United Lincolnshire Hospitals NHS
NHS Trust

Annual Report and Final Accounts 2011/12

Accessibility

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

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

Ja jus velaties sanemt šo dokumentu latviešu valoda, ludzam zvanit pa talruni (01522) 573986.

Jei Jums reikia šio dokumento lietuviu kalba, skambinkite telefonu (01522) 573986.
Jesli chciał(a)by Pan(i) uzyskac ten dokument w jezyku polskim, prosimy zadzwonic na numer (01522) 573986.

Se necessita deste documento em Português por favor telefone para o número (01522) 573986.

For further information about this report or the work of the Trust please contact the Communications Department at Lincoln County Hospital, Lincoln, LN2 4AX or by telephoning (01522) 573986.

Hospitals pledge to provide dignity in care

Patients using Lincolnshire's hospitals have been given a new set of pledges that their dignity will be respected whilst they are being cared for.

The Dignity Pledges are a set of six pledges that are made to patients using hospital services- an undertaking that their dignity will be respected at all times. Every member of staff within the Trust will be expected uphold the pledges, and patients and visitors will be encouraged to challenge staff if they feel the pledges are not being upheld in any area.

The Trust's six dignity pledges are:

1) We pledge to be kind and compassionate at all times
2) We pledge to treat you with courtesy, dignity and respect
3) We pledge to respect your personal space
4) We pledge to preserve your modesty
5) We pledge to meet your dietary needs
6) We pledge to care for you as a valued individual

Contents

The Clinical Research Facility 'highly commended' at national awards

The Trust was one of eight organisations shortlisted for 'embedding a research culture' at the 2011 Health Service Journal awards, which recognise the best innovation, ideas and dedication in healthcare.

The clinical research facility was 'highly commended' in its category, which means the Trust is now one of the top three organisations in the country for developing clinical research.

Since 2004 the number of clinical trials and studies undertaken in the Trust's hospitals has increased from 12 to almost 200 and income generated by trials has risen from £4,500 to £1.4million.

Chairman's and Chief Executive's Foreword

We are pleased to welcome you to United Lincolnshire Hospitals NHS Trust's Annual Report for the year ending 31 March 2012. The last 12 months brought many challenges for the Trust, which like the rest of the NHS is facing tough requirements to increase efficiency while continuing to improve the quality and safety of care provided.

The Trust delivered the plan to break even for the financial year, achieving a surplus of £320,000 against its statutory breakeven duty. This is an important milestone in the delivery of our longer-term financial plan and shows some improvements in the financial performance of the Trust.

Safe, high quality patient care remains the first priority of the Trust and we are very pleased to report a number of key successes this year.

The Trust has reported a reduction in infection rates for the sixth year running with four cases of MRSA and 74 cases of Clostridium difficile, both well within the trajectories set for the year.

We also performed well against referral to treatment waiting time standards, achieving the targets set for both admitted and non-admitted patients (descriptions of these targets are available in the performance section of this report). However not all specialties are meeting the targets and action plans are in place to achieve these.

Key developments for 2011/12 included a new £3.4million intensive care unit, £2.5million endoscopy unit and £1.2million MRI scanner at Pilgrim Hospital in Boston. We have been developing a new heart centre for the county at Lincoln County Hospital, with two new cardiac catheter laboratories and a short-stay unit. At Grantham we have upgraded the A&E department and started work to develop the breast unit and at Louth we have invested £1.1million in a new endoscopy unit.

We are encouraged by the achievements in 2011/12 which are the result of the hard work and dedication of our staff. We also recognise the challenges we have faced and will continue to face in 2012/13. We continue to work hard to achieve key government targets and ensure that the people of Lincolnshire receive the high quality care they expect. To this end we have further developed the Trust's clinical strategy to ensure our services are efficient, effective and fit for purpose in the 21st century.

Paul Richardson
Chairman

Andrew North
Chief Executive

Board of Directors report

About the Trust

United Lincolnshire Hospitals NHS Trust was formed in April 2000 by the merger of the three former acute hospital trusts in Lincolnshire, creating one of the largest hospital trusts in the country. It provides secondary care services in both acute and community settings operating out of three main hospital sites; Lincoln County Hospital, Pilgrim Hospital, Boston and Grantham and District Hospital. Together the three sites have over 1,500 beds.

The Trust primarily serves the 750,000 residents of Lincolnshire which is one of the fastest growing populations in England.

The Trust also provides a wide variety of outpatient, day case and inpatient services from a range of other community hospitals operated by Lincolnshire Community Health Services or local GP clusters. These include: Louth hospital, John Coupland Hospital (Gainsborough), Johnson Community Hospital (Spalding) and Skegness hospital.

In addition, the Trust provides a broad range of other clinical services including community services, population screening services, a comprehensive range of planned and unscheduled secondary care services together with research and development.

The Trust's vision

The Trust has developed a vision and mission which will underpin the achievement of its objectives.

Our vision: Is to deliver the highest quality healthcare locally.

Our mission: Is that we will listen to and learn from patients, staff and partners as we develop and deliver leading hospital services to the people of Lincolnshire.

Award recognises rheumatology care and support

The rheumatology department in Lincolnshire's hospitals was this year recognised by the National Rheumatoid Arthritis Society (NRAS), winning a Healthcare Champion Award in the patient champion category of their annual awards.

Patient Valerie Pearson nominated three members of the nursing team and one doctor for the award due to the outstanding care and support she received during treatment at Boston and Lincoln.

The department provides a full range of care, assessment and treatment of all types of rheumatic disease including disorders of the joints, muscles, bones and tendons such as arthritis, connective tissue disease and degenerative joint disease.

Valerie said: "I am really pleased that the staff I nominated won the award. They have really gone that extra mile for me and I wanted them to be awarded for their efforts."

The Trust Board

The Board is responsible for setting the overall policy and strategy for the organisation and for ensuring the effective implementation of that strategy. It establishes a committee structure which supports it in driving the delivery of the principal objectives through a process of risk management, control and assurance.

Board membership comprises the Chairman and Chief Executive, together with a mix of other executive and non-executive directors. Collectively, the members bring a diverse range of skills and senior experience to the board and are accountable for the delivery of the organisational objectives.

The non-executive directors are independent people, drawn from the local community and appointed by the Appointments Commission on behalf of the Secretary of State for Health.

The Chief Executive and executive directors are full time employees of the Trust. They are appointed on permanent contracts through open competition procedures. Their selection process includes an interview panel involving the Chairman, non-executive directors and independent advice.

The remuneration of executive and associate directors is determined by a remuneration and terms of service committee. During 2011/12 this committee consisted of the Chairman plus two non-executive directors.

Board membership for 2011/12 was as follows:

Non-executive directors

Paul Richardson – Chairman

Paul was appointed permanent Chairman of the Board in December 2009. Following a successful international engineering career, Mr Richardson gained a wealth of NHS experience serving as Non-Executive Director at the Scunthorpe Health Authority from 1990 and then Scunthorpe and Goole Hospitals Trust from 1993. He was Vice-Chairman of Northern Lincolnshire and Goole Hospitals Foundation NHS Trust up to November 2008.

Interests declared: None
Term of office: December 2009 – December 2013

Tim Staniland - Vice Chairman

Tim has extensive senior experience in sales and marketing. His career began with Geest in Spalding, before he moved to United Biscuits and later to Edinburgh-based Buck Chemicals. He was appointed Sales Director for a UK division of German multi national Henkel in 2004. Tim then moved to award-winning sales and marketing company Chartered Brands as a Business Unit Director. Most recently he established his own product development company in August 2006.

Interests declared: Director, Innovation Deli Ltd
Term of office: March 2011 – March 2015

Keith Brown – Audit Committee Chair

Keith is a highly experienced accountant and was formerly the Chief Financial Officer of the London Borough of Southwark where he oversaw the spending of over £2bn per annum. He ran the council's internal audit section as well as running the council's efficiency audits and ensuring it brought in targeted savings each year. He has also previously worked as Assistant Audit Manager for Deloitte, Haskins and Sells and as Auditor for the District Audit Service in Kent, Sussex and London.

Interests declared: None
Term of office: May 2008 - May 2012

Penny Owston

Penny is a practising solicitor-advocate specialising in children's law. She is a tutor on the Nottingham Law School MBA programme in legal practice management and is a WABC accredited business coach.

Between 2000 and 2005 was the law society council members representing the Lincolnshire constituency and was appointed to the board of the Solicitors Regulation Authority in 2005.

Interests declared: None
Term of office: May 2010 - May 2014

Keith Darwin

Keith is a former Chief Executive of Lincoln Co-operative Society. He is the Chairman of Investors in Lincoln and the Lincolnshire Economic Action Partnership, a Trustee of St Barnabas Hospice Trust and a Governor of the University of Lincoln. He is a Justice of the Peace and is the Deputy Chair of People First International. He was awarded the OBE in 2000 and became an Honorary Doctor of Law in the same year. Between 1992 and 2004 he was a Director of the National Cooperative Group and from 2000-2004 was Chair of the Board.

Interests declared: Director Brayford Trust; Chairman Investors In Lincoln;Chairman Lincolnshire Economic Partnership; Chairman People First International; Trustee St Barnabas Hospice, Lincoln; Governor University of Lincoln
Term of office: Nov 2010- Nov 2014

Nick Muntz

Nick is Managing Director at Siemens Industrial Turbomachinery Ltd (SITL) in Lincoln where he is responsible for the overall performance of the business. He also leads the project implementation and change team in charge of the company's current multi-million pound relocation project. He held various roles in senior management at his last company, Weir Pumps in Glasgow, before accepting his current position with Siemens in 2006.

Interests declared: Managing Director SITL; Governor University of Lincoln
Term of office: July 2009 – July 2013

Executive directors

Andrew North - Chief Executive

Andrew started as Chief Executive in August 2010, having joined from Northern Lincolnshire and Goole Hospitals NHS Foundation Trust where he had been Chief Executive for almost 13 years. Andrew's first Chief Executive position was with South Lincolnshire Community and Mental Health Services NHS Trust in 1993.

A career NHS manager, Andrew has also previously worked at Pilgrim Hospital, Boston, Rotherham District and General Hospital and hospitals in London and Suffolk.

Interests declared: None

Jane Lewington - Director of Strategy and Performance / Deputy Chief Executive

Jane joined the Trust in December 2010 from North East Lincolnshire Primary Care Trust, where she was Chief Executive for ten years. In that role she oversaw the Trust's transformation into the country's first Care Trust Plus with responsibility for both the commissioning and provision of adult social care.

Prior to her role at North East Lincolnshire PCT, Jane enjoyed a career spanning a broad range of acute and mental health services in Lincolnshire.

Interests declared: Non-Executive Director NE Lincs Mental Health Community Interest Company; Non-Executive Director Big Life Health Board

Kevin Turner - Director of Finance, Procurement and Informatics

Kevin joined the Trust in January 2011. He first started in the NHS as a trainee accountant in Doncaster in 1979 before moving to Pilgrim Hospital, Boston to take up the position of Hospital Finance Manager.

He was previously Director of Finance at Lincolnshire Health Authority, North East Lincolnshire NHS Trust and two successful Foundation Trusts, most recently at Doncaster and Bassetlaw Hospitals NHS Foundation Trust.

Kevin is a member of the Chartered Institute of Public Finance and Accountancy, he has completed the NHS Strategic Financial Leadership Programme and is on the NHS Top Leaders Programme.

Interests declared: None

David Levy – Medical Director

David joined the Trust in April 2011, having spent a period of time as President of the British Columbia Cancer Agency (BCCA), Canada.

David qualified from the Royal London Hospital Medical School in 1984 and trained in clinical oncology in Oxford and Leeds.

Following his training, he spent 18 months as a consultant in Northampton before moving to Sheffield as Director of Post-Graduate Medical Education.

He has previously held roles as the Medical Director of the North Trent Cancer Network, National Clinical Lead for Cancer Modernisation and Medical Adviser for Cancer to the Department of Health.

Interests declared: None

Sylvia Knight – Director of Nursing and Patient Services

Sylvia is a nurse by background and joined the Trust in August 2004 having spent the previous 13 years working at Leeds Teaching Hospitals NHS Trust.

As well as senior professional leadership and operational management roles, Sylvia has also spent time during her post-registration career within research and development where she was able to develop her sub-specialist interests in pressure sore prevention and nutritional care.

Sylvia completed a Masters in Quality Assurance in Health and Social Care in 1995 at the Nuffield Institute for Health, Leeds, and is a trained facilitator having completed a year-long leadership programme.

Interests declared: None

Mike Speakman - Director of Facilities Management

Mike is an electrical engineer by profession and has worked in the NHS since 1984. He worked at Glenfield Hospitals and Leicester Royal Infirmary before joining the High Security Rampton Hospital. Mike held positions as Assistant Head of Facilities (Forensic) and then Director of Facilities, Capital Projects and Business Development at Nottinghamshire Healthcare NHS Trust.

He has strong involvement with the Health Facilities Management Association, having previously been regional Chairman and a member of the national council. Mike participates in a number of regional and national advisory groups, related to health facilities, education and development and policy development.

Interests declared: Managing Director Terrace House Management Ltd

Jaki Lowe – Interim Director of Human Resources

Jaki Lowe joined the Trust in September 2011. She is an experienced HR director who has previously worked in both private and public sector roles.

Jaki has particular strengths in leading organisational development and performance, change management and employee relations.

Interests declared: Director Inter-change HR Ltd

Michelle Rhodes - Director of Service Delivery

Michelle is a nurse in both hospital and community settings by background. She has previously worked for PCTs where she has extensive experience in commissioning.

Michelle also worked as Chief Operating Officer at Nottingham University Hospitals NHS Trust and as Interim Chief Operating Officer for Mid Staffordshire NHS Foundation Trust.

Interests declared: None

Other board members during the year:

There was a further director who served on the Board for part of the year, as follows:
Ros Edwards, Director of Human Resources
- Left the Trust August 2011

Board attendance

The Board met formally on eleven occasions during 2011/12. Individual directors attendance was as follows:

Voting members	Attendance	% Attendance
Paul Richardson - Chairman	11/11	100
Tim Staniland	10/11	91
Keith Brown	8/11	73
Nick Muntz	7/11	64
Penny Owston	11/11	100
Keith Darwin	8/11	73
Andrew North	9/11	82
Jane Lewington	9/11	82
Kevin Turner	11/11	100
David Levy	9/11	82
Sylvia Knight	9/11	82
Non-voting members	**Attendance**	**% Attendance**
Mike Speakman	10/11	91
Michelle Rhodes	7/11	64
Ros Edwards	3/5	60
Jaki Lowe	4/6	67

The Audit Committee

The Audit Committee is a statutory committee of the Board. It is responsible for providing independent assurance on the processes operating within the Trust for risk, control and governance. Its specific functions are laid down within the national Audit Committee Handbook.

