United Lincolnshire Hospitals NHS Trust

Annual Report and Accounts 2009/10

Further information about us can be found at:
www.ulh.nhs.uk

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Who we are and what we do

United Lincolnshire Hospitals NHS Trust was formed in April 2000 through the merger of three former acute hospital trusts in Lincolnshire.

We provide high quality, personalised, acute, elective and specialist healthcare for more than 650,000 patients each year. Lincolnshire covers a widespread area of 2,300 square miles and our hospitals in Grantham, Boston, Louth and Lincoln are an hour away from each other.

We employ more than 7,000 staff and have an annual turnover of more than £360 million.

We provide services from our main hospital sites in Grantham, Boston, Louth and Lincoln and at locations across the county, in sites owned by our Primary Care Trust (NHS Lincolnshire).

Our vision

Delivering the highest quality care, locally

Our mission

We will listen and learn from patients, staff and partners as we develop and deliver leading hospital services to the people of Lincolnshire.

Chief Executive and Chairman's address

The purpose of this Annual Report is to inform people about the work of United Lincolnshire Hospitals NHS Trust and to provide an insight into the scope of work that takes place in a wide range of departments.

Patients and the wider public expect to rely on us when they need hospital care, each and every time. If one piece of the jigsaw is missing it can have a huge effect on the experience of an individual.

We have made some good progress this year, but recognise that more can be done to to improve our services. Waiting times for treatment have fallen in many specialties, but we continue to work hard to reduce them further.

The past 12 months have seen a number of significant achievements which demonstrate our commitment to the continuous improvement in standards. Thanks to the hard work, energy and commitment of our staff, we have continued to make further improvements to our services.

Infection prevention is an area that will remain one of our top priorities over the coming year. We pride ourselves on having very low infection rates and doing everything we can to keep our patients safe. While we received a clean bill of health from the Healthcare Commission, our zero tolerance approach to infection prevention means we are constantly looking to make improvements in this area to further minimise the risk of MRSA and other infections.

Looking back over the last year it is only right to acknowledge the dedication of the Trust's employees, the ones directly involved in patient care as well as those working behind the scenes who keep our hospitals running smoothly.

Huge thanks are also due to our wonderful team of volunteers, who add so much to the hospital experience.

We look forward to further developments in our services in the next year, such as investing in new scanners, and changes to the delivery of our services as part of a national strategy for stroke, major trauma and heart attacks.

Bernard Chalk
Acting Chief Executive
Date:

Paul Richardson
Chairman

Board of Directors report

The Board

The role of the Trust Board is to take responsibility for the organisation's strategies and actions. In particular it has responsibility for:

- Setting the strategic direction for the Trust
- Providing leadership and governance to the organisation within a framework of effective controls
- Understanding and managing the operational, business and financial risks to which the Trust is exposed
- Monitoring the work undertaken and the effectiveness of the formal Board committees
- Reviewing the performance of the senior management team

The Trust Board includes the Chairman, Chief Executive, Non Executive Directors and Executive Directors. The Chairman and Non Executive Directors are lay people drawn from the local community and are accountable to the Secretary of State.

The Chief Executive and Executive Directors are full time employees of the Trust. They are appointed on permanent contracts through open competition application procedures that involve national advertisement. The selection process includes an interview panel involving the Chairman and Non Executive Directors and independent advice.

The remuneration of Executive and Associate Directors is determined by a Remuneration and Terms of Service Committee of the Board. This committee consists of the Chair of the Board and two Non Executive Directors.

For 2009/10, the Board of Directors included:

Voting members:
Paul Richardson, Chairman
Bernard G Chalk, Acting Chief Executive
Sylvia Knight, Chief Nurse
Paul Dunning, Medical Director
Pen Andersen, Acting Director of Finance
Roger Long, Interim Director of Operations
Tim Staniland, Non Executive Director
Keith Brown, Non Executive Director
Mike Cutt, Non Executive Director
Nick Muntz, Non Executive Director
Keith Darwin, Non Executive Director.

Non voting members:
Dr Richard Lendon, Interim Director of Performance and Information
Mike Speakman, Director of Estates and Facilities
Ros Edwards, Director of Human Resources

Changes to the Trust Board during 2009/10 are listed below:

David Bowles, Chairman - resigned July 2009
Gary Walker, Chief Executive - left February 2010
Dawne Bloodworth, Director of Operations - left September 2009
Dr David Boldy, Medical Director - resigned February 2010
Stan Keyte, Non Executive Director - died January 2010. The Trust wishes to thank Stan for all of his hard work over the years.
Karl Cook, Non Executive Director - left February 2010
Phil Scarlett, Non Executive Director - left December 2009

Our finances and future developments

The Trust ended the financial year with a surplus of £1.3 million (before technical adjustments of £5.4 million relating to valuation of NHS property which lie outside the Trust's breakeven duty). The initial financial plan approved by the Board delivered a surplus of £3.6 million so this represents an adverse variance of £2.3 million. The Trust financial plan for 2009/10 included a requirement to deliver cost improvement savings of £14.6 million. These savings were not fully delivered but due to the escalating costs associated with agency staffing the Trust has had to identify additional opportunities for savings.

Monitor (the independent regulator for Foundation Trusts) assesses financial risk using a rating where one is significant and five is no financial risk. Although we are not yet a Foundation Trust, we continue to assess our financial performance using this methodology and our score was 2.65.

During the financial year 2009/10 we made substantial capital investment to improve the facilities and equipment used in the provision of patient care. This investment included a new Endoscopy Unit at Lincoln County Hospital enabling us to participate in the national Bowel Cancer Screening Programme, a new special care baby unit at Pilgrim Hospital, a new CT scanner at Pilgrim Hospital, new wards for Pilgrim and Lincoln, a new Cardiac Catheter Laboratory and Interventional Radiology Suite at Lincoln and expansion of the Emergency Assessment Unit at Lincoln. We also made improvements to the wards at Lincoln, Pilgrim and Grantham to support high standards of privacy and dignity.

As part of the national strategy, in the coming years we will make changes to the way we deliver care for stroke, major trauma and heart attack patients.

We will continue to further improve our services for patients, but this will now be delivered in a changing environment which will see increasing demand and rising patient expectations being met with the same level or less resource. Nationally, the NHS faces the challenge of improving services with reduced funding. We have to play our part in continuing to improve the quality of patient care and saving money at a local level by working in more a productive and innovative way.

We aim to achieve this by working effectively across all hospital sites and with partners that include GPs, the Primary Care Trust (NHS Lincolnshire), other health care providers and our patients. We will give greater emphasis to maintaining health and keeping people

out of hospital through preventative measures. We must also learn to be more flexible as increasing volumes of care are delivered outside the hospital setting.

Environmental footprint

United Lincolnshire Hospitals NHS Trust aims to reduce its carbon dioxide (CO_2) emissions by 30% by 2015. This will not only benefit the environment but is also expected to save the Trust in excess of £600,000 per annum. Energy efficiency is an important part of our management policy, with initiatives such as the installation of biomass boilers and improved staff awareness.

In 2009, we installed a biomass boiler at Pilgrim Hospital, Boston which halved the hospital's annual CO_2 emissions (from 10,445 to 5,153 tonnes). We are now considering whether a similar approach to the boiler system could be feasible on our other hospital sites.

Raising awareness among staff of the impact of their individual behaviour is a priority. We are recruiting energy champions at each site, and holds staff training days, as well as promoting responsible energy use in staff inductions.

The Trust is a member of the Green Group, an environmental group with members from NHS Lincolnshire, LPFT and LCC working together on a wide range of energy and environmental projects, from allotments to boiler replacements.

Carbon management is being embedded in all process and purchasing decisions. We have already begun to evaluate our suppliers' carbon reduction strategies and how their emissions may be reduced, looking at the CO_2 emissions resulting from supplier partnerships, and establishing reporting arrangements to keep track of improvements. Building design, waste management and water management have also been included in a comprehensive new approach.

Sustainable sourcing of food

The Trust has long-standing arrangements in place to help promote the use of locally grown, seasonal foods within its catering operations.

We are a major purchaser of raw ingredients and food products and takes seriously its responsibility to minimise waste, reduce food miles, reduce carbon emissions, support local companies and obtain best value for money. All catering teams have the ability to select local suppliers where they meet our quality and value criteria, either on an annual contract basis or for seasonal produce.

The Trust aims to continue to increase the use of local suppliers wherever possible, and we ensure we embrace the Good Corporate Citizenship scheme that promotes the use of locally produced goods.

Developments

The replacement of the air conditioning fans in the 10-storey tower block at Pilgrim Hospital was completed in October 2009 at a cost of £50,000. This is expected to save the Trust £94,000 a year, meaning that the payback time is less than eight months. It will also reduce the hospital's annual CO_2 emissions by 758 tonnes.

We are working with waste contractors to increase the level of recycling to 50% over the next three years. We are currently re-tendering the domestic waste and recycling contract to achieve best value for money.

The Trust undertook a healthcare waste compliance audit in 2009, which looked at both clinical and non-clinical waste. A key recommendation was to use a consistent approach across all sites which has resulted in moving to more centrally driven initiatives.

We routinely recycle cardboard and paper and increasingly recycles plastic, aluminium, tin cans, glass, furniture and scrap metal.

We also won the 2009 Health Business award for Sustainable Hospital, received a Highly Commended Award at the Combined Heat and Power Quality Assurance (CHPQA) Awards Ceremony and a commendation and certificate from the Carbon Trust for our ambitious target of CO_2 reduction over the next five years.

Emergency preparedness

The Trust is required to comply with legislation and standards regarding emergency preparedness and works closely with colleagues in the Primary Care Trust and other health providers to consider, plan and test the preparedness for the county.

We are also part of a multi agency group reporting to the Lincolnshire Resilience Forum for emergency planning.

We have plans in place to deal with major incidents. These plans are regularly tested and updated.

Political and charitable donations

The Trust's charitable funds are operated for the benefit of staff and patients in accordance with the objectives of the charity. We received a number of very generous donations throughout the year. The Trust made no political donations.

Our staff

- **Making partnerships work**

  United Lincolnshire Hospitals NHS Trust is committed to positive partnership relations with staff and staff representatives. We aim to be recognised locally as a model employer and are actively working with our recognised staff side organisations to develop policies to support and engage with our staff. The Trust's Consultation and Negotiation Framework has been reviewed as part of the partnership agenda. In addition, union leaders within the Trust have worked in partnership with the executive to develop a new management structure for Grantham hospital.

- **Training and development**

  We have continued the work to develop our leadership and management capability through our Performance Plus programme and have implemented a Coaching for

Quality programme for leaders across the Trust. Senior leaders have increased awareness of their performance through 360 degree feedback.

Work has continued to embed our behaviour framework and a culture of accountability.

- **Disability policy**

  Our policy in relation to disabled employees is set out below:

  The Trust is signed up to the Job Centre Plus 'Positive About Disabled People' scheme. We have made a positive commitment regarding the employment, retention, training and career development of disabled people.

