrease the level of expenditure recorded in order to critically assess whether there was an appropriate basis for posting the journal and the value could be agreed to supporting evidence - We performed a year on year comparison of the accruals made in the prior year and current year and challenged management where the movement is not in line with our understanding of the entity	- Through our testing of invoices posted and expenditure posted after year end in April and May, we did not identify any expenditure that should have been recognised in 2023-24. - We have identified accruals that have been omitted from the position at 31 March 2024. The trust has introduced new accounting policies in year whereby they no longer accrue for items less than £5k or greater than 6 months old. They have also adopted the position to not accrue for specific manual accruals they deem to be immaterial, for example holiday pay accrual - Whilst not responding to the significant risk we also carried out substantive testing over the existence and accuracy of accruals posted as at 31 March 2024. Our testing is ongoing, however to date, we have found no evidence of understatement of those transactions. - Management established a process during 2022/23 to review aged accruals on a monthly basis and ensure that old accruals (more than 6 months old) that are unlikely to be invoiced are removed from the accruals balance. This process enhances the control environment around accrued expenditure at each month end, but having documented this under ISA315 we consider that this is not formally documented in a way that represents a formal Management Review Control on which we can place reliance in line with International Standards on Auditing

Audit of the financial statements

The table below summarises the key risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.

Risk	Procedures undertaken	Findings
Management override of controls: Fraud risk related to unpredictable way management override of controls may occur Professional standards require us to communicate the fraud risk from management override of controls as significant. Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	We performed the following procedures: - In line with our methodology, evaluated the design and implementation of controls over journal entries and post closing adjustments. - Assessed accounting estimates for bias by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias; - Assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates. - Assessed the business rationale and the appropriateness of the accounting for significant transactions that were outside the component's normal course of business, or were otherwise unusual. - We analysed all journals through the year to identify journals displaying high risk characteristics. We performed testing over each of these journals in order to assess the appropriateness and accuracy of the transactions posted; and - We tested the completeness of the related parties identified and assess whether relevant transactions had been appropriately disclosed within the financial statements.	- Under the requirements of ISA315r, we conduct a detailed evaluation of the design and implementation of controls around journal entries. This identified that the ledger system permits reviewers / approvers of journal entries to make any amendments they wish to the journal entry before approval/posting. We are therefore unable to rely on controls around segregation of duties in journal entry processing. - We identified 27 journal entries and other adjustments meeting our high-risk criteria – our testing has not identified any inappropriate entries - We evaluated accounting estimates, including the consideration of the valuation of land and buildings and did not identify any indicators of management bias - We have not identified any significant unusual transactions. - Our evaluation over the design and implementation of related party controls identified there is no formal, documented control in place to authorise or approve significant related party transactions before they are entered into. Many of the related party transactions are through the normal course of business, however audited entities are required to have an identified control in place to formally authorise significant related party transactions

Audit of the financial statements

The table below summarises the key risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.

Risk	Procedures undertaken	Findings
Valuation of Land and Buildings: The carrying amount of revalued Land & Buildings differs materially from the fair value Land and buildings are required to be held at fair value. As hospital buildings are specialised assets and there is not an active market for them they are usually valued on the basis of the cost to replace them with a 'modern equivalent asset'. The value of the Trust's land and buildings at 31 March 2023 was £261m, of which £244m are valued as specialised assets at depreciated replacement cost. Judgemental assumptions are made by management with regards to identifying and applying impairment indicators to the property, plant & equipment. The Trust carried out a full revaluation of its land and buildings in year. The last full revaluation took place on 31 March 2019.	We have performed the following procedures designed to specifically address the significant risk associated with the valuation: - We critically assessed the independence, objectivity and expertise of Cushman and Wakefield, the valuers used in developing the valuation of the Trust's properties at 31 March 2024; - We inspected the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the Group Accounting Manual; - We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information, such as floor plans, and to previous valuations, challenging management where variances are identified; - We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used; - We challenged the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We challenged key assumptions within the valuation, including the use of relevant indices and assumptions of how a modern equivalent asset would be developed, as part of our judgement.; - We performed inquiries of the valuers in order to verify the methodology that was used in preparing the valuation and whether it was consistent with the requirements of the RICS Red Book and the GAM - We agreed the calculations performed of the movements in value of land and buildings and verify that these have been accurately accounted for in line with the requirements of the GAM; and - Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation	We confirmed the independence, objectivity and expertise of Cushman and Wakefield, the Trust's valuation advisors; We confirmed that the valuation approach taken by the Trust was consistent with the requirements of the RICS Red Book and the GAM; We have not identified any misstatements from our work on this significant risk, and we have determined that the assumptions made by your valuers and adopted by you are balanced overall We noted increased documentation of scrutiny by management around the draft valuation presented by Cushman and Wakefield. While this management review was not documented in a way that represents a formal Management Review Control on which we can place reliance in line with International Standards on Auditing, this represents continuing the strengthening of the Trust's control environment around the year-end valuation of land and buildings. We confirmed the Trust's disclosures around the valuation of land and buildings were satisfactory.