It assesses the adequacy of assurances that are available with respect to financial, corporate, clinical and information governance. In so doing it considers the information available from independent sources, such as internal and external audit, Monitor and the Care Quality Commission (CQC) as well as from internal sources, such as the other committees of the Board and executive officers and senior managers.

Audit Committee membership comprises three non-executive directors, one of whom will have considerable financial expertise. For 2011/12, membership was as follows:

Keith Brown, Chair
Penny Owston, Vice Chair
Keith Darwin

The committee met on five occasions during the year with attendance as follows:

Members	Attendance	% Attendance
Keith Brown – Chair	4/5	80
Keith Darwin	4/5	80
Penny Owston	5/5	100

The Governance Committee

This committee ensures that a robust risk and governance framework is maintained by the Trust, which is designed to ensure that systems, processes and controls are in place to manage risks. It is the coordinating committee for the management and mitigation of risks relevant to the corporate objectives and advises the Board on matters of governance.

In order to do so the Governance Committee oversees the activity of and, where necessary, directs a hierarchical system of sub-committees and working groups across the organisation to deliver specific elements of governance.

Membership comprises a mix of executive and non-executive directors. The committee met on six occasions during 2011/12, with the following attendance:

Voting members	Attendance	% Attendance
Tim Staniland – Chair	6/6	100
Keith Darwin	2/2	100
Nick Muntz	4/6	67
Penny Owston	3/4	75
Andrew North	5/6	83
David Levy	6/6	100
Kevin Turner	5/6	83
Sylvia Knight	0/6	0
Jane Lewington	0/4	0
Mike Speakman	1/1	100
Ros Edwards	2/3	67
Jaki Lowe	1/3	33

Caring for patients 24/7

A new site duty management team is improving the management of Pilgrim Hospital in Boston at weekends, evenings and throughout the night.

Team members are taking overall responsibility for the hospital site outside of normal office working hours with the aim of ensuring further improved round-the-clock treatment of patients. They also provide support for staff during the day.

One of the five-strong team are now available seven days a week to respond to any issues. They will work across different departments and call in additional help where required.

This team is just one of many across the Trust which now work an unconventional working week so that patients receive the best possible care.

Emergency preparedness

The Trust is required to comply with legislation and standards regarding emergency preparedness and works closely with colleagues in NHS Lincolnshire's public health directorate and other health providers to consider, plan and test the preparedness for the county.

In the last year the Trust has employed a senior manager responsible for emergency planning and business continuity which greatly increases the organisation's resilience in times of crisis. The Trust is also an active member and participant of a multi-agency group reporting to the Lincolnshire Resilience Forum for emergency planning and business continuity, working in partnership with the Joint Emergency Management Service and other category one responders.

There are plans in place to deal with major incidents and specific plans that have been updated and tested this year include pandemic flu, strike action and fuel crisis. Site cascade call-out plans are regularly tested and updated.

This year Project Artemis site lockdown planning and testing has been carried out with security management colleagues and the Trust is planning to take part in CBRNe Exercise Olympic Shower scenarios on all major sites and working closely with NHS Lincolnshire and partner agencies to update and revamp mass evacuation planning for Boston in preparedness for the possibility of east coast flooding, in line with the community risk register for Lincolnshire.

Serious untoward incidents- information governance

The confidentiality and security of patient data is paramount and the Trust is required to report to the Information Commissioner any serious untoward incidents involving the loss of personal data. For 2011/12 there were no such incidents reported.

Other data rated incidents for the year are summarised below:

Summary of other personal data related incidents in 2011-12		
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	0
V	Other	0

Achieving NHS Foundation Trust status

In the last year the Trust has entered into a Tripartite Formal Agreement (TFA) with the Department of Health and the Strategic Health Authority which confirmed the commitment of all three parties to see the Trust achieving NHS Foundation Trust (FT) status by April 2014.

The TFA sets out that the Trust will submit its final FT application to the Department of Health to begin the formal assessment towards achievement of FT status in September 2013.

The Trust's NHS Foundation Trust application will need to robustly demonstrate that the organisation can meet exacting standards on quality of services, governance and finance as well as setting out a clear vision on how local people will be able to directly influence the work of the Trust and its key decisions.

The TFA sets out a number of milestones that the Trust is required to meet alongside the formal application process, and good progress was made in 2011/12. Progress was particularly made in the areas of achieving financial balance by 31st March 2012, developing the future clinical strategy, taking forward transformational work within urgent and planned care services, improving the way that the Trust manages its own performance and starting work on an estates strategy.

During the year the Trust made good progress on a number of key service targets but there are areas where further progress needs to be made to underpin a successful application.

The Trust has set up a formal Foundation Trust Programme Board to oversee its progress towards FT status and key activities in 2012/13 include developing proposals for its future membership scheme and constitution in preparation for public consultation, finalising the clinical services strategy and development of the Integrated Business Plan.

Principles for remedy

The Trust is committed to resolving complaints efficiently and effectively with the minimum of bureaucracy. In doing so, every effort is made to ensure that any lessons are learned and a full explanation and apology is given, where appropriate. The Trust has designed its complaints system in accordance with the good practice outlined by the Health Service Ombudsman's 'Principles of Remedy' document.

The Trust aims to put the needs of the patient/complaint at the centre of every stage of its complaints procedure with open and honest responses. Complaint information is coordinated on a centralised database and used by the Trust to learn from complaints and improve the services provided.

The Trust is committed to achieving the national standard of 80% of complaints responded to in an agreed timeframe. This was not met for the full year and the Trust has a number of actions in place including an improvement project to understand the cause of delays, frequent reviews of performance, improved governance and ensuring accountability and ownership of complaints as well as training for those investigating and responding to complaints.

Sustainability

United Lincolnshire Hospitals NHS Trust is committed to reduce its CO2 emissions by 30% by 2015. The Trust is putting energy efficiency and carbon reduction at the heart of its management policy and the planned reduction in CO2 emissions is also expected to save the Trust £623,500pa.

The Trust has installed and is successfully operating a biomass boiler and 525 kWe gas fired CHP at Pilgrim hospital, resulting in a reduction in CO2 emissions at the site by 35% from 11,122 to 7,262 tonnes per year.

The Trust's carbon management plan has now moved onto Grantham and District Hospital and an outline business plan for the reconfiguration of energy services has been approved for the site. Studies have concluded that by replacing the existing boilers the hospital could reduce its CO2 emissions by 2,000 tonnes per year, with the potential of producing revenue savings of £117,500 per year.

Raising awareness among staff of the impact of their behaviour as individuals is a central priority. The Trust is recruiting environmental champions at each site and plans to hold staff training days, as well as incorporating responsible energy use into staff inductions. During 2012/13 the Trust is working with an energy partner to begin a behaviour change programme, with the aim to reduce energy consumption by 5%. In addition, the Trust is also striving to achieve a further energy consumption reduction of 10-15% through various capital expenditure initiatives at both Lincoln

and Boston hospitals.

Carbon management is being embedded as a central element to be considered in all process and purchasing decisions. The Trust has already begun to evaluate its suppliers' carbon reduction strategies and how their emissions may be reduced, looking at the CO2 emissions resulting from supplier partnerships and establishing reporting arrangements to keep track of improvements.

Transport, building design, waste management and water management have also been included in a comprehensive new approach putting sustainability at the heart of policy.

The Trust is working with its waste contractors to increase the level of recycling to 75%.

In the last three years the Trust has won the Health Business Award for Sustainable Hospital, received a Highly Commended Award at the CHPQA Awards Ceremony and a commendation and certificate from the Carbon Trust for its ambitious target towards carbon dioxide reduction.

Charging for information

It is Government policy that much information about public services should be made available either free or at low cost, in the public interest.

In common with most public organisations, United Lincolnshire Hospitals NHS Trust freely posts information about its activities and services on the internet. The Trust also responds to specific queries under the Freedom of Information Act. In most instances this will be at no cost, however where information is not readily available the Trust may choose to charge for costs of preparing the information requested, but would only do so with the express agreement of the recipient.

The Trust therefore ensures compliance with the Treasury's guidance on setting charges for information.

Pleased patients like to thank staff personally

Among those who have made a point of showing their gratitude this year was mum Rachel Bray, who has raised thousands of pounds for the Trust following the birth of her son Oliver at Pilgrim Hospital in Boston.

When Oliver was born he suffered a stroke and needed round the clock care and lifesaving treatment as hospital staff battled to save his life. During his treatment Oliver was resuscitated, ventilated and had to be given a blood transfusion.

Rachel was determined to do something for the staff who helped Oliver both in Boston and at a hospital in Nottingham where he was also treated.

Rachel said: "You cannot put a price on saving your baby's life but it is important that the hospital has all the equipment it needs. The staff do an amazing job and the care they give is second to none, not only to sick babies, but to premature babies too."

Our staff

Information and consultation

The Trust has a wide range of formal and informal mechanisms in place to inform and consult staff and staff side organisations. These include:

- Monthly Executive Partnership Forum with membership from senior management and union representatives from the four hospital sites
- Monthly Site Partnership Forums on the three main sites
- Fortnightly meetings between HR and staff side chairs
- Weekly meetings between site HR leads and site lead representatives
- Agreed communication methods with staff side representatives
- Weekly Newslinc newsletter sent to all staff
- Monthly Team Brief following Trust Board meetings
- Executive roadshows on each site
- Transformation programme newsletter
- HR news for managers
- Consultation mechanism in place which include staff side representation
- Organisational change policy allows for staff to comment on proposed changes and receive response

Policy in relation to disabled employees

The Trust has a general policy in relation to disabled employees, which is contained within its Single Equality Scheme. The Trust aims to ensure that its recruitment processes, the arrangements for determining who should be offered employment and the terms on which employment is offered should not put disabled people at a disadvantage. Terms of employment and opportunities such as promotion, transfer, training or receipt of benefits should not be refused on the grounds of a person's disability and other formal processes including disciplinary and capability policies have been through Equality Impact Assessments to ensure that disabled employees are not subject to unlawful discrimination.
The Trust's Managing Attendance Policy recognises the organisation's duties as an employer under the Equality Act 2010. It will take the appropriate steps to ensure no member of staff is treated less favourably as a result of their disability, and will make reasonable adjustments to allow disabled employees to carry out their duties.

The Trust has been assessed as meeting the criteria for the Two Ticks scheme and Mindful Employer.

Equality and diversity

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.

The Trust is working to transform its organisational culture by committing to implementing the Equality Delivery System. It will continue to promote equality and challenge discrimination in all service provision, recognising and meeting the needs of the diverse communities it serves.

The organisation is striving to provide an environment in which people want to work and to be a model employer, leading in good employment practice. It is 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 will be addressed in accordance with the Trust's policies and procedures.

Corporate responsibility for the Single Equality Scheme lies with the Chief Executive. The Director of Human Resources is the board champion for equality and diversity. All board members have a responsibility for ensuring that the Single Equality Scheme is implemented and for promoting equality in the Trust's business. Responsibility for delivery rests with the identified lead for each of the outcome areas in the action plan.

Sickness absence data

The Trust is committed to maintaining and promoting the health and wellbeing of its employees and to support all of them, both as individuals and as team members, in dealing with issues affecting their health.

The Trust set a target of 3.5% for sickness absence levels for 2011/12, which would have constituted a reduction of 1.68% from the 2010/11 annual rolling absence rate of 5.18%. The actual annual rate for 2011/12 was 4.95%.

The actual monthly absence rates are shown in the table below:

Month	In month percentage	Annual percentage
April 2011	4.46%	5.11%
May 2011	4.28%	5.05%
June 2011	4.40%	5.03%
July 2011	4.72%	5.10%
August 2011	4.84%	5.22%
September 2011	4.85%	5.06%
October 2011	5.15%	4.98%
November 2011	5.96%	4.98%
December 2011	5.84%	4.95%
January 2012	5.66%	4.92%
February 2012	5.42%	4.95%
March 2012	4.91%	4.95%

NHS Trusts are required to report sickness absence data within the Annual Accounts (Note 10). This however is reported on a calendar year basis and is not therefore directly comparable to the data table above.

Operating and financial review

Priorities for 2011/12

The priorities for 2011/12 were geared towards the commitments to patients and the public set out in the NHS Constitution and annual NHS operating framework, namely:

Improving access

Improving cleanliness and reducing infection

Improving health and reducing health inequalities - comprising a focus on stroke, cancer, children and young people and maternity and neonatal services

Patient experience, satisfaction and engagement

Emergency preparedness

These priorities were set against a background of significant financial challenges in line with the wider economic outlook - with trusts being required to deliver surpluses as a precursor to NHS Foundation Trust authorisation.

The year also saw a continuation of changes to the national payment tariff for acute hospitals, including best practice tariffs, payment supplements for the achievement of best practice and quality targets (CQUINS). In addition, there has been an extension to the fines and penalties system for providers who fall below agreed standards or performance thresholds, restrictions on the acute tariff and marginal payments for emergency admissions over the 2008/09 baseline.

Taken together, the national service priorities and financial planning assumptions represented a major challenge in continuing to improve quality whilst delivering significant improvements in productivity and performance against national and local standards.

The Trust's response to these priorities was framed into six strategic goals and 30 specific objectives as outlined in the Corporate Strategy 2010-2015. The key goals were:

1) To ensure that all contacts with our services deliver a positive experience for patients

2) To develop a range of clinical services which are viable, safe, and clinically effective

3) To deliver services which perform in line with regulatory requirements, national targets and locally agreed standards

4) To secure and develop a flexible, effective and productive workforce

5) To manage resources productively and secure financial viability and stability on a sustainable basis

6) To ensure proactive and positive relationships with partners in the strategic development of our services

Activity and performance

The following table details the planned and actual activity levels for 2011/12:

Activity type	10/11	11/12 plan	11/12 actual	Change 10/11 - 11/12
Elective inpatient spells	14,372	14,097	14,308	-0.45%
Day case spells	64,897	62,374	67,840	4.34%
All elective spells	79,269	76,471	82,148	3.50%
Non-elective spells (emergency)	79,335	71,898	73,454	-8.01%
New outpatient attendances	168,981	156,001	169,225	0.14%
Subsequent outpatient attendances	387,096	372,945	402,892	3.92%
A&E attendances	168,145	167,849	171,033	1.69%

Significant resources have been invested again in 2011/2012 to work towards achieving the core standards within the operating framework on A&E, 18 week referral to treatment (RTT), access to cancer services and cancelled operations.