Our commitments are:

- To interview all disabled applicants who meet the minimum criteria for a job vacancy and to consider them based on their abilities
- To ensure there is a mechanism in place to discuss with disabled employees at any time, but at least once a year, what both parties can do to make sure disabled employees can develop and use their abilities
- To make every effort to make sure employees stay in employment when they become disabled
- To take action to ensure that all employees develop the appropriate level of disability awareness needed to make sure these commitments work
- To review these commitments each year and assess what has been achieved, plan ways to improve them and let employees and Jobcentre Plus know about progress and future plans

- **Equality and diversity**

  The Trust implemented a Single Equality Scheme in 2009 to provide a coherent strategy to improve performance against diversity targets and to comply with statutory requirements.

  Equality is about creating a fairer society in which everyone has the opportunity to fulfil their potential. Diversity is about recognising and valuing difference in its broadest sense (NHS Employers).

  United Lincolnshire Hospitals NHS Trust recognises that everyone is different and values the unique contribution that individual experiences, knowledge and skills make in delivering quality healthcare and becoming a model employer.

  We are committed to transforming our organisational culture by actively committing to implementing the Trust Single Equality Scheme, and other policies, such as the Dignity at Work policy and the Dignity in Care policy. We will continue to promote equality and challenge discrimination in all service provision, recognising and meeting the needs of the diverse communities we serve.

  We will strive to provide an environment in which people want to work and to be a model employer leading in good employment practice. We are also committed to

enabling each member of staff to achieve their full potential in an environment characterised by dignity and mutual respect.

The Trust will not tolerate unlawful discrimination, victimisation, bullying or harassment based on race, ethnic or national origin, nationality, age, disability, gender, gender reassignment, sexual orientation, religion or belief, HIV status, marital status, or caring responsibilities. Any action found to be in breach of any of these would be addressed in accordance with the Trust's policies and procedures.

Complaints

The Trust is committed to resolving complaints efficiently and effectively at a local level. In doing this, every effort is made to ensure that where possible we restore the complainant to the position they would have been in if the maladministration had not occurred. The Trust uses the good practice guidance outlined by the Ombudsman in the document 'Principles of Remedy' as a structure in which to work.

At every stage of the complaints handling process the Trust is customer focused with responses being open and honest, providing apologies and explanations as appropriate. Complaint information is recorded on a centralised database and used by the Trust to learn from complaints and improve the services we provide.

Statement of the Chief Executive's responsibilities as the accountable officer of the Trust

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

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

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

Signed.....Acting Deputy Chief Executive

Date.....

Statement of directors' responsibilities in respect of the accounts

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

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

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

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

By order of the Board

.....Date.....Acting Deputy Chief Executive

.....Date.....Acting Director of Finance

Statement of directors' responsibilities in respect of the auditors

To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware.

Each of the directors has taken all steps that a director might reasonably be expected to take to be aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Auditors and audit fee

The Audit Commission is the Trust's appointed external auditor and was paid £216,645 (Exc. VAT) in respect of statutory audit fees for the 2009/10 financial year.

The range of services provided by the Audit Commission included reviewing and auditing the Annual Accounts and undertaking the Auditors Local Evaluation (ALE) assessment of the Trust's governance and financial arrangements.

The Audit Commission review of the 2009/10 Financial Statements resulted in an unqualified opinion.

The Trust uses East Midlands Internal Audit Service to provide internal audit services.

The Audit Committee receives the annual accounts, the annual audit letter and other reviews and reports completed by the external auditors during the year.

Annual report and accounts

This annual report and accounts will be available on our website at www.ulh.nhs.uk

If you would like a copy of this document in large print or audio please call (01522) 573986.

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By Order of the Board.

Operating and financial review

Introduction

The past year has seen the Trust build further on the previous year's performance with significant growth in activity and income.

Progress has been made to improve our competitive position in many areas. There have been several marked changes in the external environment to which we have started to respond, as follows;

- Increasing partnership planning and service delivery between primary and secondary care
- Increased awareness and expectation on shorter waiting times and outcomes for patients and GPs, grounded in preparation for the new NHS constitution
- Application of NHS growth funding to prepare for the restrictions in future spending
- An increased focus on staff performance and patient safety

Infection prevention is an area that will remain one of our top priorities over the coming year. We pride ourselves on having very low infection rates and doing everything we can to keep our patients safe. We received a clean bill of health from the Healthcare Commission and our zero tolerance approach to infection prevention means we are constantly looking to make improvements in this area to further minimise the risk of MRSA and other infections.

Putting patients first

Service delivery

We know that the time our patients wait for their care is really important to them, so during 2009/10 we continued to work hard to reduce waiting times for our patients including those who need surgery, outpatient appointments or urgent treatment.

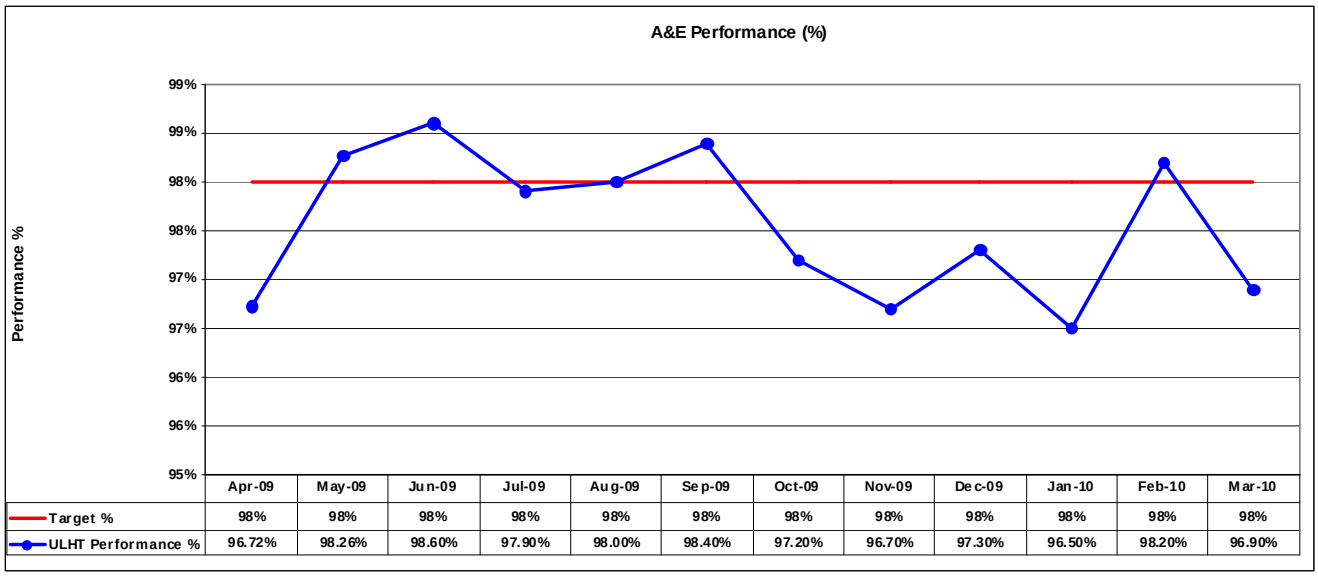
Accident and Emergency

The target for Accident and Emergency is that at least 98% of patients will be seen, treated and either admitted or discharged within four hours.

The following table and graphs show the Trust's performance against this target for 2009/10.

Department	Wait (hours)					Total	Yearly percentage
	<1	1 - 2	2 - 3	3 - 4	Greater than 4 hrs		
Johnson*	2,141	381	78	6	0	2,606	100.00%
Grantham	9,840	10,798	6,198	4,332	351	31,519	98.89%
Skegness	16,247	8,930	2,583	745	196	28,701	99.32%
Pilgrim	7,540	12,611	10,333	10,694	1,596	42,774	96.27%
Lincoln	12,575	18,296	13,868	15,786	2,353	62,878	96.26%
TRUST	**48,343**	**51,016**	**33,060**	**31,563**	**4,496**	**168,478**	**97.33%**

*Accident and Emergency waits (All sites) *Johnson reported as ULHT for Q1 only*
Period : April 2009 - March 2010



	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10
Target %	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%
ULHT Performance %	96.72%	98.26%	98.60%	97.90%	98.00%	98.40%	97.20%	96.70%	97.30%	96.50%	98.20%	96.90%

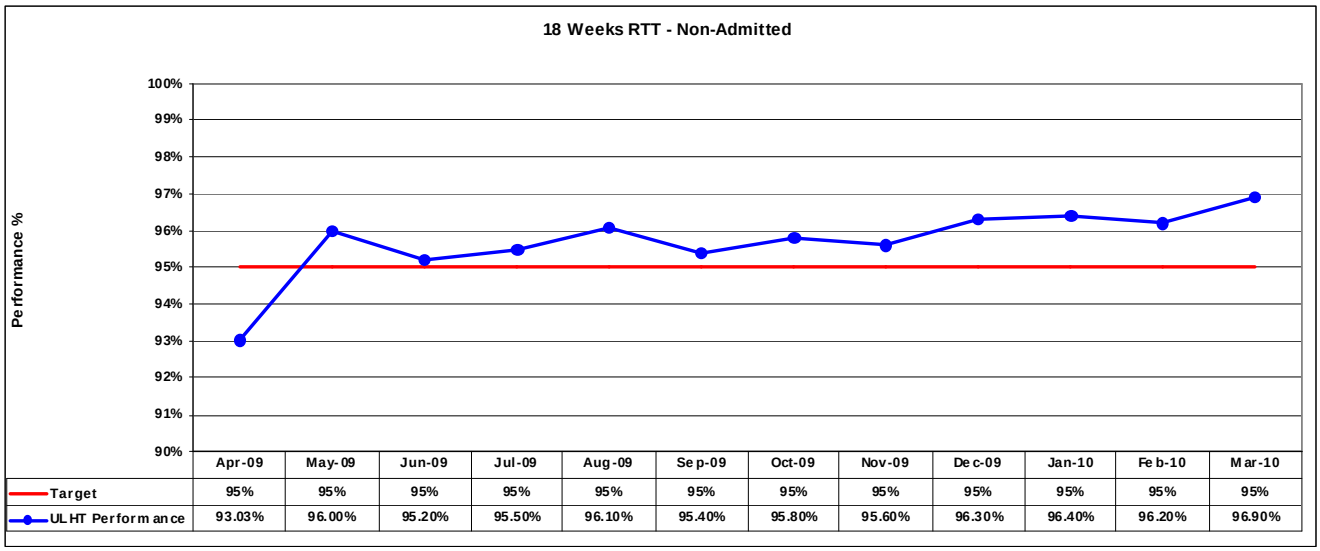
The Trust improved its performance against this important measure of quality of patient care but narrowly missed the national target of 98%. However, the overall performance of the Lincolnshire Health Economy(including the walk-in centre and the minor injuries units in the community hospitals) exceeded 98%.