03 Value for Money

Value for Money

Introduction

We are required to consider whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or 'value for money'. We consider whether there are sufficient arrangements in place for the Trust for the following criteria, as defined by the National Audit Office (NAO) in their Code of Audit Practice:

- Financial sustainability: How the Trust plans and manages its resources to ensure it can continue to deliver its services.
- Governance: How the Trust ensures that it makes informed decisions and properly manages its risks.
- Improving economy, efficiency and effectiveness: How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor's Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Trust.

Summary of findings

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	13-17	18-19	20
Identified risks of significant weakness?	Yes	No	No
Actual significant weakness identified?	No	No	No
2022-23 Findings	No significant weakness identified	No significant weakness identified	No significant weakness identified
Direction of travel	⇧	⇔	⇔

Value for Money

NATIONAL CONTEXT

Financial performance

The 2023-24 financial year saw a significant increase in the level of financial pressures facing the NHS sector. This followed the end of Covid-19 related financing arrangements. The sector has faced cost pressures from a range of factors, most significantly the impacts of inflation felt during the year and the costs of industrial action.

At the end of January 2024 NHS England forecast that the NHS would record an overspend of £1.1bn against its agreed budgets. This came after additional funding had been made available earlier in the year to support with the costs of industrial action.

Operational performance

In January 2023 the Government announced five pledges for 2023, including reducing NHS waiting lists and the time people wait for procedures. Waiting lists had grown significantly during the Covid-19 pandemic as elective activity was postponed in order to prioritise the treatment of Covid patients and ensure safe working.

According to the Health Foundation the NHS waiting list had grown from 6.2 million patients at the beginning of 2022 to 7.2 million in January 2023. There had also been a significant increase in the number of patients with long waits. At the end of 2023 there remained 355,000 patients that had been waiting over a year for treatment. Income arrangements for the acute sector were revised in year to reimburse providers for elective activity based on the actual number of patients treated.

System working

The Health and Care Act 2022 formally established integrated care systems (ICSs), 42 partnerships within local geographies to promote closer working between the organisations responsible for healthcare delivery. Integrated Care Boards were formed on 1 July 2022, taking over commissioning responsibility from Clinical Commissioning Groups.

In their first full year of operation ICSs have continued to work to develop and embed governance arrangements both within the ICBs themselves and as systems.

LOCAL CONTEXT

Lancashire Teaching Hospitals NHS Foundation Trust is a large acute Trust providing district general hospital services to over 395,000 people in Chorley, Preston and South Ribble and specialist care to 1.8m people across Lancashire and South Cumbria. The Trust provides care across four facilities in Preston and Chorley

The Trust is part of the Lancashire and South Cumbria Integrated Care System (ICS).

In April 2023, the ICB confirmed a system-wide deficit target of £95m which required the Trust to develop a £24.3m deficit plan. Following approval by the Board in May and submission to NHSE, the Trust received £9.0m of non-recurrent support funding bringing the deficit plan down to £15.3m. This was subsequently revised to £0.4m following additional non-recurrent support in December 2023.

The Trust continued to face increasing pressure from unfunded emergency beds, driven by the number of patients not meeting the criteria to reside remaining high throughout the year. The Community Healthcare Hub at Finney House continues to provide additional out of hospital bed capacity and the introduction of virtual wards have helped to ease some of capacity pressures but further system work is still needed.