There have been significant improvements across the waiting time measures so that by the end of the year the Trust achieved in both the outpatient and inpatient elements of the 18 week standard. Of particular note was the improvement seen during the year in orthopaedic surgery, which achieved the 18 week target for the first time since the introduction of the current performance standard.

Improvements were seen across the majority of cancer standards during the year, although this improvement proved more difficult to sustain during the last quarter of the year when non elective pressures increased from January 2012.

The picture for A&E services was mixed in 2011/12. The Lincoln site achieved improvements in the A&E standards and exceeded the four hour standard during the year. Grantham also maintained its high levels of performance. However, operational difficulties at Boston offset these improvements so that overall the Trust fell short of the four hour standard for the year.

The Trust has once again delivered an increased level of activity in 2011/12 across elective, day case and outpatient work over and above 2010/11 levels.

Performance against the key indicators for 2011/12 was as follows:

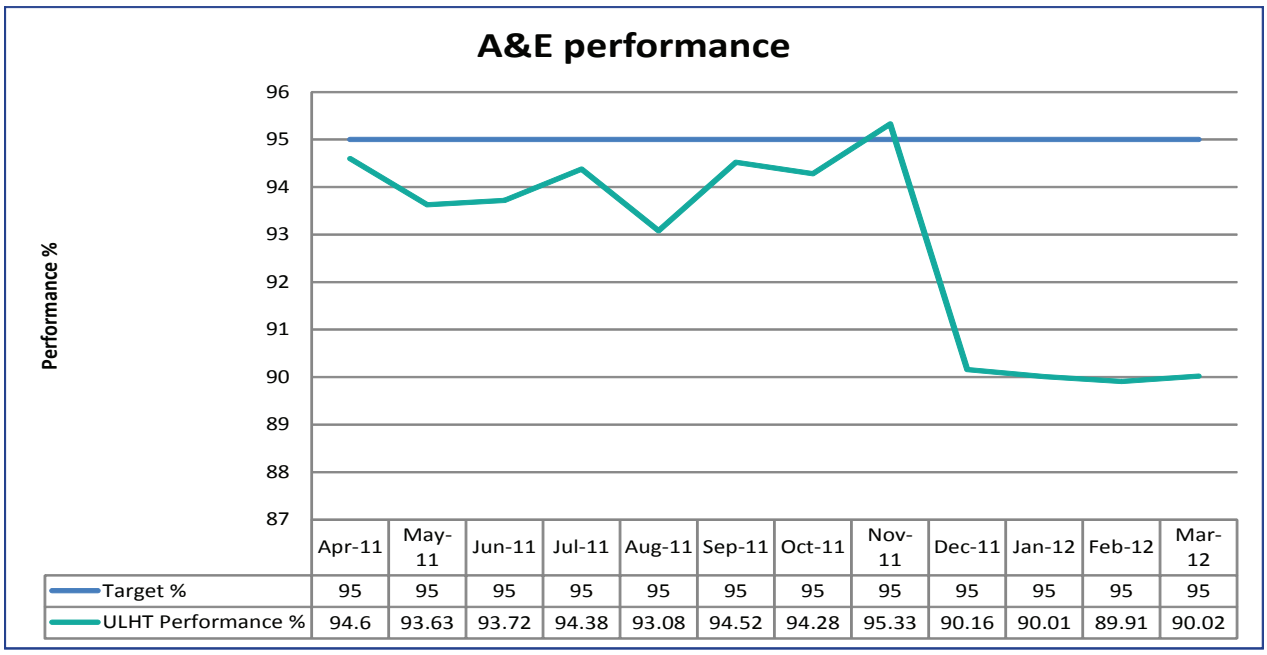
Accident and Emergency

The target for Accident and Emergency (A&E) is for at least 95% of patients to be seen, treated and either admitted or discharged within four hours. The Trust did not meet this standard over the course of the year, with a performance of 92.85%.

Work started during the year on a number of initiatives to improve A&E performance, including working to reduce the length of hospital stay and improve the availability of medical beds, an increased emergency physician input in the clinical decisions unit at Boston and Lincoln and senior tracking of patients through A&E on both the Lincoln and Boston sites.

The following table and graph show the Trust's performance against this target:

A&E attendances 2011/12	Attendances	Breaches	Performance
Skegness	26,118	252	99.04%
Grantham	31,063	1,026	96.70%
Boston	48,940	8,180	83.29%
Lincoln	64,942	2,774	95.73%
Trust	171,063	12,232	92.85%



	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
Target %	95	95	95	95	95	95	95	95	95	95	95	95
ULHT Performance %	94.6	93.63	93.72	94.38	93.08	94.52	94.28	95.33	90.16	90.01	89.91	90.02

Data source and calculations

The data to calculate performance against A&E waiting times is taken from the Trust's Patient Administration System (PAS). Every patient is entered into this system with a start time and end time from when they arrive in the A&E Department 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. The total attendance is measured at the end of each month and the four hour breaches expressed as a percentage of the total attendances. This method of calculation is consistent with Department of Health guidance.

18 week referral to treatment - non admitted patients

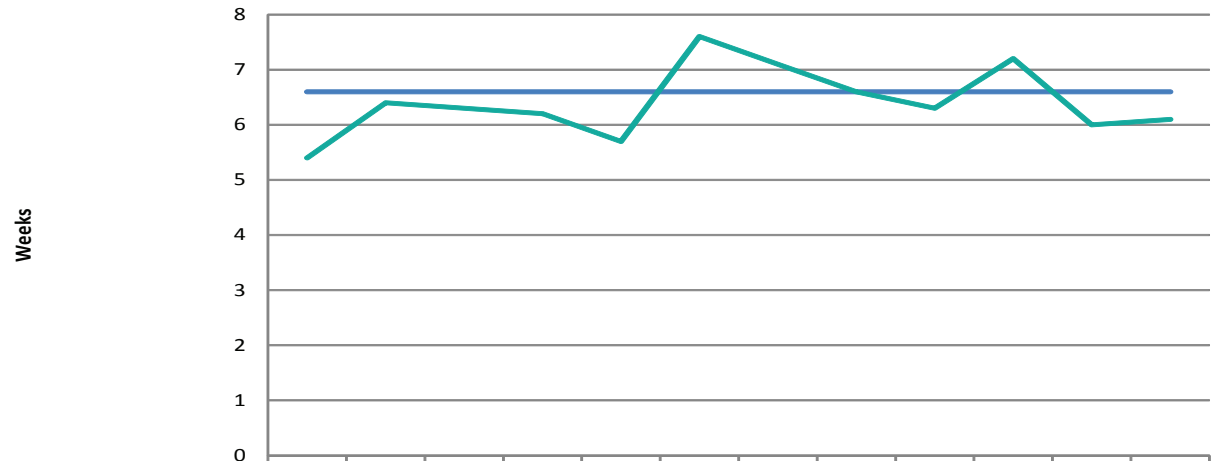
The 18 week referral to treatment standard (RTT) states that 95% of patients will be treated within 18 weeks of referral. Additional measures were introduced nationally from June 2010 which measured both the median wait (standard 6.6 weeks) and the 95th percentile waiting time (18.3 weeks). The RTT measures provide a snapshot of performance in a particular month and are not reported as an annual average.

The Trust achieved the standard of 95% at the end of the year.

RTT non-admitted: 18 weeks

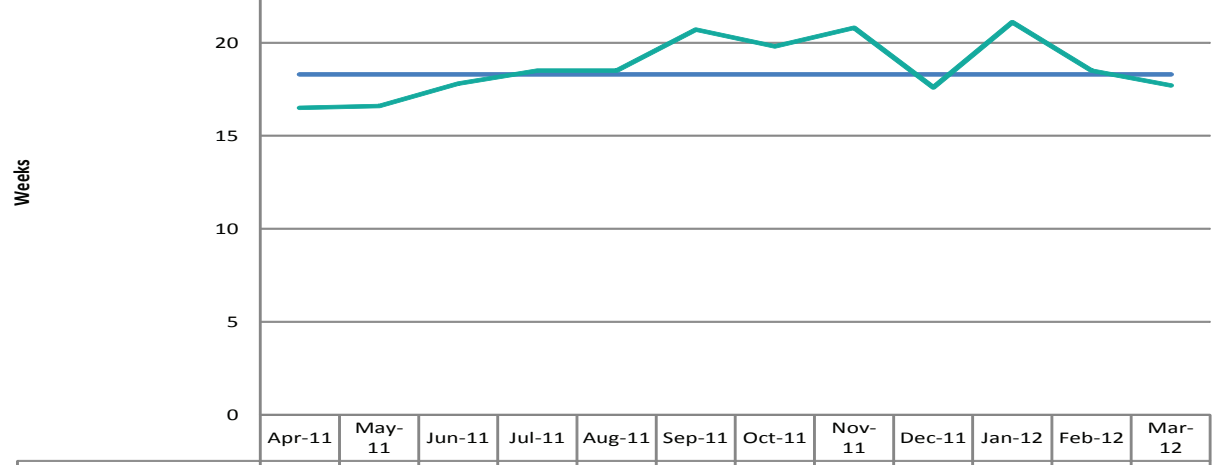
	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
Target %	95	95	95	95	95	95	95	95	95	95	95	95
ULHT performance %	95.8	96.1	95.2	94.6	94.7	92.78	93.23	92.7	95.4	92.76	94.67	95.4

RTT non-admitted: 18 weeks median



	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
Target	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6
ULHT performance	5.4	6.4	6.3	6.2	5.7	7.6	7.1	6.6	6.3	7.2	6	6.1

RTT non-admitted: 18 weeks 95th percentile

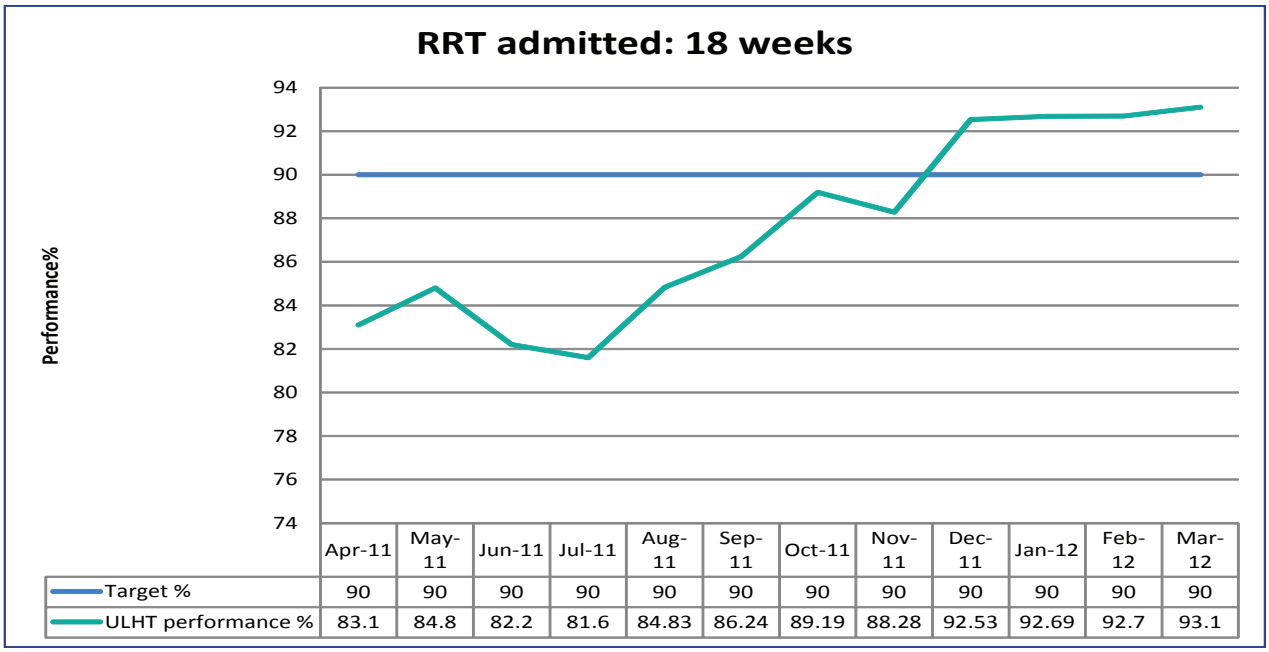


	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
Target	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3
ULHT performance	16.5	16.6	17.8	18.5	18.5	20.7	19.8	20.8	17.6	21.1	18.5	17.7

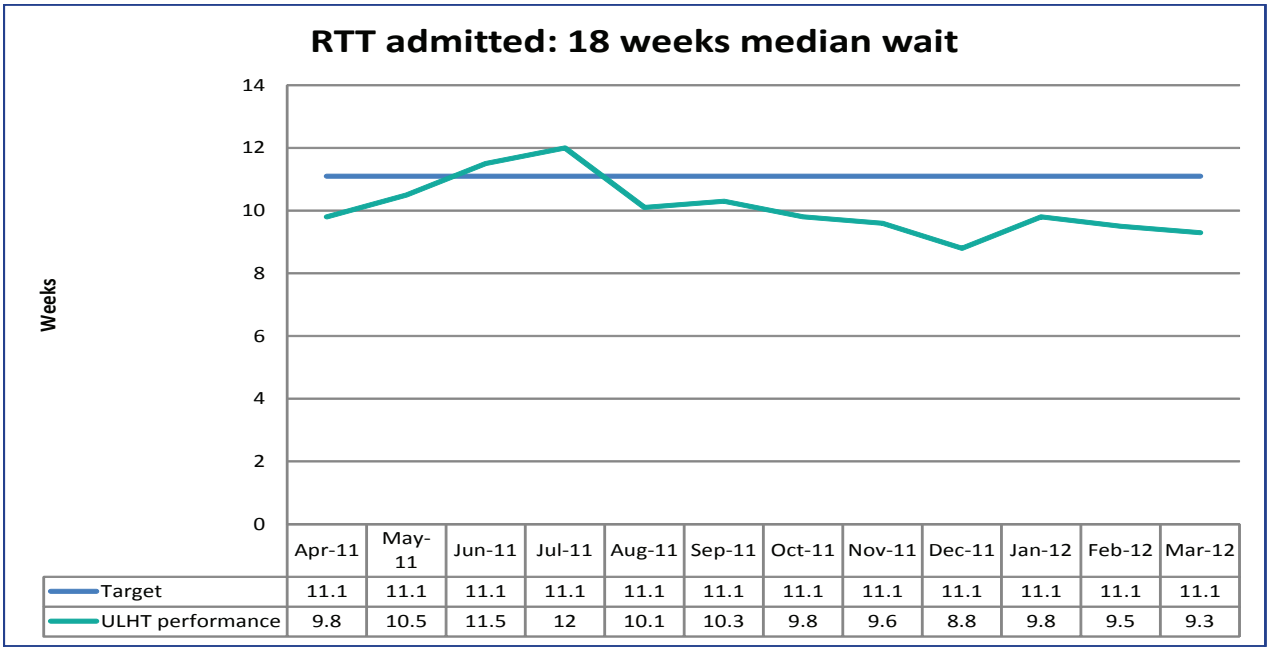
18 week referral to treatment - admitted patients

The18 week referral to treatment standard for admitted patients states that 90% of patients must be treated within 18 weeks of their referral. Additional measures were introduced in June 2010 in line with those for non-admitted patients. The median wait standard was 11.1 weeks and 95th percentile standard 27.7 weeks.