Data source and calculations

The data to calculate our performance against A&E waiting times is taken from the Patient Administration System (PAS). Every patient is entered into this system with a start time and end time from when they arrive in A&E to when they are seen. If this time is longer than four hours they are then recorded as a breach of the four hour national target. We look at the total attendance in the month and calculate the breaches as a percentage. This follows guidance from the Department of Health.

18 week referral to treatment - non admitted patients

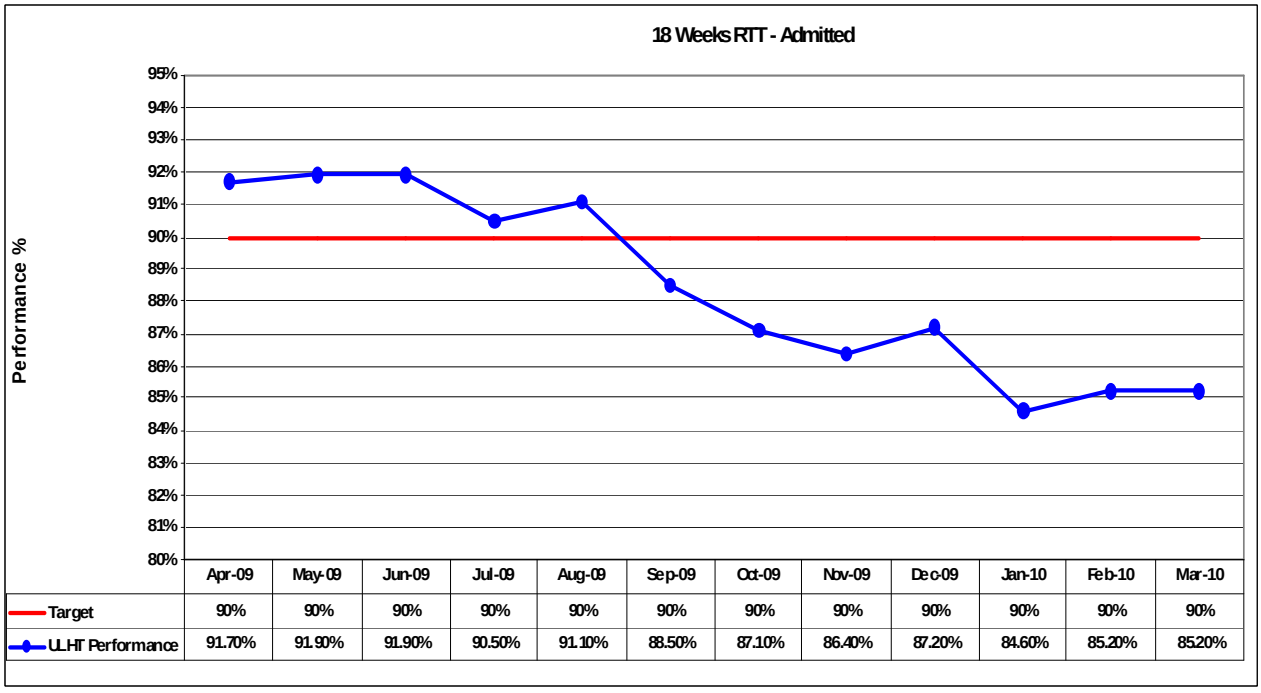
For non admitted patients, the minimum standard is that 95% of patients who are not admitted to hospital are required to be treated within 18 weeks of their referral. The Trust's performance against this target has shown a gradual improvement over the year and performance in March 2010 was 96.9%.



	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10
Target	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
ULHT Performance	93.03%	96.00%	95.20%	95.50%	96.10%	95.40%	95.80%	95.60%	96.30%	96.40%	96.20%	96.90%

18 week referral to treatment - admitted patients

For admitted patients, the minimum standard is that 90% of patients who are admitted to hospital are required to be treated within 18 weeks of their referral. The graph below shows that the Trust has struggled to deliver against this target as a number of specialties (trauma and orthopaedics and general surgery) have been unable to deliver consistently due to significant increases in referrals.



	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10
Target	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
ULHT Performance	91.70%	91.90%	91.90%	90.50%	91.10%	88.50%	87.10%	86.40%	87.20%	84.60%	85.20%	85.20%

Data source and calculations

The data to calculate our performance against the 18 week waiting times is taken from our Patient Administration System (PAS). Every patient is entered into the system when details of their referral are received, either by paper from the GP or via the Choose and Book system. This 'starts the clock' and the patient is offered an outpatient appointment. If no further treatment is required the clock stops and the time from referral to treatment is

recorded. If the patient is referred on for diagnostic tests or is planned to be admitted to hospital, the clock continues until the clinician decides they have started their first definitive treatment. Each month the number of patients seen within 18 weeks is calculated as a percentage of the total number on the 18 week pathway. This follows guidance from the Department of Health.

Cancer standards

The Trust achieved the national cancer standards.

With effect from January 2009, the “no pauses” approach was applied, resulting in fewer “pauses” being allocated to the pathways and the national standards were adjusted accordingly to allow for patient choice. New standards were introduced from January 2009 for subsequent 31 day treatments, and from January 2010 for routine breast referrals. An additional standard (94%) is to be introduced with effect from December 2010 for subsequent 31 day radiotherapy treatments. The Trust’s progress against these standards can be seen in the table below;

Delivery area	Target	January	February	March
2 week wait suspected cancer target	93%	90.7%	94.90%	94.40%
2 week wait symptomatic breast target	93%	74.6%	95.30%	93.10%
31 day first treated target	96%	97.4%	99.10%	99.30%
62 day target	85%	79.9%	87.90%	87.40%
31 day subsequent: drug therapy	98%	90.3%	100%	100%
31 day subsequent: surgery	94%	96.7%	92.90%	96.90%
62 day screening	90%	89.2%	100%	100%

Data source and calculations

The data to calculate our performance against cancer waiting times is taken from our Patient Administration System (PAS) and radiology system. The information is pulled together into a cancer database to track patients on their pathways. The number of breaches is subtracted from the total number on the pathway and those seen within the required timescales are calculated as a percentage. This follows guidance from the Department of Health.

Cancelled operations

We are committed to treating patients as quickly as possible on the basis of their clinical need. Our hospitals are very busy with about 3,500 patients needing emergency treatment each week. This impacts on our ability to admit all planned patients on the original date intended. We do not take the decision to cancel any operation lightly and we are committed to doing everything we can to improve this situation.

Our aim is to reduce the number of operations that we cancel at short notice and to ensure that patients have their operation within 28 days of their operation being postponed. In 2009/10 we needed to cancel 1,129 operations. We rescheduled 95.2% of these operations to take place within 28 days, compared to 95.1% in 2008/09.

Preventing and controlling infection across our hospitals

We take our responsibilities for the prevention and management of infection very seriously and we have robust infection prevention and control measures in place.

Each NHS organisation has been set trajectories for improvement over the last few years and has been required to report their data on a mandatory surveillance system.

For our Trust, the maximum number of MRSA cases in 2009/10 was set at 31. At the end of the year we had reported a total of 23 cases against this trajectory which represents a reduction in the number of cases of over 25% compared to the previous year.

Healthcare organisations are required to demonstrate a year on year reduction in the number of cases of Clostridium Difficile and a yearly trajectory has been set in each of the last three years. Data is reported on a mandatory surveillance system.

For this Trust, the maximum number of cases was set at 210. At the end of the year, we had reported a total of 159 cases, representing an improvement of approximately 25% compared to the previous year.

Monitoring the quality of our clinical care

We closely monitor our clinical care and the outcomes for our patients.

One important indicator that we use to monitor the quality of care that we provide is Hospital Standardised Mortality Ratio (HSMR). This is a statistical calculation that measures the overall rate of deaths within an NHS Trust and shows whether the rates are higher or lower than you would expect.

HSMR takes into account the risks for individual patients who have surgery or treatment, looking at factors such as their age, background, gender and any other previous conditions they may have. The national average is 100.

If a hospital has a HSMR higher than 100, it cannot be said for certain that this reflects failings in care but it can be a warning sign that things may need to be reviewed and changes put in place.

Our HSMR for the period March 2009 to February 2010 was 95.5.

Care Quality Commission (CQC) Core Standards

At the end of March 2010 the Trust was compliant with 43 out of the 44 core standards set by the CQC.

The Trust was not fully compliant with C14c for complaints response. The Trust responds appropriately to complaints in accordance with the NHS (complaints) regulations, but the timeliness of responses is still an issue and agreed timescales are not routinely met. A revised Trust process has been put into place and an action plan is being implemented. Formal complaint response times are improving but remain variable and still below the internal target set for a number of directorates. Further sustained improvement needs to be achieved before the standard is fully met.

Activity

The Trust has delivered an increased level of activity in 2009/10 across non-elective and outpatient work. This includes dealing with an increased level of demand while also delivering on key waiting time targets.

Activity	2007/08 outturn	2008/09 outturn	2009/10 plan	2009/10 outturn	2009/10 vs. 2008/09
Admitted patient spells					
Day cases	57,343	58,845	62,305	62,431	6.09%
Electives	14,984	14,883	16,403	15,035	1.02%
Emergencies	61,133	61,427	64,005	68,053	10.79%
TOTAL	**133,460**	**135,155**	**142,713**	**145,519**	**7.67%**
Outpatient attendances					
New	145,967	156,381	155,522	165,726	5.98%
Subsequent	354,824	367,776	355,875	393,591	7.02%
TOTAL	**500,791**	**524,157**	**511,397**	**559,317**	**6.71%**
A&E					
First attendances	149,522	158,243	157,511	167,848	6.07%
Subsequent attendances	8,222	7,751	NA	7,563	-2.43%
TOTAL	**157,744**	**165,994**	**183,782**	**175,411**	**5.67%**
Neonatal (OCD)	**5,250**	**5,468**	**NA**	**5,390**	**-1.43%**
Births	**5,834**	**6,063**	**NA**	**6,165**	**1.68%**
Referrals	**151,154**	**161,215**	**NA**	**166,872**	**3.51%**

Key requirements around performance and information have been met and the Trust has also delivered on most of the local clinical quality schedule and received the full incentive allocation.

Progress against all the business objectives set out in the Trust's Business Plan are reported to the Board twice a year. The year end position showed the majority of objectives had been delivered and for areas not yet completed work is ongoing that will be carried forward for completion in 2010/11. Progress against the objectives is shown below:.