At the year end, the Trust achieved a revised deficit target of £35.6m as agreed with the ICB in December 2023. Despite the level of risk in the underlying CIP plans the Trust delivered cost improvement plans totalling £38.8m; 80% of the £48.5m target; the recurrent full year delivery being £36.9m (76% of full year target).

Whilst the outturn was £35.2m ‘off-plan’ the exit run rate deficit position at the end of FY2023/24 was £68.5m, a £28.8m reduction in the underlying deficit.

The Trust’s financial plans for 2024-25 have been based on the 2024-25 national planning guidance. As part of the Lancashire and South Cumbria ICS, the trust’s focus is driving towards financial sustainability over a three-year period. It is recognised system-wide transformation is needed to deliver these longer-term savings.

Financial Sustainability

How the Trust plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the Trust ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Trust plans to bridge its funding gaps and identifies achievable savings;
- How the Trust plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Trust ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the Trust identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

Financial Plan 2023-24

The financial plan for 23/24 was created in accordance with NHS planning guidelines, in addition to ICS-wide principles. We saw appropriate review and approval by budget holders as well as at the Trust level by the Board of Directors. The final plan for 2023/24 was approved on 9 May 2023, with the Board receiving a presentation on the key facets of the plan and how it linked with national priorities and the priority workstreams set out by the ICS (now ICB).

The deficit plan presented at the March 2023 Board meeting was £65.2m. This was rejected by the ICB. LTH on the advice of the ICB then increased its cost improvement target to 5.5% resulting in a forecast deficit of £53.8m. At this point the ICB submitted a plan update to NHS England with a combined deficit of £167m. This was also rejected by NHS England.

Following further negotiations with the ICB and NHSE, the trust set a final plan for 2023/24 at a deficit of £24.3m which was a significant improvement on the initial submission of £65.2m deficit. This did however assume cost savings of £67m, comprising a £48.5m financial improvement target and a 'system stretch' target totalling £18.5m. In turn, risks associated with the financial plan increased from £47.8m to £75.2m. Following initial submission to NHSE, LTH received £9.0m of non-recurrent support funding bringing the deficit plan down to £15.3m.

There was clear reporting to both Board and Finance and Performance Committee (FPC), at that time and in the period leading up to finalisation of the plan. The CQC did however note in its recent report (November 2023) 'the board signed off a cost saving target of £67m without a plan detailing how this would be achieved. Together with the local health economy, the Trust Board accepted a stretch target from the ICS and at the time of the inspection there was little assurance of schemes that supported this. This represents a significant risk to the trust delivery of its financial plan'. The Board acknowledged itself that the system gap, which was driven by a balance of the remaining unfunded infrastructure and shortfalls, had few robustly identified solutions. Equally, the Board voiced concern that it would be challenging to sign up to these plans without some form of mitigation articulated and in place.

However, it was evident in the Financial Plan that mitigations were presented for the remaining £48.5m of the cost savings target which were within the trust's control, alongside the proposed CIP schemes. We are satisfied that whilst the Trust accepted a stretch target of £18.5m, the risks over achievability were appropriately considered and ultimately, it was adopted at the request of the wider system.

Financial performance 2023-24

At the year end, the Trust achieved a revised deficit target of £35.6m as agreed with the ICB in December 2023. The trust had received additional support funding during the financial year which meant the plan deficit had been revised to £0.4m. Whilst the outturn was £35.2m 'off-plan' the exit run rate deficit position at the end of FY2023/24 was £68.5m, a £28.8m underlying deficit reduction and broadly in line with the £65.2m deficit plan originally presented in March 2023.

Financial Sustainability

How the Trust plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the Trust ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Trust plans to bridge its funding gaps and identifies achievable savings;
- How the Trust plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Trust ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the Trust identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

Financial performance 2023-24 (cont.)

Equally, we were satisfied that throughout 23/24 the budget monitoring process and associated committee scrutiny was sufficient to identify and analyse pressures that could present risks to the Trust in achieving the financial plan. Through our review of relevant Board and FPC sub-committee meeting minutes we found that financial and operational performance was appropriately challenged.

Divisional progress is monitored through the Divisional Improvement Forums and the progress of the transformational programmes is monitored through the Transformation and Recovery Board and reported to Board through FPC. We have reviewed the terms of reference for the FPC, the Transformation and Recovery Board and Divisional Improvement Forums, as well as minutes throughout the year and note that there is adequate reporting of the actual and forecast financial impact of the efficiency schemes in place, along with detail of the relevant financial RAG ratings. We are therefore satisfied that the scope of reporting is sufficient to enable management to monitor cost performance and identify areas for efficiency savings.