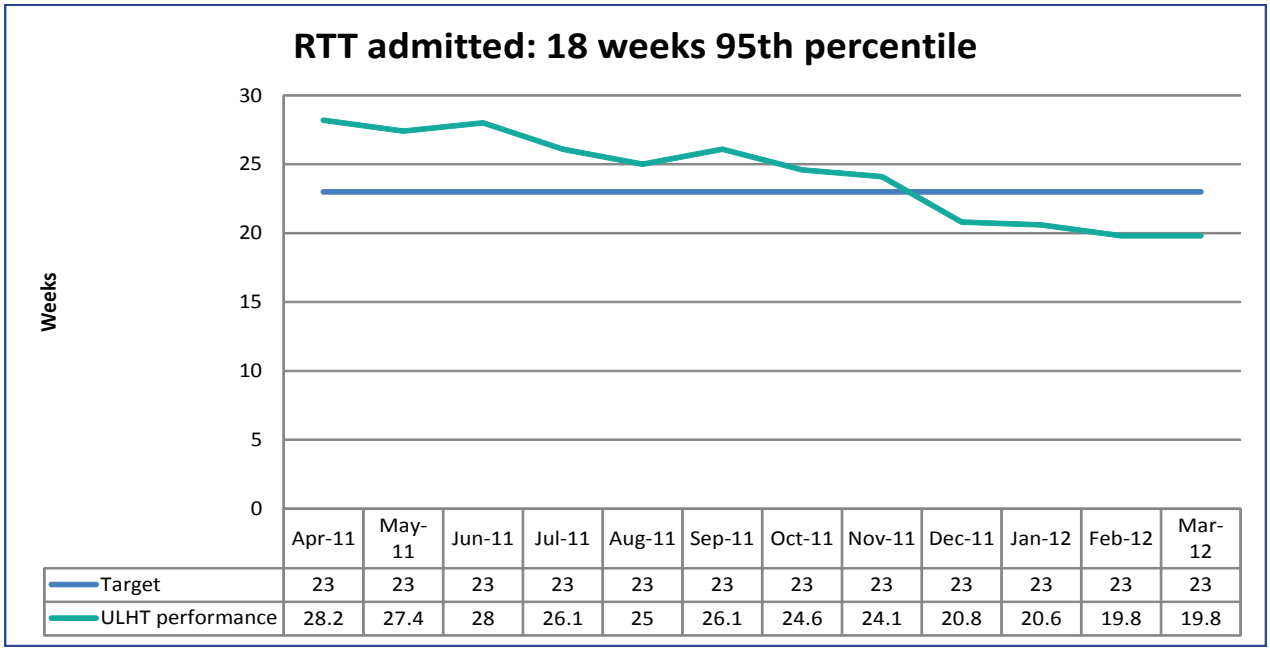
The Trust achieved the standard of 90% at the end of the year.



	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
Target %	90	90	90	90	90	90	90	90	90	90	90	90
ULHT performance %	83.1	84.8	82.2	81.6	84.83	86.24	89.19	88.28	92.53	92.69	92.7	93.1



	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
Target	11.1	11.1	11.1	11.1	11.1	11.1	11.1	11.1	11.1	11.1	11.1	11.1
ULHT performance	9.8	10.5	11.5	12	10.1	10.3	9.8	9.6	8.8	9.8	9.5	9.3



Data source and calculations

The data to calculate performance against the 18 week waiting times is taken from the Trust's 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 electronic 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 method of calculation is consistent with Department of Health guidance.

Cancer standards

The Trust's progress up to February 2012 against these standards can be seen in the table below:

Measure	Standard	Trust performance (to Feb 12)
2 week wait suspected cancer	93%	95%
2 week wait symptomatic breast	93%	91.5%
31 day decision to treat to treatment	96%	95.1%
31 day subsequent treatment: drug	98%	98.5%
31 day subsequent treatment: surgery	94%	95.2%
31 day subsequent treatment: radiotherapy	94%	98.2%
62 day referral to treatment	85%	79%
62 day screening	90%	66.7%
62 day consultant	95%	0%

Data source and calculations

The data to calculate performance against cancer waiting times is taken from the Trust's 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 methodology is consistent with guidance from thDepartment of Health.

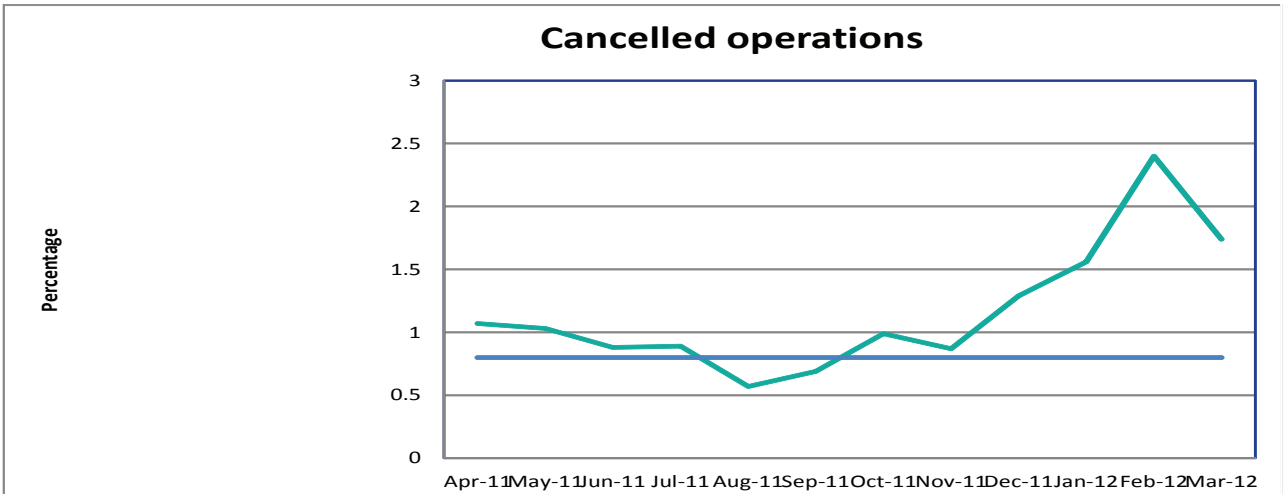
Cancelled operations

The standard for the short notice cancellation of operations for 2011/12 was to achieve a cancellation rate of no higher than 0.8% and to ensure that patients who receive such a cancellation have their operation within 28 days of their original postponement. This standard was not achieved.

A programme of work to reduce the number of cancelled operations by improving the organisation, scheduling and use of theatres is now underway.

Number of cancelled operations:

Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
64	67	63	60	40	50	67	66	80	109	166	123



	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
% of patients whose operation was cancelled	1.07	1.03	0.88	0.89	0.57	0.69	0.99	0.87	1.29	1.56	2.4	1.74
% Target	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8

Developing an effective organisation

A new internal performance framework was introduced in April 2011. This has been subject to a positive review via internal audit. The performance management system has been judged to give substantial assurance to the Board on the actual performance of the organisation and the escalation process. The framework is under further review in preparation for 2012/13 to ensure that it remains fit for purpose and can support effective implementation of the provider management regime.

Year-on-year performance analysis: 2010/11

Indicator (2010/11)	Achieve	Fail	Year to date	Current position
Total time in A&E: 4 hours or less	95%	95%	95.01%	95.51%
Referral to treatment times milestones - Admitted median wait	11.1 weeks	NA	NA	11.4 weeks
Referral to treatment times milestones - Admitted 95th percentile	27.7 weeks	NA	NA	28.1 weeks
Referral to treatment times - Non admitted median wait	6.6 weeks	NA	NA	5.5 weeks
Referral to treatment times - Non admitted 95th percentile	18.3 weeks	NA	NA	18.4 weeks
Waiting times for diagnostic tests (Excluding audiology)	10	30	1023	42
Number of inpatients waiting longer than the 26 week standard	0.03%	0.15%	380	72
			0.48%	1.02%
Number of outpatients waiting longer than the 13 week standard	0.03%	0.15%	1151	46
			0.70%	0.31%
Maximum waiting time of 2 weeks from urgent GP referral to first outpatient appointment for all urgent suspect cancer referrals	93%	90%	93.40%	97.0%
2 week standard for non-suspected (symptomatic) breast referrals	93%	90%	90%	97.70%
Maximum waiting time of 31 days from decision to treat to start of treatment extended to cover all cancer treatments	96%	94%	95.80%	96.50%
31 day subsequent drug treatments	98%		98.70%	100%
32 subsequent surgery treatments	94%		98.50%	94.30%
33 day subsequent radiotherapy treatments	94%		64.60%	96.20%
Maximum waiting time of 62 days from all referrals to treatment for all cancers	85%	80%	81.60%	77.40%
62 day standard from screening programmes	90%		82.50%	90.30%
(Cancelled operations) Number of patients whose operation was cancelled, by the hospital, for non clinical reasons, on the day of or after admission	0.80%	1.50%	966	127
			1.22%	1.79%
(Cancelled operations) Not treated within 28 days (breach)	5%	15%	100	19
			10.35%	14.96%
Delayed transfers of care	3.50%	5%	4.06%	3.32%
MRSA bacteraemia (Post 48 hours)	<31	31>	9	0
Clostridium difficile (Post 72 hours)	<211	211>	94	4
Thrombolysis - 60 minute call to needle time (Jul 10 -Sep 10)	68%	48%	62.32%	61.76%
Waiting times for Rapid Access Chest Pain Clinic (2 week Wait)	98%	95%	100%	100%
Patients waiting longer than three months (13 weeks) for revascularisation	0.10%	0.20%	0%	0%
Data quality on ethnic group	>=85%	<60%	98.10%	97.40%
Experience of patients	Pass	Fail	Satis	Satis

Year-on-year performance analysis: 2011/12

Indicator (2011/12)	Achieve	Fail	Year to date	Current Position	Trend	
Total time in A&E: 4 hours or less	95%	NA	92.86%	90.02%	↓	*
Referral to treatment times - Admitted- %	90%	NA		93.10%	n/a	*
Referral to treatment times - Admitted - median wait	11.1 weeks	NA		9.3	↑	*
Referral to treatment times - Admitted - 95th percentile	23 weeks	NA		19.8	↑	*
Referral to treatment times - Non-admitted- %	95%	NA		95.40%	n/a	*
Referral to treatment times - Non admitted - median wait	6.6 weeks	NA		6.1	↓	*
Referral to treatment times - Non admitted - 95th percentile	18.3 weeks	NA		17.7	↑	*
Waiting times for diagnostic tests (Excluding audiology)	10	30	1148	31	↑	*
Number of inpatients waiting longer than the 26 week standard	0.03%	0.15%	0.86%	0.01%	↑	*
Number of outpatients waiting longer than the 13 week standard	0.03%	0.15%	0.55%	0.07%	↑	*
Maximum waiting time of 2 weeks from urgent GP referral to first outpatient appointment for all urgent suspect cancer referrals	93%	90%	95.27%	94.87%	↓	**
2 week standard for non-suspected (symptomatic) breast referrals	93%	90%	91.25%	91.50%	↓	**
Maximum waiting time of 31 days from decision to treat to start of treatment extended to cover all cancer treatments	96%	94%	93.80%	95.12%	↓	**
31 day subsequent drug treatments	98%		98.91%	98.48%	↓	**
32 day subsequent surgery treatments	94%		96.49%	95.24%	↑	**
33 day subsequent radiotherapy treatments	94%		91.40%	98.21%	↓	**
Maximum waiting time of 62 days from all referrals to treatment for all cancers	85%	80%	81%	79%	↑	**
62 day standard from screening programmes	90%		83.73%	66.67%	↓	**
(Cancelled operations) Number of patients whose operation was cancelled, by the hospital, for non clinical reasons, on the day of or after admission	0.80%	1.50%	1.16%	1.74%	↑	*
(Cancelled operations) Not treated within 28 days (breach)	5%	15%	19.48%	34.96%	↓	*
Delayed transfers of care	3.50%	5%	2.52%	2.31%	↑	*
MRSA bacteraemia (post 48 hrs)	<8	8>	4	0	↑	*
Clostridium difficile (Post 72)	<92	92>	74	8	↑	*

Thrombolysis - 60 minute call to needle time (Jul 11 - Sep 11)	68%	48%	57.33%	44%	↓	Jul-Sept 2011
Waiting times for Rapid Access Chest Pain Clinic (2 week wait)	98%	95%	100%	100%	↔	**
Patients waiting lonfer than three months (13 weeks) for revascularisation	0.10%	0.20%	0%	0%	↔	*
Data quality on ethnic group	>=85%	<60%	98.20%	97.60%	↑	*
Experience of patients	Pass	Fail	Satis	Satis	↔	****
Infant health and inequalities: smoking during pregnancy and breastfeeding initiation	Pass	Fail			↔	****
Engagement in clinical audits	Pass	Fail	Yes	Yes	↔	****

* All figures as at March: ** All figures as at February: *** Last quarter: **** Annual Report

Forward look – Overview of Trust strategy 2012/13

Planning for United Lincolnshire Hospitals NHS Trust for 2012/13 builds upon the foundations established in 2011/12. In this planning, the Trust needs to engage with the local health economy's service strategy, as major structural changes are taking place in the NHS with the development of clinical commissioning groups in 2012. It must also recognise the need to improve the quality and effectiveness of services whilst improving productivity and efficiency.

The Operating Framework for the NHS in England 2012/13 sets out the national priorities, financial regime and guidance on the 2012/13 NHS planning process.