Strategic Objective	Annual Objective	R/A/G Rating
1. To provide quality healthcare	We will continue our campaign to reduce further our low levels of healthcare associated infections in line with our locally agreed targets by 31 March 2010	GREEN
	We will fully meet all 11 duties of the Hygiene Code by 30 June 2009	AMBER
	We will achieve a good or above rating in the Care Quality Commission annual health check quality rating for 2009-10, published October 2010	RED
	We will meet all key national and local contractual targets by March 2010 including a financial surplus of £3.6m	AMBER
	We will publish a quality plan by 30 June 2009	GREEN
	We will meet all the requirements to apply for Foundation Trust status by December 2009	RED
	We will implement 100% MRSA screening by 1 April 2009	GREEN
	We will develop a programme of Board Level random inspections of quality and safety by 30 June 2009	RED
	We will further improve governance by achieving an ALE score of 3 by 31 March 2010	RED
2.We will meet the needs of patients more fully by	We will develop and implement a customer services strategy by 31 July 2009 which takes account of the new complaints regulations from 30 September 2009	GREEN

involving them in the design of services and the delivery of their care	We will recruit our FT membership and begin incorporating members in the design of patient services by 31 December 2009	AMBER
	We will continue to improve our environment and implement a programme of improvements to comply with the revised single sex accommodation guidance by 31 July 2009	GREEN
3.We will put education, training and evidence based practice at the heart of patient care	We will continue to ensure every member of staff has agreed objectives, job description, a knowledge & skills framework (KSF) outline (where applicable) and personal development plans by 31 March 2010	AMBER
	We will evaluate the new Five Year Training Strategy by 31 March 2010	GREEN
	We will implement the Research & Development Strategy by 31 March 2010	GREEN
	We will implement a new process for medical staff revalidation by 31 March 2010	AMBER
4.We will build strategic alliances to identify opportunities to improve patient outcomes	We will work with NHS Lincolnshire (PCT) to support the development of PCT provider services during 2009-2010	AMBER
	We will work with the PCT provider services to support the new service models at Louth ensuring they are implemented effectively from August 2009	GREEN
	We will work with NHS Lincolnshire (PCT) on a joint long-term plan for Grantham Hospital's services	AMBER
	We will work with NHS East Midlands and NHS Lincolnshire (PCT) to support the development of stroke services, trauma care, PPCI services and Change4Life programmes	GREEN
5.We will be a nationally recognised model employer	We will continue to develop our leadership and management capability through Performance Plus by implementing a coaching for quality programme and through 360 degree feedback for our senior leaders by 31 December 2009	GREEN
	We will embed our new behavioural framework to all staff through awareness raising events and team brief by 30 June 2009	GREEN
	We will achieve compliance with the European Working Time Directive by 31 August 2009	GREEN
	Implement the Single Equality Scheme developed in 2009 to provide a coherent strategy for the Trust to improve performance against diversity targets and achieve compliance by 30 September 2009	GREEN
6.We will develop our commercial expertise in order to operate effectively in the new market-orientated environment	We will implement a programme that ensures services are trading within the income they earn and develop a recovery plan for each where necessary by 30 September 2009	RED
	We will implement a new planning and marketing function by 30 September 2009	RED
	We will implement a new financial and commercial awareness training programme for key staff	GREEN
7.We will use new technology to improve patient care	We will implement our new Patient Administration System by October 2009	RED
	We will roll out electronic rostering to reduce temporary staff usage and ensure equitable demands on staff from 1 May 2009	AMBER
	We will expand the hand-held patient experience tracker to ensure we are acting promptly on feedback from patients from 30 June 2009	GREEN

Developing services

In 2009/10 we continued to develop our patient care facilities including;

- New CT scanners at Pilgrim Hospital, Boston and Lincoln County Hospital
- New Endoscopy Unit at Lincoln County Hospital enabling us to participate in the National Bowel Cancer Screening Programme
- New Special Care Baby Unit at Pilgrim
- New wards for Pilgrim and Lincoln
- New Cardiac Catheter Laboratory
- New Interventional Radiology Suite
- Expansion of the Emergency Assessment Unit at Lincoln
- Improvements to wards at Lincoln, Pilgrim and Grantham to continue to deliver high standards of privacy and dignity

The Trust further strengthened the leadership of its services through the appointment of a new management team for Grantham hospital. Risk, performance management and assurance processes have been further developed and embedded.

These developments have enabled us to meet our objectives by providing continually improving, quality healthcare; involving patients in the design of services in the delivery of their care, meeting their needs more fully; building strategic alliances locally and regionally to deliver services and using new technology to improve patient care.

Our immediate priorities for 2010/11 include;

- New MRI scanner for Lincoln
- Expansion of the Intensive Care Unit at Pilgrim Hospital, Boston
- Replacement of the Intervention Room at Pilgrim Hospital, Boston

As part of a national strategy we will also begin the process to change the delivery of care for;

- Stroke services
- Major trauma
- Heart attacks

Further investments will occur throughout the year, and we are also on track to achieve our quality targets agreed with local PCT's through the CQUIN programme. These quality targets include:

- Healthcare associated infections
- Innovation in Patient Safety Programme
- Patient Reported Outcome Measures (PROMS)
- Liverpool Care Pathway for palliative care patients
- Implementation of Maternity Matters indicators – baby friendly standards on breastfeeding initiation, caesarean section rates and patient safety indicators
- Privacy and dignity - implementation of releasing time to care (Productive Ward)
- Implementation of productive clinic to achieve improved performance in outpatient clinics (partial achievement)
- Improvements in data quality and information systems (partial achievement)

Patient feedback

We are continually seeking to improve our patient experience and welcome feedback from patients and service users.

Outpatient survey

The 2009 National Outpatient Survey highlighted waiting and information as the two main priority areas for improvement. Patients were concerned with the time they had to wait for their appointment and also information given about current waiting times. Improvements on information relate to the availability of correspondence between hospitals and GPs and better information on danger signals relating to the patient's condition. These issues are being addressed within the Trust's outpatient services improvement programme.

The outpatient survey results are summarised below:

Section heading	Score out of 10 for ULHT	How this score compares with other trusts
Before the appointment	7.62	About the same
Waiting	5.04	About the same
Environment and facilities	8.47	About the same
Seeing a doctor	8.7	About the same
Seeing another professional	8.64	About the same
During the appointment	8.68	About the same
Tests and treatments	8.35	About the same
Medication	7.53	About the same
Information	5.67	About the same
Overall impression	8.55	About the same

Inpatient survey

The 2009 National Inpatient Survey demonstrated that overall the organisation has made some improvements in some key areas. However there are areas which require ongoing attention in order to improve services in response to patient feedback. Our Patient Experience Trackers will continue to be utilised to measure key areas of patient experience in the departments along with running patient focus groups, monitoring complaints, compliments and PALS contacts.

The inpatient action plan for 2008 is shown on the following page:

Domain	Score v other trusts	Score v previous survey	Key action plan
Admission	Comparable	Mixed	Escalate action on waits over 4 hours in A&E and EAU
			Review provision of verbal information in A&E and EAU
			Continue actions to reduce waiting times within the 18/52 envelope
			Ensure all patients are given a choice of admission date
			Review reasons for change of admission date by hospital
The hospital and ward	Mixed	Same/improved	Continue progress on eliminating mixed gender accommodation
			Review and reduce the reasons for higher than average levels of noise at night
			Review food quality and and operation of the catering contract
			Clarify responsibility of ward managers to ensure that feeding of patients takes place where required
Doctors	Lower	Same/improved	Address communication issues between doctors and patients through training of and induction of junior staff
			Reinforce policies on hand hygiene and initiate spot checks for compliance
Nurses	Comparable	Improved	Review communications skills/competencies and especailly on induction
			Reinforce policies on hand hygiene and initiate spot checks for compliance
Care and treatment	Comparable/lower	Same	Discuss with doctors and nurses methods by which reduction in conflicing information can be achieved
			Review methods by which staff can involve patients in decisions about their care and treatment
			Review the admission process to ensure that all patients are aware that their family may speak with a relevant clinician
			Examine ways of improving privacy around the patients bed particularly during discussion of condition or treatment
			Improve the quality and simplicity of patient information available to patients on the ward. Consider appointing an information lead on each ward from existing staff
Operations and procedures	Same	Same	Review methods by which patients are told about post operative outcomes
Leaving hospital	Same/lower	Same/improved	Improve verbal/written information to patients on effects of medication
			Review verbal/written information strategies relating to patients condition or illness post discharge - particularly danger signals
			Ensure all patients are told who to contact if they are worried about their condition after leaving hospital
			Increase the visibility and transparency of communication between clinical teams and GPs, and ensure that there are robust procudures in place to copy such communication to patients.
Overall	Same	Same	Ensure that patients are given information on how to complain about the care received

Patient Environment Action Team (PEAT)

Hospital cleanliness and reducing the risk of healthcare associated infections continues to be a key priority for the Trust.

Our Patient Environment Action Team (PEAT) assessments are shown in the table below. Diet and nutrition are a vital part of a patient's health, aiding recovery. The Trust continues to provide a high standard of catering to our patients and staff, with food being rated as excellent on all sites except Lincoln which was rated as good.

Site Name	Environment Score	Food Score	Privacy & Dignity Score
Louth County Hospital	Acceptable	Excellent	Good
Lincoln County Hospital	Acceptable	Good	Acceptable
Pilgrim Hospital	Acceptable	Excellent	Acceptable
Grantham Hospital	Good	Excellent	Good

Building a world class workforce- Annual Staff Survey 2009

The Trust has made statistically significant improvements in some areas of staff engagement since 2008, including support from immediate managers, commitment to work-life balance, and a reduction in staff intention to leave their jobs. Overall, the results show a slight improvement compared to 2007 and 2008. Some of the areas that require concentration are already being addressed, such as appraisal. It is expected that the results of these efforts will be realised in the 2010 survey. Action plans will concentrate on a few areas in line with the approach being adopted across the East Midlands. Monitoring and progress will be managed by a steering group.

Sickness absence

The latest Trust annual sickness rate is 5.61% for the 12 months ending 31 March 2010. The target for the Trust for the year was 4%.