We have reviewed the terms of reference for the FPC, the Transformation and Recovery Board and Divisional Improvement Forums, as well as minutes throughout the year and note that there is adequate reporting of the actual and forecast financial impact of the efficiency schemes in place, along with detail of the relevant financial RAG ratings. We are therefore satisfied that the scope of reporting is sufficient to enable management to monitor cost performance and identify areas for efficiency savings.

Cost Improvement Programme (CIP) monitoring

In the month one finance report presented at FPC on 23 May 2023, a total of £22.3m improvement schemes had been identified as delivered or low risk, £5m medium risk and £17.3m deemed high risk or unidentified. Despite the level of risk in the underlying CIP plans the Trust delivered cost improvement plans totalling £38.8m; 80% of the £48.5m target; the recurrent full year delivery being £36.9m (76% of full year target). When benchmarked against other trusts – see efficiency benchmarking on page 15 – the trust's recurrent delivery has been very positive. The benchmarking does however show overall delivery against plan was at the lower end of the benchmark population

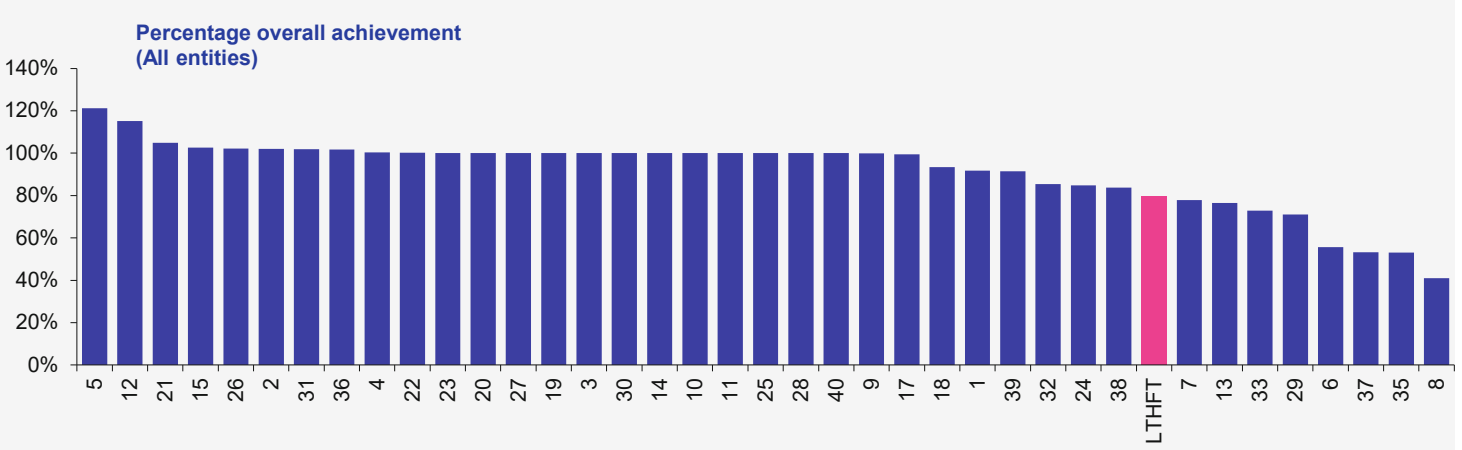
In 2023/24 we have seen regular monthly monitoring of CIP performance against targets at an individual scheme level and Trust level through FPC and to the Board, with more detailed monitoring taking place via Divisional Improvement Forums and at the Budget Holder level through monthly meetings. There is evidence that Quality Impact Assessments are completed for approved efficiency schemes.