The Operating Framework also makes clear the significant financial challenge facing the NHS in the years to come. The financial settlement assumes that the NHS will reduce costs and improve efficiency and effectiveness through the Quality, Innovation, Productivity and Prevention (QIPP) programmes. Taken together, the future national service priorities and financial planning assumptions represent a major challenge to the organisation given its current levels of service and financial performance.

The strategic direction for the Trust's major commissioner, NHS Lincolnshire, is described in the document 'Shaping Health for Lincolnshire'. Its aim is to promote the delivery of healthcare as locally as possible within a safe environment. NHS Lincolnshire's commissioning priorities for next year include stroke care (acute and rehabilitation), primary angioplasty for heart attacks, major trauma care and development of radiotherapy and cancer services. Paediatric care will be developed following the review undertaken in 2010.

Continuing to improve patient safety in Lincolnshire

During the past year the Trust has been targeting improved patient safety in its hospitals.

Patient Safety Manager Dr Steve Cross has made great strides towards ensuring patient safety in several areas of care.

Steve has worked with staff across the Trust to put in place a system called Safety Express Plus which is being used by medical to ensure patients are well cared for.

The system ensures that people and systems work together to create a safe environment in hospitals.

Trust goals and objectives 2012/13

Goal	Objectives
To develop a range of integrated clinical services which are viable, safe, effective and efficient; and which meet the assessed needs of the population.	Develop the ULHT clinical strategy with key stakeholders, taking into account shaping health initiatives across the community.
	Build relationships and a communications/engagement strategy with emerging CCGs
	Deliver agreed priority service developments
	Review viability and safety of existing service arrangements
To deliver an positive patient experience in all contacts with our services	Develop ability to tailor to individual need and explore ideas for further development
	Ensure that services are accessible and that waiting is minimised to a level which betters national minimum standards
	Provide services which respond to patient choice
	Deliver care in a clean, safe environment
	Develop systems to measure patient experience
To be here for the long term as part of a succcesful health community	Achieve improved effeciency and
	Optimise the cost base through the delivery of a planned cost improvement programme
	Develop plans to increase market share in future years
	Develop an effective performance management framework alongside the implementation of service line management proceses and the development of business metrics
	Improve business intelligence
	Deliver the 5 year financial plan
	Optimise the use of, and investment in, the estate, facilities, IM&T, and major equipment
To secure and develop a committed, flexible, effective and productive workforce	Improve and support capability through
	Develop and implement a collaborative strategy that optimises the contribution of the workforce
	Increase workforce flexibility
To deliver at each of our sites, commissioned services which comply with regulatory requirements, national targets, and locally agreed standards	Ensure compliance with the national standards on each of our hospital sites
	Maintain compliance with CQC outcomes
	Ensure effcetive arrangements are in place to continually monitor, learn and improve the quality and effectiveness of healthcare provided to patients
To be respected as the provider of choice	Develop positive business relationships
	To deliver our service contract
	Improve community engagement
	To identify and mitigate health and safety risks to patients, visitors and staff across our hospitals

Key Performance Indicators 2012/13

The Trust is monitored on its performance against national, regional and local standards which are measured through the following indicators:

1. Performance framework
These are nationally driven targets which have been set in accordance with national policy.

2. Commissioning for Quality and Innovation (CQUIN)
These are indicators that are locally agreed with the commissioners as measures of quality improvement.

3. Integrated performance targets and local targets
These are regional and locally driven targets that focus on key service areas.

The Trust's internal performance framework comprises of three key domains:

Domain 1: Service quality –
Based around measuring and monitoring the quality of service that we provide.
This includes national and local targets that form part of care pathways. Targets include:

- HSMR (mortality ratio)
- CQUIN targets
- Feedback from patients including complaints
- Infection control
- Referral to treatment waiting times

Domain 2: Service performance –
Performance against national and local targets that govern a particular service. Targets include:

- A&E standards
- Cancer standards
- Stroke standards

Domain 3: Use of resources –
Using information on internal resource efficiency and looking at the efficient use of internal resources within workforce, finance and HR as well as contracted activity and contractual obligations.

Pilgrim hospital's outstanding response to fairground incident at Skegness

Pilgrim Hospital, Boston displayed a well-organised, successful response to a major incident at a fairground in Skegness in August 2011, when a ride collapsed with 40 casualties.

Incident Commander Jennie Negus, who is Deputy Director of Patient Services, said; "The response from all staff at Pilgrim hospital was outstanding.

"Everyone instinctively knew what actions to take and immediately prepared their areas to respond to the incident."

Our finances

Overview

The outturn for the financial year ending 31 March 2012 showed a small surplus of £0.3 million against the Trust breakeven duty. This includes technical adjustments in relation to impairments and changes in accounting policy in relation to donated and government granted assets, which when taken into account results in a statutory deficit of £7.1 million.

The cumulative position against the Trust breakeven duty remains a deficit of £8.2 million. The Trust has developed a long term Transformation Programme which will underpin the financial recovery plan and it shows delivery of break even in 2012/13 with financial surplus planned against the breakeven duty from 2014/15 onwards.

	Prior year accounts			Financial plans			
	Mar-10	**Mar-11**	**Mar-12**	**Mar-13**	**Mar-14**	**Mar-15**	**Mar-16**
Cumulative deficit against breakeven duty b'f	4,071	5,353	(8,527)	(8,207)	(7,308)	(3,281)	198
Net surplus/ (deficit) - including impairments	(4,002)	(14,177)	(7,060)	642	4,027	3,479	3,401
Impairments	5,284	297	6,873	574			
Other technical adjustments			507				
Net surplus/ (deficit) - excluding impairments - breakeven duty measurement	1,282	(13,880)	320	1,216	4,027	3,479	3,401
Cumulative deficit against breakeven duty c'f	5,353	(8,527)	(8,207)	(7,308)	(3,281)	198	3,599

Performance against the key financial targets during 2011/12 are summarised in the following table:

Target		**2011/12**	2010/11
Income and expenditure position against breakeven duty		**£0.3 million surplus**	£13.9 million deficit
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%**	3.5%
Better Payments Practice Code invoices paid within 30 days (measured by volume)	Trade	**86%**	79%
	NHS	**78%**	80%

Trust income

The majority of the income in 2011/12 (£370.1 million or 90.7% 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 seen or treated more patients than in previous years, and this is reflected in the increased income received during 2011/12.

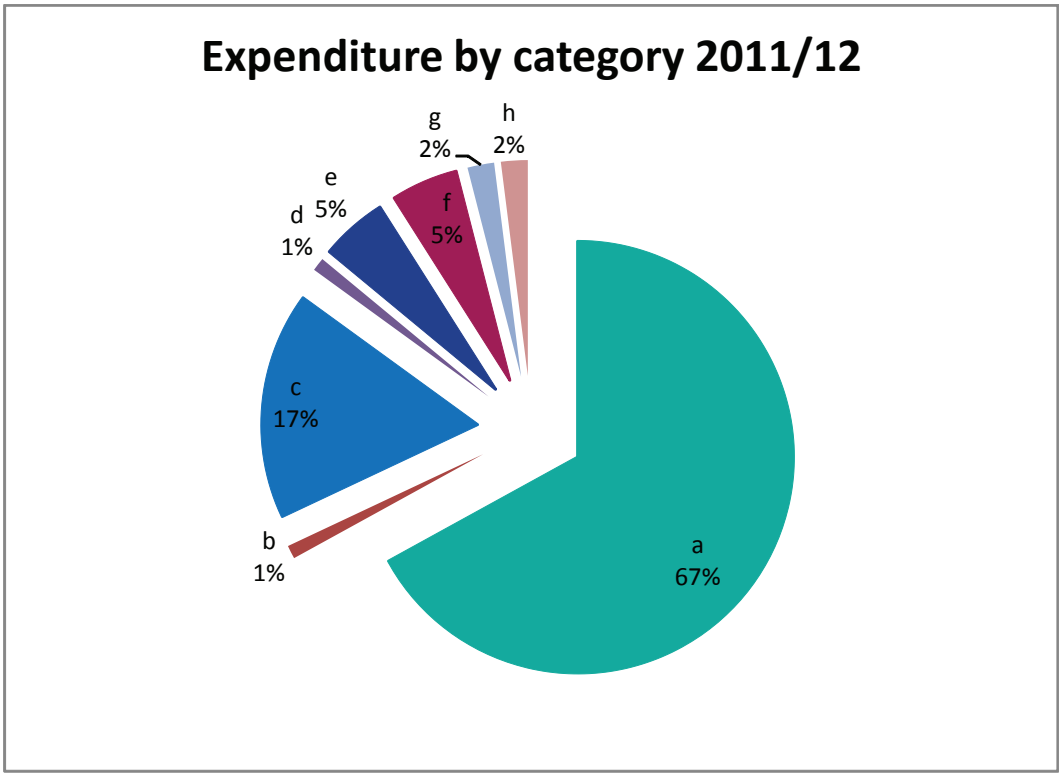
The Trust earned £19.4 million for education, training and research. The majority of this income came from East Midlands Strategic Health Authority Workforce Deanery and is provided as reimbursement for training of undergraduate doctors, junior doctors, nurses and technical staff.

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.

The pay expenditure in 2011/12 exceeded the initial budget for the year, due mainly to additional activity which necessitated the opening of additional beds and continued reliance upon the use of agency staff, particularly medical staff where there is a national shortage.

The chart below breaks down the Trust expenditure across the main categories;



a - Pay – The Trust's largest cost each year is paying the salary of its 6,200 permanently employed staff (average contracted whole time equivalent) and all the associated costs an employer needs to spend including national insurance and pension contributions. In addition pay costs include charges associated with the use of agency and bank staff.

The pensions of the majority of NHS staff are administered through the NHS Pension Scheme, details of which can be found within the full accounts (see note 10.5).

The remuneration report sets out details of payments made to Trust senior managers along with accrued pension benefits.

Overall pay costs for 2011/12 reduced by £3.0 million compared to 2010/11.

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 – Premiums paid to provide cover for the Trust against the potential for clinical negligence claims being brought.

h- General supplies and services – Includes laundry, linen, bedding, provisions and other general costs.

Cost Improvement Programme

The Trust planned to achieve savings of at least £20.4million as part of its intention to break-even during the year, as the national tariff for 2011/12 had an implied efficiency of 4% and other contracts similarly utilised this figure.

The Trust successfully delivered savings of £15.6million and whilst this did not meet the target it does represent material progress compared with previous years.

Cash flow

The cash balance of £2.2million on 31 March 2012 meant that the cash and Department of Health external financing limit target for 2011/12 was achieved.

The Trust's liquidity plans for 2011/12 and beyond are predicated upon the approval of a long term working capital loan, which will allow the Trust to manage the ongoing cash implications resulting from the 2010/11 operating deficit as it seeks to improve financial performance in preparation for Foundation Trust status.

The Trust has in place at 31 March 2012 a short term (two month) working capital loan of £3million along with a long term (20 year) capital loan of £4.3million, which has been approved to help fund the construction of an additional cardiac catheter laboratory to enable Lincolnshire residents to have Primary Percutaneous Coronary Interventions (PPCI) and Acute Coronary Syndrome (ACS) procedures performed in Lincoln rather than outside of the county.

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. Due to the low interest rates in 2011/12 returns were limited to £56,000.

Capital

The Trust invested £13.3million in the capital programme during the year. The table below summarises this by category.

	£ million
Buildings and estate	8.7
IT infrastructure	0.8
Medical equipment	3.8
Total	13.3

The capital programme was funded through internally generated resources (depreciation and sale of assets) and donated assets of £0.2million.

The basis of valuation for Trust assets is set out within the notes to the accounts. Land and buildings are subject to a full revaluation every five years but this is supplemented annually through a desktop valuation exercise.

Generally valuations are undertaken on a modern equivalent basis (ie the cost of re-providing existing service capacity using modern building/construction techniques). However the Louth site and buildings have been valued on an open market basis pending the planned disposal (transfer to NHS Lincolnshire) in 2012/13.

Better Payment Practice Code

The Better Payment Practice Code requires the Trust 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 2011/12 against this target is summarised as follows:

	2011-12	
	Number	Value
Percentage of Non-NHS trade invoices paid within target	**86%**	**81%**
Percentage of NHS trade invoices paid within target	**78%**	**86%**

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

The Trust accounts for 2011/12 are set out in full following the main body of this report. These have been prepared on a 'Going Concern' basis and 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.

Auditors and audit fee

The Audit Commission is the Trust's appointed external auditor and was paid £203,000 (Exc. VAT) in respect of statutory audit fees for the 2011/12 financial year.

The range of audit services provided by the Audit Commission included statutory review including audit of the annual financial and quality accounts, value for money assessment and review of the Trust's governance and financial arrangements.

The Audit Commission review of the 2011/12 financial statements resulted in an unqualified opinion.

The Trust uses Parkhill 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 internal and external auditors during the year.

Further copies of the Trust's accounts can be obtained from the Associate Director of Finance, Lincoln County Hospital, Greetwell Road, Lincoln or by emailing colin.hills@ulh.nhs.uk

Breast units pledge to provide high quality cancer services

Breast cancer patients in Lincolnshire have been central to the development of service pledges for care at breast units in Lincoln, Boston and Grantham.

The Trust, working alongside Breakthrough Breast Cancer, asked breast cancer patients at the three hospitals for their opinions about the services they received and suggestions of improvements that could be made.

Patients' opinions have been used to develop a service pledge setting out the standards of care patients can expect, what service improvements are planned and how patients can suggest improvements.

Anyone diagnosed with breast cancer and receiving treatment in Lincoln, Grantham or Boston will now be given a service pledge booklet – to allow them to understand what their experience in the unit will involve.

Remuneration report

Introduction

The Treasury Financial Reporting manual (FReM) requires 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 and Terms of Service Committee is a committee of the Board which oversees the process for nomination of senior executive posts including the Chief Executive. Non-executive directors, including the Chairman, are independently appointed by the Appointments Commission on behalf of the Secretary of State for Health and are typically appointed for a standard term of four years.

The committee membership during 2011/12 comprised of the Trust Chairman and two other 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 periodically using a recognised job evaluation system and comparative pay data intelligence.

The Trust does not currently have performance-related salaries for its executives 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.

During the year, all very senior managers were employed on permanent contracts and have a six month employer to employee notice period, with the exception of the Director of Human Resources. This director has been employed by the Trust through a private company since September 2011.