Directorate % Sickness Rate April 2009 - March 2010

	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	% Cum Abs Rate (FTE)
	% Abs Rate (FTE)	% Abs Rate (FTE)	% Abs Rate (FTE)	% Abs Rate (FTE)	% Abs Rate (FTE)	% Abs Rate (FTE)	% Abs Rate (FTE)	% Abs Rate (FTE)	% Abs Rate (FTE)	% Abs Rate (FTE)	% Abs Rate (FTE)	% Abs Rate (FTE)	
Corporate	4.15%	4.01%	3.75%	4.48%	4.69%	4.42%	4.63%	4.55%	4.42%	6.03%	5.03%	4.80%	4.59%
Diagnostics	4.02%	4.19%	4.31%	4.25%	4.47%	4.53%	4.23%	4.47%	4.95%	5.55%	5.43%	4.84%	4.61%
Facilities	6.05%	5.94%	6.34%	6.24%	6.53%	5.46%	6.07%	7.63%	7.26%	7.46%	6.77%	7.28%	6.57%
Emergency LL	5.58%	6.46%	7.41%	7.39%	6.93%	6.78%	7.22%	7.34%	7.19%	7.81%	7.00%	7.09%	7.02%
Emergency Pil	4.67%	5.32%	6.48%	7.64%	7.90%	7.29%	7.27%	7.54%	7.70%	7.80%	5.94%	7.51%	6.95%
Grantham	3.43%	3.76%	4.30%	5.15%	4.11%	5.56%	5.59%	5.92%	4.42%	6.01%	5.49%	5.74%	4.95%
Planned LL	5.89%	5.86%	4.98%	5.66%	4.87%	4.80%	5.64%	6.08%	5.61%	5.92%	6.36%	5.74%	5.61%
Planned Pil	3.87%	4.05%	4.12%	5.21%	4.50%	4.83%	5.23%	6.16%	6.17%	4.91%	5.87%	6.43%	5.11%
Women & Children	5.06%	5.21%	4.33%	4.93%	3.78%	3.83%	5.24%	5.48%	5.18%	5.84%	4.47%	4.77%	4.85%
Total	**4.86%**	**5.10%**	**5.22%**	**5.70%**	**5.35%**	**5.25%**	**5.67%**	**6.07%**	**5.87%**	**6.42%**	**5.85%**	**5.97%**	**5.61%**

Details of "serious untoward incidents"

The Trust views data protection and security as important aspects of the work it does and rigorously manages data protection issues.

As part of the reporting of personal data related incidents the Trust must disclose a summary of each Serious Untoward Incident involving data loss or confidentiality breaches. These are listed below:

SUMMARY OF SERIOUS UNTOWARD INCIDENTS INVOLVING PERSONAL DATA AS REPORTED TO THE INFORMATION COMMISSIONERS OFFICE IN 2009-10			
Nature of incident	**Nature of data involved**	**Number of people potentially affected**	**Notification steps**
Loss of tracked post by a third party supplier from outside secured NHS premises	NHS no	96	None
This incident has been risk assessed as having a low impact because of the tracked system it was lost in and the limitation of accessing further personal identifiable information from NHS number alone. United Lincolnshire Hospitals NHS Trust will continue to monitor and assess its information risks, in light of the events noted, in order to identify and address any weaknesses and ensure continuous improvement of its systems. Planned steps for the coming year include: Increasing use of secure electronic transfer systems rather than using paper.			

SUMMARY OF OTHER PERSONAL DATA RELATED INCIDENTS IN 2009-10		
Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured NHS premises	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured NHS premises	1
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	3
V	Other	0

Working in partnership

We have continued to develop our partnerships from a clinical, business and financial perspective. During 2009/10 we continued to work with our partners to ensure that our organisation is outward looking and connected to our local community, enabling and supporting health, independence and the well being of our patients.

Links with our commissioners

Our population's health care is mainly commissioned by NHS Lincolnshire (the Primary Care Trust, PCT).

The PCT finalised their longer term commissioning strategies and service development plans during 2009/10. We are working with the PCT to support, inform and deliver their plans and have developed our five year integrated business plan in line with our commissioners intentions.

Strategic and business partnership arrangements

In addition to partnerships with our commissioners, the Trust has developed a range of strategic and business partnerships, including:

- A strategic clinical partnership with North Lincolnshire and Goole NHS Foundation Trust who manage our pathology service through Pathlinks
- A strategic clinical partnership with tertiary centres, Nottingham University Hospitals NHS Trust and University of Leicester Hospitals NHS Trust, which provide support in specialties
- A Public Private Partnership (PPP) with Progress Care Housing for the provision of staff residential accommodation at Lincoln, Louth, Boston and Grantham
- A public private partnership (PPP) with Cofely for the provision of an energy-efficient heat and power centre including biomass boiler

Long term objectives

The Trust has five long term strategic objectives as described in the table on the following page. These have been divided into 30 annual objectives for 2010/11 which are each allocated to a lead director.

Strategic objective 1: High quality care		
Annual Objective 2010/11	**Measure of Success**	**Lead Director(s)**
1.1 Continue to maintain high standards of infection control and cleanliness	Achieve national, local and internal targets	**Chief Nurse**
	Achieve national standards of cleanliness ratings	
	Achieve at least "good" rating in PEAT assessments	
	Achieve 95% hand hygiene compliance	
1.2 Formalise our quality system to bring together all that we can do to maintain and improve our quality of care	Development of Quality Framework	**Medical Director / Chief Nurse**
	Establishment of quality systems and structures at both a directorate & site level	
	Directorate QMF reviews undertaken at least quarterly by all clinical directorates	
	Implementation of systems to produce and review Quality Accounts	
1.3 Demonstrate we have improved our management of risk by achieving NHS Litigation Authority accreditation at Level 2 for both general and maternity standards	Level 2 accreditation for NHSLA risk management standards	**Medical Director / Chief Nurse**
	Level 2 accreditation for CNST maternity standards	
1.4 Continue to improve our services for Stroke patients	Achievement of CQUIN targets for 2010/11	**Medical Director**
	Significant improvement in Sentinel stroke audit measures	
1.5 Improve the quality of service and safety within our A&E	Successful implementation of ECIST recommendations	**Director of Operations**
	Reduction in SUIs graded red	
	Maintenance of 4hr targets	
1.6 Achieve the new Quality and Innovation targets agreed with our commissioners (CQUIN) for 2010/11	Achievement of 2010/11 CQUIN targets	**Medical Director / Director of Operations / Chief Nurse**
1.7 Improve our key patient pathways so that they improve patient experience and use of resources (QIPP)	5 major pathway reviews completed with improvements on agreed measures for each pathway.	**Medical Director / Director of Operations / Director of Performance**
	• Cellulitis	
	• Chest pain	
	• Respiratory	
	• Colorectal	
	• Primary THR	
1.8 Deliver quality, innovation, productivity and prevention projects led by clinical directorates (QIPP)	QIPP projects identified for all clinical directorates	**Medical Director / Director of Operations / Director of Performance**
	At least 50% of projects on track at year end	
1.9 Implement the national Nursing High Impact Changes	75% rate of assessment of patients at risk of falls and pressure damage	**Chief Nurse**
	Achieve reduction in falls and pressure damage rates of 10% in grade 3 & 4 sores and injurious falls.	
	Roll out of end of life pathway standards.	
	Improvement in nutritional audits	

Strategic objective 2: Effective use of resources		
2.1 Deliver a planned surplus of £1.0m	Surplus delivered as planned	**Director of Finance**
2.2 Improve our expenditure by delivering a Cost Improvement Programme of circa £20m	CIP delivered as planned	**Director of Finance**
2.3 Review corporate expenditure in key areas (QIPP)	QIPP projects relating to corporate expenditure delivered as planned	**Director of Finance / Director of Human Resources**
2.4 Ensure that we have the right amount of ward, operating theatre and clinic capacity for our needs	Agreed capacity plans for beds, theatres and outpatient clinics. Successful delivery of medical bed reconfiguration project.	**Director of Operations**
2.5 Embed service line management into the Trust	SLM reports developed and informing Directorate / Site reviews Board reports & Executive Dashboards informed by SLM reports	**Director of Finance / Medical Director / Director of Operations**
Strategic objective 3: Flexible and responsive care		
3.1 Achieve national waiting time targets	Achieve A&E 4 hour standard Achieve 18 week elective standard Achieve Cancer standards	**Director of Operations**
3.2 Continue to improve the experiences of our patients by focusing on basic nursing care and standards of privacy and dignity.	Observations of care audits twice a year P+D audits twice a year Twice yearly ward reviews – improved standards will be a mark of success.	**Chief Nurse**
3.3 Make communication with GPs about their patients quicker and more consistent	Set standards for key communications with GPs (e.g. clinic letters, discharge letters) Improve performance against standards	**Director of Operations**
3.4 Improve our outpatient services, including the appointments system.	Maintained low waiting times Reducing cancellations / rescheduling Reducing Did Not Attend rate	**Director of Operations**
3.5 Make improvements to staff attitude by ensuring our customer care promises become part of our day to day behaviour and are incorporated into the recruitment process	Reduction in formal complaints relating to staff attitude/system failures Improvement in national patient survey scores relating to patient experience	**Chief Executive**
Strategic objective 4: An effective organisation		
4.1 Ensure that the Trust is registered with the Care Quality Commission and maintains its registration throughout 2010/11	Registration without conditions, to take effect from 1 April 2010 Successful and positive inspection outcomes in year No requirement to alert the CQC of in year breaches of regulations	**Chief Nurse**
4.2 Reduce our impact on the environment by implementing our sustainability strategy	Develop a sustainability strategy action plan identifing actions for 2010/11 achievement.	**Director of Estates & Facilities**
4.3 Progress plans for a new organisational status and structure which will give staff and the public a clear voice in the organisation in the future	Develop detailed plan by end August 2010 Progress in line with plan	**Chief Executive**
4.4 Implement our Leadership Development Framework (Performance Plus)	Leadership Development Framework agreed Framework implemented in line with plan	**Chief Executive**
4.5 Make improvements to the health and well-being of staff, including reducing sickness absence	Agreed trust plan for improving the healthand well-being of staff Reduced sickness absence rates	**Director of Human Resources**
4.6 Refresh the Workforce Strategy and make progress with its implementation	Updated strategy agreed by Board Key priorities and indicators identified and progressed	**Director of Human Resources**
4.7 Continue to develop our strategy for Information Management and Technology and improve the systems we use	IM&T strategy updated and agreed by Trust Board Progress with specific IM&T priorities for 2010/11	**Director of Operations**
Strategic objective 5: An effective and safe environment		
5.1 Continue to improve current facilities	Successful completion of estates elements of capital programme	**Director of Estates & Facilities**
5.2 Continue to improve current equipment	Successful completion of equipment replacement programme and purchasing of equipment elements of capital programme	**Medical Director**

Our finances

Income and expenditure

Once again, the Trust had a challenging year financially, ending the period with a surplus of £1.3 million (before technical adjustments of £5.4 million relating to valuation of NHS property which lie outside the Trust's breakeven duty).

The Trust financial plan for 2009/10 included a requirement to deliver savings of £14.6 million. This has been delivered in part but due to the escalating costs associated with agency staffing it has been necessary for the Trust to identify additional savings opportunities.

The Trust's cash balance as at 31 March 2010 was £6.0 million.

Trust income

The majority of the income in 2009/10 (£353.5 million or 90% of total income) was earned by providing clinical services to NHS patients under contracts with commissioners, principally Primary Care Trusts (PCTs). NHS Lincolnshire provides the most significant contract income from PCTs.

The Trust has once again provided a higher level of activity than that performed in previous years or than the levels planned in relation to emergency activity. This has had an adverse impact on the delivery of elective activity and therefore the 18 week referral to treatment target for admitted patients. The levels of activity delivered in 2009/10 resulted in an over performance against the initial contract of £7.5 million (2.9%).