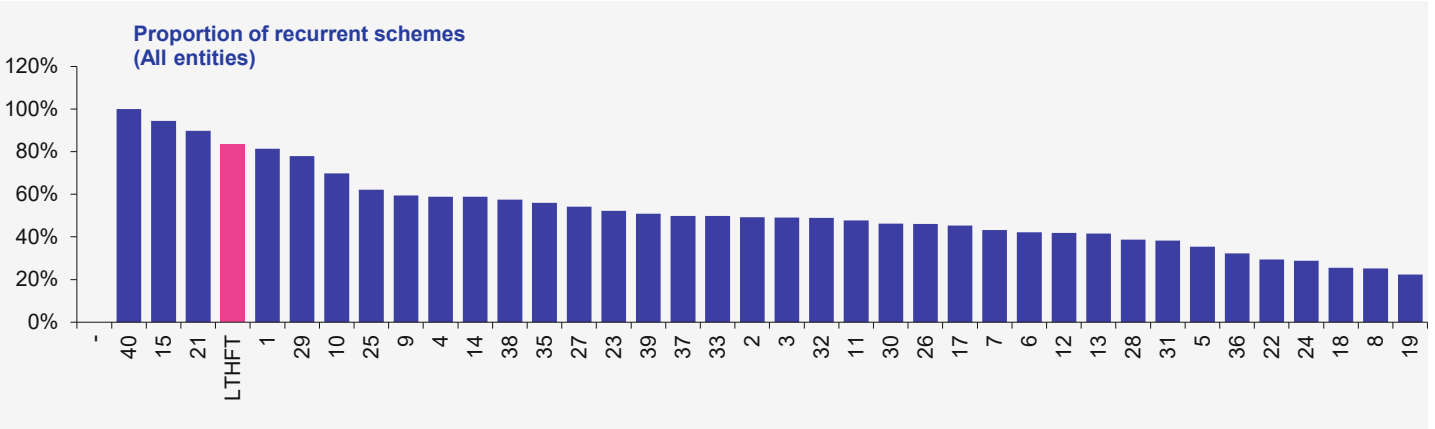
Financial Sustainability

Efficiency schemes benchmarking

We have benchmarked the Trust's efficiency schemes performance in 2023/24 against KPMG's other NHS provider audited entities.

- Most of the Trusts in our sample achieved or exceeded their scheme in full, noting this was using a combination of recurrent and non-recurrent schemes.
- The second graph demonstrates, however, that the Trust was in the upper quartile of the provider comparator group in terms of the percentage of savings delivered recurrently.





Financial Sustainability

How the Trust plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the Trust ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Trust plans to bridge its funding gaps and identifies achievable savings;
- How the Trust plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Trust ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the Trust identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

Financial planning 24-25 and beyond

As at the end of March, the current exit run rate for 2023-24 reported by providers in Lancashire and South Cumbria was a deficit of £276m against an initial deficit plan of £80m. NHS England clarified that they would reject any plan that is higher than 2023-24 headline outturn and as such the Integrated Care Board were aiming for organisations to plan on a combined deficit of c£190m.

We have reviewed the 2024/25 Financial Planning Update which was presented to the 26 March 2024 FPC (and subsequently to Board of Directors' meeting on 4 April), which summarised the initial financial plan for the Trust for 2024/25, the drivers of the gap and the measures necessary to address the position. The report presented details of the underlying deficit being brought forward from 2023/24, as well as additional in-year pressures that are impacting on the expected £24.3m deficit for 2024/25.

It was acknowledged taking costs out of the system requires a coordinated system-wide response, and through the Emergency, Elective and Outpatients Transformation Boards significant pieces of long-term work are underway to redesign services to reduce the recurrent costs of delivery across the system. In view of the long-term nature of many of the identified solutions, achievement of an in-year FIP target of this magnitude is subject to considerable risk

Financial Recovery Plan (FRP)

The deficit target of £24.3m included a financial improvement plan of £58.0m comprising core cost improvement of £41.4m, income/productivity of £8.3m and place based optimisation/risk management of £8.3m. Similar to 23-24, the plan contains an element of system-wide stretch, the trust is therefore reliant again on system-wide transformation. We are satisfied however that the Board is sighted on the underlying risks.

Management have demonstrated responses to the two external reviews which carried out at the start of the 23-24 financial year and have presented an update on progress against the recommendations that are either closed or completed. Alongside the Financial Recovery Plan, the Trust has committed to the development of a Single Improvement Plan which bring together the Trust's priorities for the next three years into one comprehensive delivery plan. Financial Sustainability forms one of the key strands of this plan.

To assist with the delivery of the FRP, a Turnaround Director joined on the 1st April 2024 and is working at pace with the Executive and Trust colleagues to assess the current position, deep dive into short, medium and long term opportunities, and re-set the programme with robust structure and governance.