Remuneration report disclosure requirement in relation to pay multiples

The banded remuneration of the highest paid director in United Lincolnshire Hospitals NHS Trust in the financial year 2011/12 was £185,000 (2010/11, £185,000). This was 8.16 times (2010/11, 8.16) the median remuneration of the workforce, which was £22,676 (2010/11, £22,663)

In 2011/12, zero (2010/11, zero) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £185,000 to £5,214 (2010/11 £185,000-£5,214)

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. (Salary has been defined for the purposes of this calculation as basic salary which excludes overtime and enhancements)

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.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

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

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.

			2010/11				2011/12			
	Term in post		Salary (bands of £5,000)	Other remun-teration (bands of £5,000)	Bonus payments (bands of £5,000)	Benefits in kind (rounded to nearest £00)	Salary (bands of £5,000)	Other remun-teration (bands of £5,000)	Bonus payments (bands of £5,000)	Benefits in kind (rounded to nearest £00)
	Start	Finish	£000's	£000's	£000's	£00's	£000's	£000's	£000's	£00's
Mr P Richardson - Chair	Jul-09	Ongoing	20-25			22	20-25			12
Mr T Stainland - Non Executive Director	Mar-07	Ongoing	5- 10			4	5- 10			5
Mr K Brown - Non Executive Director	May-08	Ongoing	5- 10			8	5-10			7
Mr N Muntz - Non Executive Director	Jul-09	Ongoing	5- 10				5- 10			
Mr K Darwin - Non Executive Director	Jan-10	Ongoing	5- 10			2	5- 10			3
Mrs P Owston - Non Executive Director	Apr-10	Ongoing	5- 10			4	5- 10			6
Andrew North- Chief Executive	Aug-10	Ongoing	120-125				180-185			
Bernard Chalk- Director of Finance/ Acting Chief Executive	Jun-07	Jul-10	65- 70							
Kevin Turner- Director of Finance	Jan-11	Ongoing	30- 35				135- 140			
Pen Andersen- Acting Director of Finance	Sep-09	Dec-10	55- 60							
Michelle Rhodes- Director of Service Delivery	Oct-10	Ongoing	See Note 1				45- 50			
Jane Lewington- Director of Strategy and Performance	Dec-10	Ongoing	45- 50				135- 140			
Roger Long- Interim Director of Operations	Nov-09	Dec-10	See Note 2							
Ros Edwards- Director of Human Resources	Aug-08	Aug-11	100- 105				40- 45			
Jaki Lowe- Interim Director of Human Resources	Sep-11	Ongoing					See Note 5			
Sylvia Knight- Chief Nurse	Jul-04	Ongoing	100- 105				100- 105			
Richard Lendon - Interim Director of Performance and Information	Feb-09	Dec-10	75- 80	65- 70 (Note 3)						
Paul Dunning - Medical Director	Feb-10	Mar-11	145- 150	50- 55 (Note 4)						
David Levy- Medical Director	Apr-11	Ongoing					165- 170			
Mike Speakman - Director of Estates and Facilities	May-08	Ongoing	95- 100				95- 100			

1. Michelle Rhodes was seconded as Interim Director of Service Delivery from Nottingham City PCT at a cost of £65,383 in 2010/11 and £77,050 in 2011/12 before being appointed substantively in September 2011. 2. Roger Long was seconded from Heart of England NHS Trust in 2010/11 at a cost of £73,184 3. Richard Lendon received other remuneration in compensation for loss of office. 4. Paul Dunning received other remuneration in relation to clinical duties unrelated to Medical Director responsibilities. 5. Jaki Lowe was employed through a private company during 2011/12 at a cost of £89,768.

Pension benefits 2011/12								
Name and title	Real increase in pension at age 60 (bands of £2,500)	Real increase/ (decrease) in lump sum at aged 60 related to real increase in pension (bands of £2,500)	Total accrued pension at age 60 at 31 March 2012 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2012 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2012	Cash Equivalent Transfer Value at 31 March 2011	Real increase/ (decrease) in Cash Equivalent Transfer Value	Employer's contribu- tion to stakeholder pension
	£000's	£000's	£000's	£000's	£000's	£000's	£00	
Andrew North - Chief Executive	2.5- 5	7.5- 10	75- 80	235- 240	1,562	1,346	123	
Kevin Turner - Director of Finance, Procurement and Informatics	5- 7.5	15- 17.5	55- 60	170- 175	1,060	855	125	
Michelle Rhodes - Director of Service Delivery	0- 2.5	2.5- 5	25- 30	80- 85	416	316	36	
Jane Lewington - Director of Strategy and Performance	0- 2.5	0- 2.5	50- 55	160- 165	1,086	985	50	
Ros Edwards - Director of Human Resources	0- 2.5	-	5- 10	-	89	53	10	
Sylvia Knight- Chief Nurse	0- 2.5	0- 2.5	30- 35	90- 95	435	341	58	
David Levy - Medical Director	15- 17.5	45- 47.5	60- 65	180- 185	1,114	810	192	
Mike Speakman - Director of Estates and Facilities	0- 2.5	0- 2.5	20- 25	70- 75	351	276	47	

Financial statements for the year ended 2011/12

CONTENTS

FOREWORD TO THE ACCOUNTS

Financial Review – year ended 31 March 2012

The financial results achieved by the Trust are shown in the table below. In common with all NHS Trusts we are required to meet a number of financial targets set by the Department of Health. Our performance against these targets is set out in the table below:

Financial Target	**Actual Performance**		
	2011/12		2010/11
To break even on income and expenditure, taking one year with another. (Target excludes technical adjustments for impairment following revaluation and the impact of changes in accounting policy relating to Donated / Govt Granted Assets)	**(7,060)**	**Surplus / (Deficit)**	(14,177)
	6,873	**Impairments**	297
	507	**Other adjustments**	0
	320	**Reported Performance**	(13,880)
To achieve a capital cost absorption rate of between 3% and 4%	**3.5%**		3.5%
To operate within an External Financing Limit set by the Department of Health	**£3.37m**	**Undershoot**	£3.45m
To remain within a Capital Resource Limit set by the Department of Health	**£1.32m**	**Underspent**	£2.11m
To pay 95% of creditors invoices within 30 days (by number of invoices)	**86%**	**Trade**	79%
	78%	**NHS**	80%

Kevin Turner
Director of Finance
June 2012

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; and

- annual statutory accounts are prepared in a format directed by the Secretary of State with the approval of the Treasury to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, recognised gains and losses and cash flows for the year.

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

Signed Andrew North Chief Executive

Date: 1st June 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;

- make judgements and estimates which are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

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

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

By order of the Board

1st June 2012	Date	Andrew North	Chief Executive
1st June 2012	Date	Kevin Turner	Finance Director

GOVERNANCE STATEMENT 2011/12

UNITED LINCOLNSHIRE HOSPITALS NHS TRUST

Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the organisation is administered prudently and economically and that resources are applied efficiently and effectively. I acknowledge my responsibilities as set out in the Accountable Officer Memorandum which sets out my responsibilities of propriety and regulation of expenditure, and for putting in place effective management systems which safeguard public funds and allow for the keeping of proper accounts.

The Trust is accountable for the delivery of its patient services through the contract 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 contract. The Trust reports through NHS Midlands and East and the Department of Health on performance against national objectives.

The governance framework of the organisation

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 governance and system of internal control of the organisations is based on an on-going 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 2012 and up to the date of approval of the annual report and accounts.

Trust Board and Committee Structure

The Trust Board meets on a monthly basis and consists of a Chairman, 5 voting Executive Directors, including the Chief Executive and 5 Non Executive Directors. The Director of Service Delivery, Director of Facilities Management, Director of Human Resources and Head of Governance also attend the Board meetings. The Board focusses on strategic issues, whilst also receiving assurances in relation to the organisational performance. The Trust is continuing to progress its application for Foundation Trust status, and as part of this process has commenced a self assessment against the Board Governance Assurance Framework in early 2012. This process will identify areas where the Boards effectiveness could be further developed.

The Board is compliant with the Corporate Governance Code.

Supporting Committee Structures

To support the Trust Board in carrying out its duties effectively, sub committees reporting to the Board are formally established. The remit of these committees was reviewed during the year to ensure robust governance and assurance. Each sub committee receives reports as outlined within their terms of reference and work programme, and provides an exception report to the Trust Board after each meeting.

The key sub committees for governance and assurance are as follows:

Audit Committee - delegated to approve the annual accounts on behalf of the board and provide assurance in relation to , Internal and external audit, counter fraud and security management, financial reporting, integrated governance, risk management and internal control, and the annual governance statement.

Governance Committee – to provide assurance that robust governance and risk management arrangements are in place within the Trust and that they are working effectively. This is achieved through consideration of the risk management arrangements and risk management report, scrutiny of the Board Assurance Framework and the key organisational risks. Exception reports from the Health and Safety Committee, Information Governance Committee and Quality and Safety Committee are considered by the Governance Committee.

Both Audit and Governance Committees have produced highlight reports following each meeting to report to the Trust Board. Covering those areas where assurance has been sought, received, and where further action to gain assurance was required.

Meeting	Attendance rate for voting members
Trust Board	85%
Audit Committee	87%
Governance Committee	71%

In addition the Board is supported by the Remuneration Committee, Charitable Funds Committee, Estates Committee and Foundation Trust Programme Board.

Risk assessment

Overall responsibility for risk management rests with all members of the Board. The Medical Director 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, through the risk register and assurance framework which 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.

Risk Management training commences at induction with further training in risk management provided through the annual mandatory training programme. The training reinforces individuals' accountabilities with respect to risk management and enables staff to assess and manage risks within their sphere of responsibility. More specialised risk management training is provided to staff in accordance with their role within the organisation

The organisation also has a sharing lessons learned framework which facilitates the dissemination of good practice across the organisation. The principle of sharing lessons learned is simple, in that key lessons to be learned from all of the various clinical governance activities and performance reviews are identified and presented. The sharing lessons learned forum considers learning reports and ensures that lessons to be learned are shared across the organisation.

Trust Major Risks during 2011/12

The most significant risks identified during 2011.12 were

- Failure to fully comply with CQC outcomes across all sites
- Failure to deliver the financial plan and challenging cost improvement programme and meet the financial
- Failure to provide accessible services with minimal waits to meet minimum national standards
- Failure to achieve improved effectiveness and efficiencies through service transformation.

During 2011/12 the Trust has recorded one incident related to the loss of encrypted patient data, and is currently investigating a potential incident which has been highlighted through the Information Commissioners office. United Lincolnshire Hospitals NHS Trust has an information assurance management policy to manage and control risks in relation to data security. Risks relating to information and data security have been recorded in the Trust risk register where necessary and the Governance Committee has reviewed during the year the assurances provided that risks were being mitigated. Information risk management is reviewed and monitored by the Trust Information Governance Committee which meets monthly and reports directly to the Governance Committee. The Trust has identified some gaps within its arrangements to secure the quality of its data, and has agreed actions to respond to these gaps.

The risk and control framework

Managing risk is the responsibility of all employees and not just the role of specialists, managers or the Trust Board. All employees are responsible for identifying, reducing and eliminating risk where possible. A key element of the Trust's Risk Management strategy is the integration of risk management into both the strategic and routine operational decision making processes within the Trust. The strategy is designed for prevention and deterrence of risks, and the Board are committed to minimising risk through the use of the risk register and Board Assurance Framework.

Policies are in place which encourage staff to report adverse incidents and near misses in order to minimise risk and take action to prevent recurrence. This message is reinforced through the risk management strategy.

An organisational risk register is maintained which comprises information from all key managers who have identified the main risks in their area of work. Risk assessments contribute to the Trust's risk register and encompass both clinical and non clinical risks. Risks are reviewed in respect of all reports presented to the Trust Board, along with the relevant equality impact assessment.

During 2011/12 the Trust has continued its work to create strong governance arrangements, suitable for its application for Foundation Trust status. Specifically:

- An established and experienced senior management structure
- A robust information governance framework in place
- A review of Standing orders, Standing Financial Instructions and Scheme of Delegation.
- NHSLA accreditation
- Compliance with NHS Protect directives.

The Board is responsible for setting the organisation's aims and objectives and ensuring that an Assurance Framework identifies the principal risks to the organisation meeting these aims and objectives, as well as confirming the key controls in place to manage these risks.

The Board Assurance Framework identifies the source of independent assurance in relation to each objective and risk. The framework is dynamic to reflect changes in priorities and developments in the external environment. It is a strategic management tool to support the annual governance statement, not designed to show every risk, but to focus attention on those which are most significant.

The Governance Committee and Audit Committee assess the adequacy of the Assurance Framework on behalf of the Accountable Officer and the Board, and advise the Board in relation to the systems, processes and controls in place in order to have co-ordinated and effective risk mitigation in achieving the Trust's objectives. This enables the Board to discharge its responsibilities for governance and understand the balance of clinical, operational and financial risk.

Throughout 2011/12, the Board has identified and monitored against key objectives within its Board Assurance Framework. The controls and assurances in relation to the objectives' risks were received by the Board during the year. The framework identified gaps in control for some financial, operational and clinical measures and the Trust has taken and continues to take remedial action to address them.

The Trust has involved the Patient Council in managing the risks that affect the Trust. They are represented on the Trust Board, the Governance Committee and Quality and Safety Committees and carry out periodic inspections within the Trust.

The Trust continues to put in place an adequately resourced plan of work for the Local Counter Fraud Specialist which includes proactive deterrence and prevention of fraud work.

Review of the effectiveness of risk management and internal control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work The Overall Head of Internal Audit Opinion gave significant assurance. Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by the Audit Commission, clinical audit, the Royal Colleges and the Multi professional Dean's visits, Dr Foster analysis and the Care Quality Commission.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, Audit Committee and Governance Committee. A plan to address weaknesses and ensure continuous improvement of the system is in place.

The Internal Audit reviews undertaken during 2011/12 led to the Head of Internal Audit providing a significant assurance opinion on the system of internal control in the Trust. In reaching this opinion the review assessed

- the design and operation of the assurance framework and supporting processes and the status or preparedness of the organisation with respect to risk management, control and review processes that it had in place for 2011/12.

- The range of individual opinions arising from risk based audit assignments

The Trust has produced a Quality Account, and has taken steps to assure itself of the accuracy of this document by referencing Information Services within the organisation, the Quality and Safety Committee and Internal and External audit processes.

Significant Issues

During the year the Trust identified the following significant control issues

During 2011/12 the CQC visited Pilgrim Hospital in both June and December 2011. At the visit in June, 2 out of the 4 outcomes reviewed were judged to be compliant. At the visit in December 6 out of the 11 outcomes were judged to be compliant. The current position at the end of March 2012 is that Pilgrim Hospital is compliant with 9 regulations/outcomes. There are still on going concerns relating to the following regulations/outcomes.