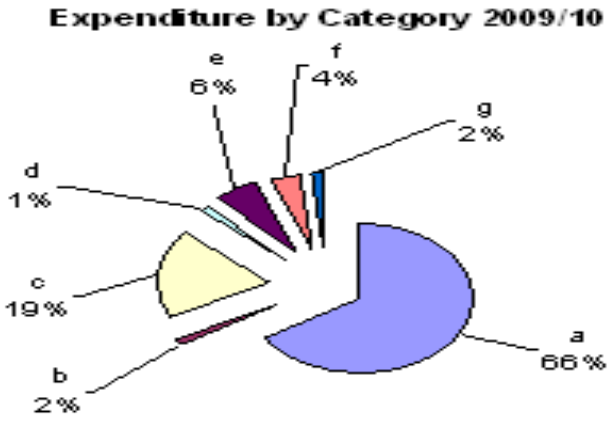
The Trust earned £19.1 million for education, training and research. The majority of this income came from East Midlands Strategic Health Authority Workforce Deanery and is provided as reimbursement for training of undergraduate doctors, junior doctors, nurses and technical staff.

Trust expenditure

The Trust incurs costs that are predominantly associated with the provision of clinical activity. The largest expenditure area is pay which accounts for 67% of the total expenditure.

Our pay expenditure in 2009/10 exceeded the initial budget for the year due mainly to additional activity, investment in services and increased use of agency staff, particularly medical staff where there is a national shortage. The impact of this national shortage is more significant in the Lincolnshire healthcare services than in many other areas.

The chart on the following page breaks down the Trust expenditure across the main categories;



a - Pay – The hospital's largest cost each year is paying the salary of its 6,500 staff (whole time equivalent) and all the associated costs an employer needs to spend including national insurance and pension contributions.

b- Public Dividend Capital – The Trust has to make a payment to the Department of Health equivalent to 3.5% of assets which is similar in nature to the payment companies would need to make to shareholders.

c - Drugs and medical equipment – The cost of patients' medication, dressings, syringes and other medical equipment

d - Other

e - Maintenance – What the Trust spends on gas, electricity, water and telephone bills as well as business rates and minor repairs and maintenance programmes

f - Depreciation – The reduced value of the Trust's buildings and equipment over time has to be accounted for each year. Included are impairments where valuation of land or buildings indicates a reduction in value.

g - Insurance – To cover the Trust against fire, theft and other liabilities, for example legal claims

Delivering value for money

The national tariff for 2009/10 had an implied efficiency of 3% and other contracts utilised this amount too. The Trust therefore needed to achieve savings of at least £14.6 million to deliver the planned surplus for the year of £3.6 million. The Trust has developed a robust performance management system to monitor the delivery of these savings and the key themes for 2009/10 were:

- Savings from efficiency and productivity
- More effective procurement
- Review of back office functions

The Trust successfully delivered savings of £6.8 million.

Cash flow and capital

The Trust ended the year with a cash balance of £6 million compared to a plan of £5.7 million. This meant the Trust was able to achieve the External Financial Limit target set by the Department of Health.

Management of cash is governed by the Trust's Treasury Management Policy which sets out the parameters within which the Trust may invest any surplus cash on a temporary basis. As a non Foundation Trust, investment is restricted to deposits of cash made through the National Loans fund. In 2009/10 however, due to the low interest rates, returns were limited to £53,000 compared to in excess of £0.7 million in earlier years.

The Trust invested £18.9 million in the capital programme during the year in line with plan. This included the provision of three new wards, procured at a cost of £10.7 million and which increase capacity at Lincoln County Hospital. The full capital programme is summarised as follows:

	£ million
Buildings and Estate	13
IT Infrastructure	1.56
Medical Equipment	3.30
Total	17.86

The capital programme was funded through internally generated resources apart from a capital grant of £0.2 million and donated assets of £0.8 million.

Performance against Department of Health financial performance indicators

In 2009/10, the Department of Health has developed a series of indicators for non Foundation Trusts. The are based on the following broad criteria:

- Planning
- Forecast outturn/rate of return
- Underlying financial position
- Financial processes/balance sheet efficiency

The indicators are each assessed based upon a weighted score (max 3 – min 1). The Trust assessed score based upon the 2009/10 financial statements is 2.65.

Better Payments Practice Code

The Better Payment Practice Code requires NHS organisations to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

Performance for 2009/10 against this target is summarised as follows:

	2009/10 Number	£000
Total Non-NHS trade invoices paid in the year	**115,345**	**122,432**
Total Non NHS trade invoices paid within target	**88,598**	**92,337**
Percentage of Non-NHS trade invoices paid within target	**77%**	**75%**
Total NHS trade invoices paid in the year	**2,769**	**42,900**
Total NHS trade invoices paid within target	**2,292**	**36,553**
Percentage of NHS trade invoices paid within target	**83%**	**85%**

The Trust has applied to become a signatory of the 'Prompt Payment Code' set up by the Government and Institute of Credit Management. As an approved signatory the Trust would be undertaking to:

- **Pay suppliers on time**
  - Within the terms agreed at the outset of the contract
  - Without attempting to change payment terms retrospectively
  - Without changing practice on length of payment for smaller companies on unreasonable grounds

- **Give clear guidance to suppliers**
  - Providing suppliers with clear and easily accessible guidance on payment procedures
  - Ensuring there is a system for dealing with complaints and disputes which is communicated to suppliers
  - Advising them promptly if there is any reason why an invoice will not be paid to the agreed terms

- **Encourage good practice**
  - By requesting that lead suppliers encourage adoption of the code throughout their own supply chains

Compliance with Trust Statutory Financial Duties: summary

Performance against the key financial targets are summarised in the following table:

Target	**2009/10**	**2008/09**
Income and expenditure position against breakeven duty	**£1.3 million surplus**	**£0.4 million surplus**
Manage within External Financing Limit (EFL)	**Achieved**	**Achieved**
Manage within Capital Resource Limit (CRL)	**Achieved**	**Achieved**
Achieve a capital cost absorption duty of 3.5%	**3.5%**	**3.9%**
Management costs as a percentage of turnover*	**3.49%**	**3.59%**
Better Payment Practice code Invoices paid within 30 days (measured by volume)	**77%**	**77%**

*Management costs are defined on the Department of Health website at: http://www.dh.gov.uk/PolicyAndGuidance/OrganisationPolicy/FinanceAndPlanning/NHSManagementCosts/fs/en

Financial outlook

There are several areas that have impacted on the financial position of the Trust in 2009/10. We saw a continued rise in attendances at our Accident and Emergency departments and also in emergency admissions to our hospitals. There have also been difficulties in recruiting to the right level of clinical posts, both in medical and nursing staff, which has resulted in an increase in the use of locum/agency staff. New wards have been opened during the financial year which will improve hospital capacity and different methods of recruitment are being undertaken to resolve the staffing issues.

Moving forward into 2010/11, the NHS will face similar challenges to those being seen by the global economy. There was no increase in the national tariff for 2010/11 and we are therefore required to deliver efficiency improvements of at least 3.5%. This means that we will need to reduce our costs by at least 3.5% to deliver a break even position. This cost reduction will need to be delivered whilst maintaining standards of patient care. It is therefore imperative that we work closely with our partner organisations to deliver timely, high quality, cost effective patient care during a period of financial and political uncertainty.

Accounting policies

The accounts have been prepared in accordance with guidance issued by the Department of Health, and in line with International Financial Accounting Standards (IFRS). So far as the directors are aware, there is no relevant information of which the auditors are unaware.

Going concern

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

Management costs

Management costs for the year totalled £13.7 million, which was 3.49% of total income. This compares with 3.59% in 2008/09. The Trust complied with the Secretary of State's instructions on NHS managers pay increases.

Charitable funds

The Board acts as Trustee of the ULHT NHS Trust Charitable Funds. The funds are used for the purchase of equipment and the provision of amenities for both patients and staff, in accordance with the objects of the charity. A full set of accounts relating to charitable funds is available from the Acting Director of Finance at the address shown on the final page of this report.

Summary financial statements 2009/10

Statement of comprehensive income for the year ended 31 March 2010

	2009/10	2008/09
	£000	£000
Revenue		
Revenue from patient care activities	**353,458**	324,396
Other operating revenue	**37,683**	28,884
Operating expenses	**(388,115)**	(348,227)
Operating surplus (deficit)	**3,026**	5,053
Finance costs:		
Investment revenue	**53**	723
Other gains and (losses)	**(455)**	(220)
Finance costs	**(142)**	(132)
Surplus/(deficit) for the financial year	**2,482**	5,424
Public dividend capital dividends payable	**(6,484)**	(8,572)
Retained surplus/(deficit) for the year	**(4,002)**	**(3,148)**
Other comprehensive income		
Impairments and reversals	(28,434)	(38,798)
Gains on revaluations	1,918	0
Receipt of donated/government granted assets	1,189	312
Net gain/(loss) on other reserves (e.g. defined benefit pension scheme)	0	0
Net gains/(losses) on available for sale financial assets	0	0
Reclassification adjustments:		
- Transfers from donated and government grant reserves	(731)	(591)
- On disposal of available for sale financial assets	0	0
Total comprehensive income for the year	**(30,060)**	**(42,225)**

2009/10 was the first full year reporting under international reporting standards (IFRS).

2008/09 financial statements were originally reported under UK Generally Accepted Accounting Principles and recorded a surplus of £366,000. The 2008/09 values presented in the Statement of Comprehensive income (above) have been restated to IFRS.

A note setting out the adjustments made from UK GAAP to IFRS are given within the full accounts.