To have a credible plan, it is proposed the Trust should have around 20% more than FRP programme identified to enable mitigation for slippage, which means the Trust should be aiming to identify a further c£12m this year bringing a total identified savings value to £70.8m. This means the current gap is realistically c.£58m.

Financial Sustainability

Financial Recovery Plan (FRP)

As at 13th May, the trust had identified £49.2m of schemes for 24/25 but with only £12.5m of schemes green or amber with any confidence of delivery. £20m (41%) were considered high risk and £16.6m (34%) described as 'hopper' (outline plan).

Conclusion

Despite a deterioration in the outturn position from the Plan agreed in May 2023 and the underlying risk associated with the Plan, we concluded that the arrangements in place were appropriate and did not indicate a significant weakness in arrangements over financial sustainability.

Similarly, whilst acknowledging the significant level of risk in the 2024-25 financial plan, and the challenge in drawing up cost improvement schemes that will deliver recurrent savings, our assessment is the trust has appropriate arrangements in place to address these challenges.

Key financial and performance metrics:	2023-24	2022-23
Planned surplus/(deficit)	(£0.4m)	(£20.7m)
Actual surplus/(deficit)	(£35.6m)	(£20.4m)
Planned CIP as a % of spend	5.5%	3.8%
- Recurrent	48.5m	£15.8m
- Non-recurrent	-	£10.5m
Actual CIP as a % of spend	4.5%	3.3%
- Recurrent	£32.3m	£9.9m
- Non-recurrent	£6.4m	£16.4m
Year-end cash position	£36m	£14.5m

Governance

How the Trust ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the Trust monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Trust approaches and carries out its annual budget setting process;
- how the Trust ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Trust ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour

Risk Management

The key element of the risk management process at the Trust is embodied in the Board Assurance Framework (BAF). We have reviewed the BAF at various stages throughout the year to ensure that strategic risks are appropriately included and we are satisfied that these risks are regularly discussed and challenged at Trust board meetings. The Trust's risk assessment criteria, outlined in the Risk Management policy, are used to assess all risks to ensure a consistent methodology is used.

We have inspected the Corporate Risk Register and note that this gives strong coverages of ongoing risks, showing that the Trust has appropriate processes for monitoring the implementation and effectiveness of actions to address identified risks.

The CQC were complementary about the risk processes in place at the trust, noting the trust had processes to escalate relevant risks and they observed sufficient challenge of the key areas of risk at the Board meeting they observed. However, they did note 'risks in the management of mental health patients were not always dealt with appropriately or quicky enough. There were other examples where we saw a breakdown in processes which led us to question the robustness of existing systems and wider organisational learning'.

Financial planning and monitoring

Our commentary on the review and approval of the 2023-24 financial plan is included on page 13. In respect of the process for monitoring against budgets, financial forecasts are based on the run rate plus known impacts as discussed in budget holder meetings.

We have reviewed FPC and Board minutes as well as the attached papers throughout the financial year. We are satisfied that there is sufficient ability for committee and Board members to take informed decisions based upon the detail provided in the attached papers. These papers also demonstrate that with respect to financial risks reported and recommendations made, there are detailed discussions occurring to challenge and analyse the information presented.

Compliance with laws and regulations

Through our review of the Standing Financial Instructions (SFIs) we are satisfied that these detail the roles, responsibilities and delegation of the various committees, and that this gives an appropriate escalation framework for making key decisions.

The Trust has a Local Counter Fraud Specialist who undertakes anti-fraud activities throughout the year and reports into the Audit Committee. Other key arrangements designed to detect fraud such as Whistleblowing Policy, Freedom to Speak Up and associated governance features are well embedded within the organisation.

Governance

Reviews for compliance with the staff code of conduct, laws & regulations and the Trust's constitution is completed via the Audit Committee, Board meetings and other governance structures as identified through our testing. We have made one low-priority recommendation on Page 19 regarding the fact that the Standards of Business Conduct and Recruitment & Selection Policies are now beyond their target review dates and should be refreshed.

CQC

The CQC published their latest report on 24 November 2023. The overall rating for LTH was again Requires Improvement. Safe, effective and responsive were again rated requires improvement. Caring was re-rated as good, but well-led has declined from good to requires improvement.