•	Regulation 17/Outcome 1	Respecting and involving people who use services
•	Regulation 24/Outcome 6	Co-operating with other providers
•	Regulation 13/Outcome 9	Management of medicines
•	Regulation 15/Outcome 10	Safety and suitability of premises
•	Regulation 22/Outcome 13	Staffing
•	Regulation 23/Outcome 14	Supporting workers
•	Regulation 19/Outcome 17	Complaints

Remedial action plans to address these concerns are being implemented.

During 2011/12 the CQC visited Lincoln County Hospital in November 2011 and February 2012. At the visit in November concerns were raised relating to the 4 outcomes reviewed. At the visit in February 2012, 2 out of the 4 outcomes reviewed were judged to be compliant. The current position at the end of March 2012 is that Lincoln County Hospital is compliant with 10 regulations/outcomes. There are still on going concerns relating to the following regulations/outcomes.

•	Regulation 9/Outcome 4	Care and welfare of people who use services
•	Regulation 14/Outcome 5	Meeting nutritional needs
•	Regulation 15/Outcome 10	Safety and suitability of premises
•	Regulation 23/Outcome 14	Supporting workers
•	Regulation 19/Outcome 17	Complaints
•	Regulation 24/Outcome 6	Cooperating with other providers

Remedial action plans to address these concerns are being implemented.

United Lincolnshire Hospitals NHS Trust has participated in an investigation by the Care Quality Commission in 2011/12 relating to the need to provide further assurance on the Trust's systems for protecting people against the risks of inappropriate or unsafe care and treatment. This primarily focussed on Pilgrim Hospital and on the Trust's arrangements for managing clinical incidents, complaints and adult safeguarding concerns.

A number of recommendations were made relating to the management of risk and serious incidents, the management of complaints and the effective management of safeguarding and abuse. The Trust has taken action to address these recommendations through the existing review of compliance action plans. The hospital is now compliant with the following outcomes.

•	Regulation 11/Outcome 7	Safeguarding vulnerable people who use services from abuse
•	Regulation 10/Outcome 16	Assessing and monitoring the quality of service provision

The Trust has failed to deliver against some key service standards during 2011/12. Patient flow has affected the Trusts ability to deliver against the 4 hour A&E standard with the Trust staffing escalation beds and activating the winter pressures plan. An action plan to achieve the standard has been shared with NHS Midlands and East.
Patient flow also impacted on the achievement of cancer standards with access to elective and HDU beds affecting the Trusts ability to deliver. Detailed plans are being finalised to address these issues.

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

Mr Andrew North

Chief Executive

1st June 2012

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF UNITED LINCOLNSHIRE HOSPITALS NHS TRUST

I have audited the financial statements of United Lincolnshire Hospitals NHS Trust for the year ended 31 March 2012 under the Audit Commission Act 1998. The financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England. I have also audited the information in the Remuneration Report that is described as having been audited.

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 45 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:
- give a true and fair view of the state of United Lincolnshire Hospitals NHS Trust's affairs as at 31 March 2012 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

Opinion on other matters

In my opinion:
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the requirements directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England; and
- the information given in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I report to you if:

- in my opinion the governance statement does not reflect compliance with the Department of Health's Guidance;
- I refer the matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because I have a reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency; or
- I issue a report in the public interest under section 8 of the Audit Commission Act 1998.

I have nothing to report in these respects.

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

Respective responsibilities of the Trust and auditor

The Trust is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2011, as to whether the Trust has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, I am satisfied that, in all significant respects, United Lincolnshire Hospitals NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2012.

Delay in certification of completion of the audit

I cannot formally conclude the audit and issue an audit certificate until I have completed the work necessary to provide assurance over the Trust's annual quality accounts. I am satisfied that this work does not have a material effect on the financial statements or on my value for money conclusion.

Ian Sadd
District Auditor
Audit Practice
Audit Commission
Unit 10, Whitwick Business Centre
Whitwick Business Park
Stenson Road
Coalville
LE67 4JP

1 June 2012

Statement of Comprehensive Income for year ended 31 March 2012

	NOTE	2011-12 £000	2010-11 £000 (restated)
Employee benefits	10.1	**(275,143)**	(278,140)
Other costs	8	**(133,605)**	(122,038)
Revenue from patient care activities	5	**373,380**	360,039
Other Operating revenue	6	**34,595**	33,014
Operating surplus/(deficit)		**(773)**	(7,125)
Investment revenue	12	**56**	44
Other gains and (losses)	13	**(445)**	(1,448)
Finance costs	14	**(170)**	(119)
Surplus/(deficit) for the financial year		**(1,332)**	(8,648)
Public dividend capital dividends payable		**(5,728)**	(5,846)
Retained surplus/(deficit) for the year		**(7,060)**	(14,494)
Other Comprehensive Income			
Impairments and reversals		**34**	(3,265)
Net gain/(loss) on revaluation of property, plant & equipment		**3,907**	8,580
Net gain/(loss) on revaluation of intangibles		**0**	0
Net gain/(loss) on revaluation of financial assets		**0**	0
Net gain/(loss) on other reserves		**0**	0
Net gain/(loss) on available for sale financial assets		**0**	0
Net actuarial gain/(loss) on pension schemes		**0**	0
Reclassification adjustment on disposal of available for sale financial assets		**0**	0
Total comprehensive income for the year		**(3,119)**	(9,179)

Financial performance for the year	
Retained surplus/(deficit) for the year	**(7,060)**
Prior period adjustment to correct errors	**0**
IFRIC 12 adjustment	**0**
Impairments	**6,873**
Adjustments to donated asset/gov't grant reserve elimination	**507**
Adjusted retained surplus/(deficit)	**320**

Since the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10 the reported financial performance of NHS Trusts has been adjusted in line with HM Treasury guidance. The following are therefore excluded from measured performance in order to maintain comparability year on year:

a) the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which have no cash impact and are not chargeable for overall budgeting purposes, are excluded when measuring Breakeven performance.
b) an impairment charge is not considered part of the organisation's operating position.
c) the impact of changes in accounting policy relating to donated asset and Government Grant Reserves are discounted.

Note that prior year performance is not re-assessed following accounting restatements.

PDC dividend: balance receivable/(payable) at 31 March 2012	**(145)**

The notes on pages 17 to 57 form part of this account.

Statement of Financial Position as at 31 March 2012

	NOTE	31 March 2012 £000	1 April 2011 (restated) £000	Merger adjustments £000	31 March 2011 (restated) £000	31 March 2010 (restated) £000
Non-current assets:						
Property, plant and equipment	15	**205,160**	208,390	0	208,390	203,562
Intangible assets	16	**1,306**	1,432	0	1,432	1,433
Investment property		**0**	0	0	0	0
Other financial assets	24	**0**	0	0	0	0
Trade and other receivables	22.1	**1,994**	2,351	0	2,351	1,928
Total non-current assets		**208,460**	212,173	0	212,173	206,923
Current assets:						
Inventories	21	**6,335**	6,218	0	6,218	5,849
Trade and other receivables	22.1	**15,076**	10,927	0	10,927	10,201
Other financial assets	24	**0**	0	0	0	0
Other current assets	25	**84**	669	0	669	358
Cash and cash equivalents		**2,156**	9,865	0	9,865	6,032
Total current assets		**23,651**	27,679	0	27,679	22,440
Non-current assets held for sale	27	**355**	355	0	355	790
Total current assets		**24,006**	28,034	0	28,034	23,230
Total assets		**232,466**	240,207	0	240,207	230,153
Current liabilities						
Trade and other payables	28	**(29,866)**	(40,526)	0	(40,526)	(25,224)
Other liabilities	29	**(503)**	(504)	0	(504)	(519)
Provisions	35	**(5,112)**	(5,716)	0	(5,716)	(1,603)
Borrowings	30	**(121)**	(109)	0	(109)	(98)
Other financial liabilities		**0**	0	0	0	0
Working capital loan from Department		**(3,000)**	0	0	0	0
Capital loan from Department		**(216)**	0	0	0	0
Total current liabilities		**(38,818)**	(46,855)	0	(46,855)	(27,444)
Non-current assets plus/less net current assets/liabilities		**193,648**	193,352	0	193,352	202,709
Non-current liabilities						
Trade and other payables	28	**0**	0	0	0	0
Other Liabilities	29	**(16,604)**	(17,132)	0	(17,132)	(18,147)
Provisions	35	**(2,367)**	(2,279)	0	(2,279)	(2,333)
Borrowings	30	**(627)**	(748)	0	(748)	(857)
Other financial liabilities		**0**	0	0	0	0
Working capital loan from Department		**0**	0	0	0	0
Capital loan from Department		**(3,976)**	0	0	0	0
Total non-current liabilities		**(23,574)**	(20,159)	0	(20,159)	(21,337)
Total Assets Employed:		**170,074**	173,193	0	173,193	181,372
FINANCED BY:						
TAXPAYERS' EQUITY						
Public Dividend Capital		**181,753**	181,753	0	181,753	180,753
Retained earnings		**(38,842)**	(35,897)	0	(35,897)	(22,512)
Revaluation reserve		**26,973**	27,147	0	27,147	22,941
Other reserves		**190**	190	0	190	190
Total Taxpayers' Equity:		**170,074**	173,193	0	173,193	181,372

The notes on pages 17 to 57 form part of this account.

The financial statements on pages *13 to 57* were approved by the Board on 1st June 2012 and signed on its behalf by

Chief Executive: Andrew North Date: **1st June 2012**

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2012

	Public Dividend capital	Retained earnings	Revaluation reserve	Other reserves	Total reserves
	£000	£000	£000	£000	£000
Balance at 1 April 2011	**181,753**	**(35,897)**	**27,147**	**190**	**173,193**
Opening balance adjustments	0	0	0	0	0
Adjustments for Transforming Community Services transactions	0	0	0	0	0
Restated balance at 1 April 2011	181,753	(35,897)	27,147	190	173,193
Changes in taxpayers' equity for 2011-12					
Retained surplus/(deficit) for the year	0	(7,060)	0	0	(7,060)
Net gain / (loss) on revaluation of property, plant, equipment	0	0	3,907	0	3,907
Net gain / (loss) on revaluation of intangible assets	0	0	0	0	0
Net gain / (loss) on revaluation of financial assets	0	0	0	0	0
Net gain / (loss) on revaluation of assets held for sale	0	0	0	0	0
Impairments and reversals	0	0	34	0	34
Movements in other reserves	0	0	0	0	0
Transfers between reserves	0	4,115	(4,115)	0	0
Release of reserves to SOCI	0	0	0	0	0
Transfers to/(from) other bodies within the Resource Account boundary	0	0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0	0	0	0
Reserves eliminated on dissolution	0	0	0	0	0
Originating capital for Trust established in year	0	0	0	0	0
New PDC Received	0	0	0	0	0
PDC Repaid In Year	0	0	0	0	0
PDC Written Off	0	0	0	0	0
Transferred to NHS Foundation Trust	0	0	0	0	0
Other Movements in PDC In Year	0	0	0	0	0
Net Actuarial Gain/(Loss) on Pension	0	0	0	0	0
Net recognised revenue/(expense) for the year	0	(2,945)	(174)	0	(3,119)
Balance at 31 March 2012	**181,753**	**(38,842)**	**26,973**	**190**	**170,074**
Included above:					
Transfer from revaluation reserve to retained earnings in respect of impairments		2944	-2944		0
Changes in taxpayers' equity for 2010-11 restated					
Balance at 1 April 2010	**180,753**	**(22,512)**	**22,941**	**190**	**181,372**
Retained surplus/(deficit) for the year	0	(14,494)	0	0	(14,494)
Net gain / (loss) on revaluation of property, plant, equipment	0	0	8,580	0	8,580
Net gain / (loss) on revaluation of intangible assets	0	0	0	0	0
Net gain / (loss) on revaluation of financial assets	0	0	0	0	0
Net gain / (loss) on revaluation of assets held for sale	0	0	0	0	0
Impairments and reversals	0	0	(3,265)	0	(3,265)
Movements in other reserves	0	0	0	0	0
Transfers between reserves	0	1,109	(1,109)	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0	0	0	0
Reserves eliminated on dissolution	0	0	0	0	0
Originating capital for Trust established in year	0	0	0	0	0
New PDC Received	1,000	0	0	0	1,000
PDC Repaid In Year	0	0	0	0	0
PDC Written Off	0	0	0	0	0
Transferred to NHS Foundation Trust	0	0	0	0	0
Other Movements in PDC In Year	0	0	0	0	0
Net Actuarial Gain/(Loss) on Pension	0	0	0	0	0
Net recognised revenue/(expense) for the year	1,000	(13,385)	4,206	0	(8,179)
Balance at 31 March 2011	**181,753**	**(35,897)**	**27,147**	**190**	**173,193**
Included above:					
Transfer from revaluation reserve to retained earnings in respect of impairments.		0	0		0

* 2010-11 comparators have been restated to take account of changes in accounting policies, the changes are set out in note 43.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

31 March 2012

	NOTE	**2011-12** **£000**	2010-11 £000
Cash Flows from Operating Activities			
Operating Surplus/Deficit		**(773)**	(7,125)
Depreciation and Amortisation		**11,478**	11,257
Impairments and Reversals		**6,873**	297
Other Gains / (Losses) on foreign exchange		**0**	0
Donated Assets received credited to revenue but non-cash		**(151)**	(347)
Government Granted Assets received credited to revenue but non-cash		**0**	0
Interest Paid		**(101)**	(64)
Dividend paid		**(5,635)**	(5,269)
Release of PFI/deferred credit		**0**	0
(Increase)/Decrease in Inventories		**(117)**	(369)
(Increase)/Decrease in Trade and Other Receivables		**(3,794)**	(1,149)
(Increase)/Decrease in Other Current Assets		**585**	(84)
Increase/(Decrease) in Trade and Other Payables		**(8,585)**	12,423
(Increase)/Decrease in Other Current Liabilities		**(529)**	(818)
Provisions Utilised		**(2,965)**	(1,070)
Increase/(Decrease) in Provisions		**2,380**	4,855
Net Cash Inflow/(Outflow) from Operating Activities		**(1,334)**	12,537
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received		**55**	45
(Payments) for Property, Plant and Equipment		**(14,887)**	(9,544)
(Payments) for Intangible Assets		**(455)**	(447)
(Payments) for Investments with DH		**0**	0
(Payments) for Other Financial Assets		**0**	0
(Payments) for Financial Assets (LIFT)		**0**	0
Proceeds of disposal of assets held for sale (PPE)		**1,829**	340
Proceeds of disposal of assets held for sale (Intangible)		**0**	0
Proceeds from Disposal of Investment with DH		**0**	0
Proceeds from Disposal of Other Financial Assets		**0**	0
Proceeds from the disposal of Financial Assets (LIFT)		**0**	0
Loans Made in Respect of LIFT		**0**	0
Loans Repaid in Respect of LIFT		**0**	0
Rental Revenue		**0**	0
Net Cash Inflow/(Outflow) from Investing Activities		**(13,458)**	(9,606)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		**(14,792)**	2,931
CASH FLOWS FROM FINANCING ACTIVITIES			
Public Dividend Capital Received		**0**	1,000
Public Dividend Capital Repaid		**0**	0
Loans received from DH - New Capital Investment Loans		**4,300**	0
Loans received from DH - New Working Capital Loans		**3,000**	0
Other Loans Received		**0**	0
Loans repaid to DH - Capital Investment Loans Repayment of Principal		**(108)**	0
Loans repaid to DH - Working Capital Loans Repayment of Principal		**0**	0
Other Loans Repaid		**0**	0
Cash transferred to NHS Foundation Trusts		**0**	0
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		**(109)**	(98)
Capital grants and other capital receipts		**0**	0
Net Cash Inflow/(Outflow) from Financing Activities		**7,083**	902
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(7,709)**	3,833
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**9,865**	6,032
Opening balance adjustment - TCS transactions		**0**	0
Restated Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**9,865**	6,032
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies		**0**	0
Cash and Cash Equivalents (and Bank Overdraft) at year end	**26**	**2,156**	9,865

NOTES TO THE ACCOUNTS

1. Accounting Policies

The Secretary of State for Health has directed that the financial statements of NHS trusts shall meet the accounting requirements of the NHS Trusts Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2011-12 NHS Trusts Manual for Accounts issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the NHS Trusts Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

1.3 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1.3.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

The Trust has aggregated all buildings on a single site, as a single asset, with a pooled revaluation reserve covering all the buildings on the single site. This aggregation was adopted as part of the introduction of modern equivalent asset valuations.