Statement of financial position as at 31 March 2010

	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Non-current assets			
Property, plant and equipment	**203,562**	229,171	275,717
Intangible assets	**1,433**	1,688	1,301
Investment property	**0**	0	0
Other financial assets	**0**	0	0
Trade and other receivables	**1,928**	1,730	2,536
Total non-current assets	**206,923**	232,589	279,554
Current assets			
Inventories	**5,849**	5,154	4,460
Trade and other receivables	**10,201**	18,165	9,075
Other financial assets	**0**	0	0
Other current assets	**358**	183	0
Cash and cash equivalents	**6,032**	11,705	22,779
	22,440	35,207	36,314
Non-current assets held for sale	**790**	489	527
Total current assets	**23,230**	35,696	36,841
Total assets	**230,153**	268,285	316,395
Current liabilities			
Trade and other payables	**(24,999)**	(32,830)	(37,974)
Other liabilities	**(519)**	(519)	(519)
DH Working capital loan	**0**	0	0
DH Capital loan	**0**	0	0
Borrowings	**(98)**	(88)	(79)
Other financial liabilities	**0**	0	0
Provisions	**(1,603)**	(918)	(3,915)
Net current assets/(liabilities)	**(3,989)**	1,341	(5,646)
Total assets less current liabilities	**202,934**	233,930	273,908
Non-current liabilities			
Borrowings	**(857)**	(940)	(1,028)
DH Working capital loan	**0**	0	0
DH Capital loan	**0**	0	0
Trade and other payables	**0**	0	0
Other financial liabilities	**0**	0	0
Provisions	**(2,333)**	(2,378)	(2,416)
Other liabilities	**(18,147)**	(18,671)	(19,189)
Total assets employed	**181,597**	211,941	251,275
Financed by taxpayers' equity:			
Public dividend capital	**180,753**	181,037	178,146
Retained earnings	**(24,934)**	(24,530)	(21,898)
Revaluation reserve	**22,758**	52,671	91,698
Donated asset reserve	**2,529**	2,390	3,138
Government grant reserve	**301**	183	1
Other reserves	**190**	190	190
Total Taxpayers' Equity	**181,597**	211,941	251,275

Statement of changes in taxpayers' equity 2009/10

	Public dividend capital (PDC)	Retained earnings	Revaluation reserve	Donated asset reserve	Gov't grant reserve	Other reserves	Total
	£000	£000	£000	£000	£000	£000	£000
Changes in taxpayers' equity for 2009/10							
Balance at 1 April 2009	181,037	(24,530)	52,671	2,390	183	190	**211,941**
Total Comprehensive Income for the year							
Retained surplus/(deficit) for the year	0	(4,002)	0	0	0	0	**(4,002)**
Transfers between reserves	0	3,598	(3,598)	0	0	0	**0**
Impairments and reversals	0	0	(28,233)	(76)	(125)	0	**(28,434)**
Net gain on revaluation of property, plant, equipment	0	0	1,918	0	0	0	**1,918**
Net gain on revaluation of intangible assets	0	0	0	0	0	0	**0**
Net gain on revaluation of financial assets	0	0	0	0	0	0	**0**
Net gain on revaluation of non current assets held for sale	0	0	0	0	0	0	**0**
Receipt of donated/government granted assets	0	0	0	809	380	0	**1,189**
Net gain/loss on other reserves (e.g. defined benefit pension scheme)	0	0	0	0	0	0	**0**
Movements in other reserves	0	0	0	0	0	0	**0**
Reclassification adjustments:							
- transfers from donated asset/government grant reserve	0	0	0	(594)	(137)	0	**(731)**
- on disposal of available for sale financial assets	0	0	0	0	0	0	**0**
Reserves eliminated on dissolution	0	0	0	0	0	0	**0**
Originating capital for Trust establishment in year	0	0	0	0	0	0	**0**
New PDC received	0	0	0	0	0	0	**0**
PDC repaid in year	(284)	0	0	0	0	0	**(284)**
PDC written off	0	0	0	0	0	0	**0**
Other movements in PDC in year	0	0	0	0	0	0	**0**
Balance at 31 March 2010	**180,753**	**(24,934)**	**22,758**	**2,529**	**301**	**190**	**181,597**

Statement of cash flows for the year ended 31 March 2010

	2009/10	2008/09
	£000	£000
Cash flows from operating activities		
Operating surplus/(deficit)	**3,026**	5,053
Depreciation and amortisation	**11,060**	6,867
Impairments and reversals	**5,284**	8,712
Net foreign exchange gains/(losses)	**0**	0
Transfer from donated asset reserve	**(594)**	(591)
Transfer from government grant reserve	**(137)**	0
Interest paid	**(86)**	(76)
Dividends paid	**(7,009)**	(8,572)
(Increase)/decrease in inventories	**(695)**	(694)
(Increase)/decrease in trade and other receivables	**8,104**	(8,230)
(Increase)/decrease in other current assets	**183**	(183)
Increase/(decrease) in trade and other payables	**(6,709)**	3,238
Increase/(decrease) in other current liabilities	**(524)**	(508)
Increase/(decrease) in provisions	**584**	(3,092)
Net cash inflow/(outflow) from operating activities	**12,487**	1,924
Cash flows from investing activities		
Interest received	**53**	842
(Payments) for property, plant and equipment	**(18,785)**	(16,040)
Proceeds from disposal of plant, property and equipment	**1,124**	126
(Payments) for intangible assets	**(195)**	(738)
Proceeds from disposal of intangible assets	**0**	0
(Payments) for investments with DH	**0**	0
(Payments) for other investments	**0**	0
Proceeds from disposal of investments with DH	**0**	0
Proceeds from disposal of other financial assets	**0**	0
Revenue rental income	**0**	0
Net cash inflow/(outflow) from investing activities	**(17,803)**	**(15,810)**
Net cash inflow/(outflow) before financing	**(5,316)**	(13,886)
Cash flows from financing activities		
Public dividend capital received	**0**	4,533
Public dividend capital repaid	**(284)**	(1,642)
Loans received from the DH	**0**	0
Other loans received	**0**	0
Loans repaid to the DH	**0**	0
Other loans repaid	**0**	0
Other capital receipts	**0**	0
Capital element of finance leases and PFI	**(73)**	(79)
Cash transferred to NHS Foundation Trusts	**0**	0
Net cash inflow/(outflow) from financing	**(357)**	2,812
Net increase/(decrease) in cash and cash equivalents	**(5,673)**	(11,074)
Cash (and) cash equivalents (and bank overdrafts) at the beginning of the financial year	**11,705**	22,779
Effect of exchange rate changes on the balance of cash held in foreign currencies	**0**	0
Cash (and) cash equivalents (and bank overdrafts) at the end of the financial year	**6,032**	11,705

A full set of the Trust's Accounts can be obtained from the Associate Director of Finance at the address shown on the final page of the annual report or by emailing colin.hills@ulh.nhs.uk

Board of Directors

The Trust Board is made up of the members listed below;

Non executive directors

Paul Richardson (1)
Tim Staniland
Keith Brown
Mike Cutt (2)
Nick Muntz (2)
Keith Darwin (3)

(1) Appointed July 2009 initially as Interim Chairman
(2) Appointed July 2009
(3) Appointed January 2010 on an interim basis

There have been a number of changes to the Trust Board during the year and these are listed below:
David Bowles, Chairman - resigned July 2009
Stan Keyte, Non Executive Director - left January 2010
Karl Cook, Non Executive Director - left February 2010
Phil Scarlett, Non Executive Director - left December 2009

Executive directors

Voting members

Bernard Chalk, Acting Chief Executive
Sylvia Knight, Chief Nurse
Paul Dunning, Interim Medical Director (1)
Pen Andersen, Acting Director of Finance (2)
Roger Long, Interim Director of Operations (3)

Non voting members

Richard Lendon, Interim Director of Performance and Information
Mike Speakman, Director of Estates and Facilities
Ros Edwards, Director of Human Resources

(1) Appointed February 2010 as Interim Medical Director.
(2) Appointed as Acting Director of Finance from September 2009.
(3) Appointed as Interim Director of Operations from November 2009.

There have been a number of changes to the Trust Board during the year and these are listed below:
Gary Walker, Chief Executive - left February 2010
Dawne Bloodworth, Director of Operations - left September 2009
Dr David Boldy, Medical Director - resigned February 2010

Board committees

The Board has six committees that are directly accountable to it, as follows;

- Audit Committee
- Integrated Governance Committee
- Remuneration and Terms of Service Committee
- Performance and Finance Committee
- Charitable Funds Committee
- Executive Board

In addition, the Trust also has a Foundation Trust Project Board with responsibility for overseeing the preparatory arrangements for a Foundation Trust application.

Audit Committee

This is a statutory committee of the Trust Board whose membership is drawn from non-executive directors. It currently comprises;

Keith Brown (chair), Penny Owston (vice chair), Keith Darwin.

The Director of Finance, Board Secretary and appropriate internal and external audit representatives normally attend meetings, which are held no less than three times a year. The Chief Executive is invited annually to discuss with the committee the process for assurance that supports the Statement on Internal Control.

The main duties of the committee cover the following areas: governance, risk management and internal control, internal audit, external audit and financial reporting.

Integrated Governance Committee

The Integrated Governance Committee has responsibility on behalf of the Trust Board to oversee the maintenance of appropriate controls within the organisation with regards to clinical and corporate governance and to monitor all activities which impact on clinical care.

It currently comprises;

Three non-executive directors Tim Staniland (chair), Nicolas Muntz, Keith Darwin (vice chair), Chief Executive, Director of Operations, Medical Director, Chief Nurse, Director of Operations, Director of Finance, Director of HR, Patient representative, Clinical Risk Manager, Director of Estates and Facilities.

Remuneration and Terms of Service Committee

The Remuneration and Terms of Service Committee is responsible for determining all aspects of the remuneration and terms of service of the Chief Executive, directors and other members of staff on NHS Very Senior Management (VSM) terms and conditions.

It also advises on and oversees appropriate contractual arrangements for very senior staff including the proper calculation and scrutiny of severance payments, taking account such national guidance as is appropriate.

It currently comprises;

Paul Richardson, Mike Cutt, Tim Staniland.

Performance and Finance Committee

The Performance and Finance Committee is responsible for monitoring organisational performance against key operational and financial targets and ensuring, on behalf of the Trust Board, that robust assurance arrangements are in place. It is also responsible for ensuring that appropriate financial strategies and policies are maintained by the Trust.

It currently comprises;

Four non executive directors Mike Cutt (Chair), Tim Staniland, Nick Muntz, Keith Brown (Vice Chair), Chief Executive, Director of Finance, Director of Performance, Chief Nurse, Director of Operations, Director of Human Resources.

Charitable Funds Committee

This committee is a statutory committee of the Board with responsibility to administer those charitable funds donated to the Trust in accordance with statutory or other legal requirements and best practice as required by the Charities Commission.

It currently comprises;

Paul Richardson, Keith Brown, Penny Owston

Executive Board

The Executive Board is accountable to the Trust Board for the operational management of the organisation as well as the delivery of the objectives set by the Trust Board.

It currently comprises;

Chief Executive (Chair), Chief Nurse, Medical Director, Director of Human Resources, Director of Operations (Deputy Chair), Director of Finance, Director of Estates and Facilities, Director of Performance, General Managers, Clinical Directors, Heads of Nursing, Associate Director of IM&T.

Declaration of board members' interests

Members of the board of directors are required to declare any interests that may impact on the business of the Trust. The following directors declared

	Nature of interest
Mr Paul Richardson, Chairman	None
Mr Bernard Chalk, Acting Chief Executive	None
Mr Keith Brown, Non Executive Director	None
Mr Tim Staniland, Non Executive Director	Director Innovation Deli Ltd.
Mr Nick Muntz, Non Executive Director	Managing Director, Siemens Ind Turbo Ltd Lincoln; Governor, University of Lincoln
Mr Keith Darwin, Non Executive Director	Director Brayford Trust; Chairman Investors in Lincoln; Chairman Lincolnshire Economic Action Partnership;

	Chairman People First International; Trustee St Barnabas Hospice; Governor, University of Lincoln
Mr Mike Cutt, Non Executive Director	Mike Cutt Consulting
Mrs Pen Andersen, Acting Director of Finance	Stephen Andersen (Husband) employed by NHS Nottinghamshire County
Mrs Sylvia Knight, Chief Nurse	None
Mr Paul Dunning, Interim Medical Director	None
Dr Richard Lendon Interim Director of Performance	None
Mrs Ros Edwards Director of Human Resources	None
Mr Mike Speakman Director of Estates and Facilities	Managing Director Terrace House Management Ltd
Mr Roger Long Interim Director of Operations	None
Mr Mike Napier Board Secretary	Company Secretary for Debonair Health and Beauty Ltd

Remuneration report

Introduction

Section 234B and Schedule 7A of the Companies Act, as interpreted for the public sector, require NHS bodies to prepare a remuneration report containing information about the remuneration of directors. In the NHS, the report will cover those senior managers “having authority or responsibility for directing or controlling the major activities of the NHS body”. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments.