We note from our review of the Board and Safety and Quality Committee papers throughout the year that there has been sufficient reporting and delivery against the Quality Improvement Plan which is the Trust's document for collating and monitoring delivery of the 'Must Do' and 'Should Do' recommendations raised by CQC in previous reports. Actions are RAG-rated and an update provided bi-annually to both the Safety and Quality Committee and Trust Board to provide assurance on the work being undertaken to address the risks identified.

Management presented the CQC Action Plan for 23-24. In total, the Trust received 54 recommendations in the form of Must Do's or Should Do's (18 Must Do's and 36 Should Do's). Some recommendations are duplicated across the different core services. Upon streamlining, there are 44 recommendations in total (13 Must Do's and 31 Should Do's). This must-do actions are central to the Single Improvement Plan across multiple domains including Well-Led, Safety and Quality and People & Culture. The latest version of the action plan confirmed all Must-Do actions were either complete or on-track to deliver within timescale.

Conclusion

We have not identified any significant weaknesses in the trust's governance arrangements.

	2024	2023
Control deficiencies reported in the Annual Governance Statement	None	None
Head of Internal Audit Opinion	Substantial	Substantial
Oversight Framework segmentation	3	3
Care Quality Commission rating	Requires Improvement	Requires Improvement

Improving economy, efficiency and effectiveness

How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Trust evaluates the services it provides to assess performance and identify areas for improvement;
- how the Trust ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the Trust commissions or procures services, how it assesses whether it is realising the expected benefits.

Non-financial performance is scrutinised regularly by the Executive Team with specific follow up of non-compliant metrics and associated recovery plans. Non-financial performance is formally reported and scrutinised via the Integrated Performance Report to the Board on a monthly basis, as well as detailed reports on Finance, Workforce, Safety & Quality being presented to each meeting of the respective Board sub-Committees. We have reviewed examples and evidence of this in action and consider it to be appropriate.

In terms of developing and assessing plans relating to major decisions, we have reviewed the activity of the Finance function regarding the preparation of business cases, and satisfied that there is a standard business case template and guidance being utilised. The Trust has the required number of staff trained to NHS Better Business Cases training standards, and business case guidance and templates include the need to have strategic, management, economic and financial relevance. Quality / Equality Impact Assessment is required for all business cases.

Specifically we inquired over the approval of East Lancashire Financial Services (ELFS) transfer which took place in July 2023. ELFS operate as an NHS hosted service and employ c240 staff with a turnover of c£10m. The Board of Directors received an initial report on the arrangements for transferring ELFS from the Northern Care Alliance (NCA) to the Trust, in November 2022, which enable an agreement in principle decision subject to due diligence and completion of a satisfactory Business Transfer Agreement (BTA). This was approved by the Board in April 2023 and we were satisfied there was appropriate scrutiny and challenge over the decision making process.

There is an appropriate framework for monitoring of the performance of subcontractors depending on the scale of the contract (e.g. a whole clinical service versus a single specialty). We reviewed contract / performance review documentation pertaining to three different contracts of differing size and scope, and consider that the monitoring systems and processes in place are designed and implemented appropriately.

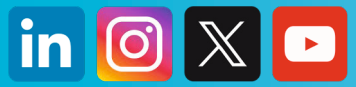
The Trust works closely with the other providers within the Lancashire and South Cumbria (L&SC) system through a prominent role on the Provider Collaborative Board, with the Trust's Chief Executive (CE) being the lead CE for the Provider Collaborative among numerous other Board-level links with both the providers in L&SC and the ICB. The Trust interfaces with the ICB on a regular basis both in terms of providing accountability for in-year performance but also with respect to strategic planning for 2024/25 and beyond. The Trust is taking a lead role on numerous projects aimed at increasing collaboration and therefore removing costs from the L&SC system, for example as the Lead Provider for the Pathology Collaborative.

The Trust has undertaken a number of initiatives during the year to redesign services and ease pressure on the urgent and emergency care system locally. During the Covid-19 pandemic the Trust's capacity expanded, with the support of non-recurrent resource. However the challenge is now to remove that additional capacity given that the funding for it is no longer available.

Conclusion

We have not identified a significant weaknesses associated with Improving economy, efficiency and effectiveness

KPMG



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