Salary and pension entitlements of senior managers

The Remuneration Committee is a sub-committee of the Board which oversees the process for nomination of senior posts including the Chief Executive. Non-executive directors including the Chairman are appointed by the Appointments Commission and can be appointed for a standard term of four years.

The committee includes the Trust Chairman and two non-executive directors. The committee’s policy on the remuneration of ‘very senior managers’ not covered by Agenda for Change, has been to ensure that job roles are externally evaluated using the HAY job evaluation system and comparative pay data intelligence.

The committee does not have performance-related salaries and the terms and conditions of contracts for its senior managers are subject to the normal terms and conditions of other NHS staff. Any pay uplifts awarded are consistent with guidance issued by the Department of Health, mirroring the awards made to all other Trust employees.

One very senior manager received a severance payment during the course of the year and the Remunerations and Terms of Service Committee applied the relevant policy guidance to this payment issued by the Department of Health.

All very senior managers were employed on permanent contracts and have a six month employer to employee notice period.

Pension benefits

The Trust's pension policies are described within Note 1 of the Trust's published annual financial statements (accounts) under the heading retirement benefit costs.

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

their own cost. CETVs are calculated within the guidelines and framework prescribed by the institute and Faculty of Actuaries. There will be no CETV for employees aged 60 or above.

Real Increase in CETV – This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

The following table details the remuneration and pension benefits for senior executives at 31 March 2010.

Pension liabilities

Past and present Trust employees are covered by the provisions of the NHS Pensions Scheme. Within the annual accounts the cost to the Trust of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period. Note 1.5 to the accounts describes the Trust Accounting Policy in respect of Retirement Benefit Costs.

REMUNERATION TABLE			2009-10		
Name and title	**Term in post**		**Salary (bands of £5,000)**	**Other Remuneration (bands of £5,000)**	**Benefits in kind (Rounded to the nearest £00)**
	Start	**Finish**	**£000's**	**£000's**	**£00's**
Mr D Bowles – Chair	Pre Apr 08	Jul-09	5 - 10		7
Mr P Richardson – Chair	Jul-09	Ongoing	15 - 20		14
Mr S Keyte - Non Executive Director	Pre Apr 08	Jan-10	0 - 5		1
Mr T Staniland – Non Executive Director	Pre Apr 08	Ongoing	5 - 10		6
Mr K Cook - Non Executive Director	Pre Apr 08	Feb-10	5 - 10		7
Mr K Brown - Non Executive Director	May-08	Ongoing	5 - 10		4
Mr J Scarlett - Non Executive Director	May-08	Dec-09	0 - 5		4
Mr M Cutt - Non Executive Director	Jul-09	Ongoing	0 - 5		3
Mr N Muntz - Non Executive Director	Jul-09	Ongoing	0 - 5		
Mr K Darwin - Non Executive Director	Jan-10	Ongoing	0 - 5		
Mr G Walker - Chief Executive	Pre Apr 08	Feb-10	145 - 150		
Bernard Chalk - Director of Finance / Acting Chief Executive	Pre Apr 08	Ongoing	120 - 125		
Pen Andersen – Acting Director of Finance	Sep-09	Ongoing	40 - 45		
Dawne Bloodworth - Director of Operations	Pre Apr 08	Sep-09	60 - 65	55 - 60	
Roger Long – Interim Director of Operations	Nov-09	Ongoing	See Note 1		
Ros Edwards - Director of Human Resources	Aug-08	Ongoing	100 - 105		
Sylvia Knight – Chief Nurse	Pre Apr 08	Ongoing	100 - 105		
Dr Richard Lendon - Interim Director of Performance & Information	Pre Apr 08	Ongoing	105 - 110		
David Boldy- Medical Director	Pre Apr 08	Feb-10	35 - 40	115 - 120	
Paul Dunning- Medical Director	Feb-10	Ongoing	5 - 10	0 - 5	
Mike Speakman - Director of Estates and Facilities	May-08	Ongoing	95 - 100		

2009/10 TABLE – PENSION BENEFITS								
Name and title	**Real increase in pension at age 60 (bands of £2,500)** **£000's**	**Real Increase in lump sum at aged 60 related to real increase in pension (bands of £2,500)** **£000's**	**Total accrued pension at age 60 at 31 March 2010 (bands of £5,000)** **£000's**	**Lump sum at age 60 related to accrued pension at 31 March 2010 (bands of £5,000)** **£000's**	**Cash Equivalent Transfer Value at 31 March 2010** **£000's**	**Cash Equivalent Transfer Value at 31 March 2009** **£000's**	**Real increase in Cash Equivalent Transfer Value** **£000's**	**Employer's contribution to stakeholder pension** **£100**
Gary Walker - Chief Executive	0 - 2.5	2.5 – 5	10 - 15	30 - 35	146	115	15	
Bernard Chalk - Director of Finance / Acting Chief Executive	5 - 7.5	15 - 17.5	50 - 55	155 - 160	1,238	1,019	117	
Pen Andersen - Acting Director of Finance	0 - 2.5	5 - 7.5	20 - 25	60 - 65	325	240	25	
Dawne Bloodworth - Director of Operations	0 - 2.5	0 - 2.5	25 - 30	80 - 85	490	430	13	
Roger Long - Interim Director of Operations					-	-		
Ros Edwards - Director of Human Resources	0 - 2.5		0 - 5	-	39	14	16	
Sylvia Knight - Chief Nurse	0 - 2.5	0 - 2.5	25 - 30	80 - 85	391	351	16	
Dr Richard Lendon - Interim Director of Performance & Information	2.5 - 5	7.5 – 10	15 - 20	50 - 55	273	202	43	
David Boldy- Medical Director			65 - 70	195 - 200	1,538	1,375	60	
Paul Dunning- Medical Director	0 - 2.5	0 - 2.5	30 - 35	100 - 105	610	521	5	
Mike Speakman - Director of Estates and Facilities	0 - 2.5	0 - 2.5	20 - 25	60 - 65	311	275	16	

Notes:

1. Roger Long was seconded from Heart of England NHS Trust in 2009/10 at a cost of £104,668

Other remuneration relates to:

- Clinical Sessions worked by David Boldy and Paul Dunning
- Compensation for loss of office for Dawne Bloodworth as explained in the remuneration report

The Information presented in the Remuneration Table and Pension tables above have been audited by the Audit Commission.

Independent Auditors Report

Independent auditor's report to the Board of Directors of United Lincolnshire Hospitals NHS Trust

I have examined the summary financial statement for the year ended 31 March 2010 which comprises the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Taxpayers' Equity 2009/10 and the Statement of Cash Flows.

This report is made solely to the Board of Directors of United Lincolnshire Hospitals NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the Annual Report. My responsibility is to report to you my opinion on the consistency of the summary financial statement within the Annual Report with the statutory financial statements.

I also read the other information contained in the Annual Report and consider the implications for my report if I become aware of any misstatements or material inconsistencies with the summary financial statement. The other information comprises Who we are and what we do, Chief Executive's and Chairman's address, Board of Directors report, Statement of the accounting officer's responsibilities, Statement of directors' responsibilities, Operating and financial review, Our finances, Board of Directors, Remuneration report and Statement on Internal Control.

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

Opinion

In my opinion the summary financial statement is consistent with the statutory financial statements of United Lincolnshire Hospitals NHS Trust for the year ended 31 March 2010. I have not considered the effects of any events between the date on which I signed my report on the statutory financial statements, 11 June 2010, and the date of this statement.

Ian Sadd
Officer of the Audit Commission

Audit Commission
Rivermead House
7 Lewis Court
Grove Park
Enderby,
Leicestershire, LE19 1SU
16th July 2010

Summary statement on Internal Control 2009/10

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

The Trust is accountable for the delivery of its patient services through the Service Level Agreement (SLA) it has with its commissioners, the main commissioner being NHS Lincolnshire. The regulatory framework within which it is working is that of the Strategic Health Authority (NHS East Midlands) being responsible for the performance management of NHS Lincolnshire, who hold the Trust to account through the SLA. The Trust reports through NHS East Midlands to the Department of Health on performance against national objectives.

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

- Identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives
- Evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically

The system of internal control has been in place in United Lincolnshire Hospitals NHS Trust for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts.

Overall responsibility for risk management rests with all members of the Board. The Chief Nurse has an explicit responsibility for the risk management function within the organisation. The Director of Finance has specific responsibility for financial risks within the Trust. There is a defined structure for the management and ownership of governance, which through the risk register and assurance framework is regularly monitored in the Board committees and at Trust Board level. The Trust operates and maintains a Board approved Risk Management Strategy that identifies the levels of accountability and responsibility for all staff within the organisation.

For 2009/10, the Board identified 23 key objectives within its Board Assurance Framework. The controls and assurances in relation to the objective's risks were received by the Board during the year. The framework identified no outstanding gaps in control, however in terms of assurance, the Head of Internal Audit opinion has highlighted the need for further work by the Board and Trust during 2010/11 to assess the completeness and adequacy of the controls and assurances in relation to the Board Assurance Framework. This is further supported by the implementation of new governance arrangements by the Trust.

The Trust Board has reasonable assurance that there have been no significant lapses in meeting 43 out of the 44 core standards for the period 1 April 2009 to 31 March 2010.

With the exception of the internal control issues that I have outlined in this statement, my review confirms that United Lincolnshire Hospitals NHS Trust has a generally sound system of internal controls that supports the achievement of its policies, aims and objectives and that those control issues have been or are being addressed.

A full version of the annual accounts, incorporating the full Statement on Internal Control is available on request from Colin Hills, Associate Director of Finance – Financial Control or through the Trust website www.ulh.nhs.uk

Bernard Chalk
Acting Chief Executive

Contact us

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Lincolnshire
LN2 5QY
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www.ulh.nhs.uk

Customer Care Team

The Customer Care Team at United Lincolnshire Hospitals NHS Trust offers support, advice and information to patients, relatives and visitors. They also manage complaints and feedback. They are available on (01522) 573969

Human Resources

Interested in a career at United Lincolnshire Hospitals NHS Trust? Then please visit us at: www.ulh.nhs.uk