Revenue derived from Payment by results can be disputed for a period of up to 3 months from the quarter end, the Trust has assumed that all invoiced activity recorded as income as at 31st March 2012, will be paid in full.

1.3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Note 15, an annual revaluation of Trust Property, Plant and Equipment is conducted by DTZ Debenham Tie Leung Ltd. As part of this revaluation process the Trust reviews the remaining useful life of it's buildings in accordance with advice received from DTZ. This estimation of remaining useful life is in accordance with the Royal Institute of Chartered Surveyors (RICS) appraisal and valuation manual. The value of land, buildings and dwellings post revaluation was £181.8m.

Where assets are replaced during a major refurbishment, due to age, obsolescence, operational improvements etc, then the original asset is de-recognised from the balance sheet immediately the refurbishment work commences. As it is not possible to determine the carrying amount of the replaced part, the cost of the replacement is used as an indication of what the replaced part was at the time it was acquired or constructed. The cost of the replacement asset is then capitalised in full. The value derecognised in 2011-12 was £0.6m.

Note 10.5, Pension Costs details out the actuarial assumptions used in calculating the Trust's pension Liabilities.

Note 35, details the Provisions recognised by the Trust at 31 March 2012. These include legal actions against the Trust in relation to Employers and Public Liability Claims as well as employment related claims. The outcome of each individual case is uncertain and will only be determined through future legal proceedings. Key sources of information in determining the appropriate provision to recognise are reports from the NHS Litigation Authority and Trust Solicitors detailing on going claims against the Trust and which provide an assessment of the probable outcome and costs. Provision has also been made for employees who have applied or have contractual entitlement to re-grading / assimilation and would be entitled to arrears. Total provisions recognised at 31st March 2012 were £7.5m.

Note 36, Contingent Liabilities utilise reports from the Trust Solicitors to assess potential outcome and costs. Where the potential for the claim succeeding is less than 50% but considered not to be remote a contingent liability is recorded. These total 0.4m at 31st March 2012.

Statement of Changes in Taxpayer's Equity, the Trust's Asset Register is unable to calculate the amount required to be transferred between the revaluation reserve and retained earnings for the excess of current cost depreciation over historical cost depreciation. The value is therefore estimated on the following basis:
Each asset's closing revaluation reserve balance is divided by it's remaining useful life, with the resultant calculated value being transferred from the revaluation reserve to retained earnings, ensuring that the reserve value for each asset at the end of its life is written down to zero. The amount transferred in 2011-12 between the reserves was £3.7m.

The Trust information systems are unable to accurately identify the figures for 'Inventories recognised as expenses' under Note 21. The Trust has therefore estimated this figure by using the figures from the resus stock system for consumables and the ascribe stock system for drugs. These figures are 0.03m and 0.05m respectively.

The Trust entered into a contract with a third party in 2006 in which they provide accomodation to Trust employees. As part of the contract a minimum occupancy level was guaranteed. Costs of under-occupancy are met by the Trust.

Future under-occupancy charges have been estimated for the relevant properties based upon trends over the preceeding 12 months ending February 2012. The assets associated with this 'onerous' contract are impaired based upon this assessment.

Note 28, estimates of material outstanding pay liabilities have been made for the following:
Annual Leave - based upon average pay rates for 2011/12 and leave carried forward as assessed through a Trust wide sample
Maternity Leave - based upon actual employees on leave taking account of NHS contractual entitlements
Overtime and Enhancements relating to March 2012 - based upon actual payments for a 'similar' accounting period

1.4 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the trust is from commissioners for healthcare services. Revenue relating to patient care spells that are part-completed at the year end are apportioned across the financial years on the basis of length of stay at the end of the reporting period multiplied by an historic average daily income rate.

Where income is received for a specific activity that is to be delivered in the following year, that income is deferred.

The Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

1.5 Employee Benefits

Short-term employee benefits
Salaries, wages and employment related payments are recognised in the period in which service is received from the employee. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Retirement benefit costs
Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the Trust commits itself to the retirement, regardless of the method of payment.

1.6 Other expenses

Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

1.7 Property, plant and equipment

Recognition
Property, plant and equipment is capitalised if:
- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a hospital site, includes a number of separate blocks with significantly different asset lives, the separate blocks are treated as separate assets and depreciated over their own useful economic lives.

Valuation
All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value.

Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any impairment.

Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

Until 31 March 2008, the depreciated replacement cost of specialised buildings has been estimated for an exact replacement of the asset in its present location. HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Until 31 March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. From 1 April 2008 indexation has ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives, with new items of fixtures and equipment being carried at the following amounts:-

-Where assets are of low value (less than £1 million), and/or have short useful economic lives (less than 10 years), these are carried at depreciated historic cost as a proxy for current value as this is not considered to be materially different from fair value.

-Assets above this threshold are carried at current value with, full professional valuations obtained every five years with interim professional valuations in year three.

-Assets purchased under a finance lease are held at the net present value of the minimum lease payments discounted using the implicit interest rate.

-Equipment surplus to requirements is valued at net recoverable amount.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

1.8 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the Trust; where the cost of the asset can be measured reliably, and where the cost is at least £5000.

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it

- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

Measurement
The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

1.9 Depreciation, amortisation and impairments
Freehold land, properties under construction, and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives.

At each reporting period end, the Trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

Impairments are analysed between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME) from 2011-12. This is necessary to comply with Treasury's budgeting guidance. DEL limits are set in the Spending Review and Departments may not exceed the limits that they have been set.
AME budgets are set by the Treasury and may be reviewed with departments in the run-up to the Budget.
Departments need to monitor AME closely and inform Treasury if they expect AME spending to rise above forecast.
Whilst Treasury accepts that in some areas of AME inherent volatility may mean departments do not have the ability to manage the spending within budgets in that financial year, any expected increases in AME require Treasury approval.

1.10 Donated assets
Following the accounting policy change outlined in the Treasury FREM for 2011-12, a donated asset reserve is no longer maintained. Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to Income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

This accounting policy change has been applied retrospectively and consequently the 2010-11 results have been restated.

1.11 Government grants
Following the accounting policy change outlined in the Treasury FREM for 2011-12, a government grant reserve is no longer maintained. The value of assets received by means of a government grant are credited directly to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

This accounting policy change has been applied retrospectively and consequently the 2010-11 results have been restated.

1.12 Other Reserves
Liabilities transferred to the NHS Litigation Authority on 1st April 2000, have been recorded as 'other reserves'. This reserve is not expected to change.

1.13 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.14 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The Trust as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the trust's surplus/deficit.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

The Trust as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Trust's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.15 Inventories

Inventories are valued at the lower of cost and net realisable value using the first-in first-out cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.16 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management.

1.17 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 2.2% in real terms (2.8% for employee early departure obligations).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision, except where assets are held specifically for completion of the contract, and it such circumstances, the asset is written down, rather than a provision created. An onerous contract is considered to exist where the Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the Trust has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

1.18 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the trust is disclosed at note 35.

1.19 Non-clinical risk pooling

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the trust pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

1.20 EU Emissions Trading Scheme

EU Emission Trading Scheme allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the NHS body makes emissions, a provision is recognised with an offsetting transfer from deferred income. The provision is settled on surrender of the allowances. The asset, provision and deferred income amounts are valued at fair value at the end of the reporting period.

1.21 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

1.22 Financial assets

Financial assets are recognised when the Trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value.

Financial assets are classified into the following categories: financial assets at fair value through profit and loss; held to maturity investments; available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

At the end of the reporting period, the Trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the previously established provision for the impairment of receivables.

1.23 Financial liabilities

Financial liabilities are recognised on the Statement of Financial Position when the Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Loans from the Department of Health are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method, except for loans from Department of Health, which are carried at historic cost. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.24 Value Added Tax

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.25 Foreign currencies

The Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the trust’s surplus/deficit in the period in which they arise.

1.26 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in Note 42 to the accounts.

1.27 Public Dividend Capital (PDC) and PDC dividend

Public dividend capital represents taxpayers' equity in the NHS trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument.

An annual charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities, except for donated assets and cash balances with the Office of the Paymaster General. The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets.

1.28 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

1.29 Subsidiaries

Material entities over which the Trust has the power to exercise control so as to obtain economic or other benefits are classified as subsidiaries and are consolidated. Their income and expenses; gains and losses; assets, liabilities and reserves; and cash flows are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the Trust's or where the subsidiary's accounting date is before 1 January or after 30 June.

Subsidiaries that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'.

For 2010-11 and 2011-12 in accordance with the directed accounting policy from the Secretary of State, the Trust does not consolidate the NHS charitable funds for which it is the corporate trustee.

1.30 Associates

Material entities over which the Trust has the power to exercise significant influence so as to obtain economic or other benefits are classified as associates and are recognised in the Trust's accounts using the equity method. The investment is recognised initially at cost and is adjusted subsequently to reflect the Trust's share of the entity's profit/loss and other gains/losses. It is also reduced when any distribution is received by the Trust from the entity.

Associates that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'.

1.31 Joint ventures

Material entities over which the Trust has joint control with one or more other parties so as to obtain economic or other benefits are classified as joint ventures. Joint ventures are accounted for by the equity method.

Joint ventures that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'.

1.32 Joint operations

Joint operations are activities undertaken by the Trust in conjunction with one or more other parties but which are not performed through a separate entity. The Trust records its share of the income and expenditure; gains and losses; assets and liabilities; and cashflows.

1.33 Research and Development

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Statement of Comprehensive Income on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

1.34 Accounting Standards that have been issued but have not yet been adopted

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2011-12. The application of the Standards as revised would not have a material impact on the accounts for 2011-12, were they applied in that year:

IAS 1 Presentation of financial statements (Other Comprehensive Income) - subject to consultation
IAS 12 - Income Taxes (amendment) - subject to consultation
IAS 19 Post-employment benefits (pensions) - subject to consultation
IAS 27 Separate Financial Statements - subject to consultation
IAS 28 Investments in Associates and Joint Ventures - subject to consultation
IFRS 7 - Financial Instruments: Disclosures (annual improvements) - effective 2012-13
IFRS 9 Financial Instruments - subject to consultation
IFRS 10 Consolidated Financial Statements - subject to consultation
IFRS 11 Joint Arrangements - subject to consultation
IFRS 12 Disclosure of Interests in Other Entities - subject to consultation
IFRS 13 Fair Value Measurement - subject to consultation
IPSAS 32 - Service Concession Arrangement - subject to consultation

2. Pooled budgets

United Lincolnshire Hospitals NHS Trust does not have any pooled budgets.

3. Operating segments

The Trust's management is organised around a number of Business Units / Directorates, these provide Healthcare services.
The Directorates are:
Medical and Accident & Emergency Lincoln
Medical and Accident & Emergency Pilgrim
Surgery Lincoln
Surgery Pilgrim
Orthopaedics Lincoln
Orthopaedics Pilgrim
Head & Neck
Oncology & Haematology
Women & Childrens Lincoln
Women & Childrens Pilgrim
Clinical Directorate Grantham
Clinical Directorate Louth
Clinical Directorate Medical Specialities
Nursing & Patient Services
Facilities
Corporate
Service Delivery
Service Delivery Lincoln
Service Delivery Pilgrim

The Trust believes that these business units / Directorates are not reportable segments as described in IFRS 8, but represent service line reporting units. The Trust is therefore of the opinion that there is only one segment, that of Healthcare Services.

The income (included in the trust's deficit) from external customers for Healthcare Services is £408m.

The total amount of income from PCTs is £371.4m.

4. Income generation activities

The Trust undertakes income generation activities with an aim of achieving profit, which is then used in patient care. The following provides details of income generation activities whose full cost exceeded £1m or was otherwise material.

Summary Table - aggregate of all schemes	**2011-12**	2010-11
Catering	**£000**	£000
Income	**1954**	1631
Full cost	**2324**	2319
Surplus/(deficit)	**(370)**	(688)

The catering income generation activity was 52% above the Trust's plan for 2011/12.

5. Revenue from patient care activities	**2011-12**	2010-11
	£000	£000
Strategic health authorities	**0**	0
NHS trusts	**4**	0
Primary care trusts - tariff	**274,784**	257,037
Primary care trusts - non-tariff	**91,413**	94,340
Primary care trusts - market forces factor	**3,892**	3,892
Foundation trusts	**0**	0
Local authorities	**56**	15
Department of Health	**0**	0
NHS other	**0**	0
Non-NHS:		
Private patients	**1,129**	1,754
Overseas patients (non-reciprocal)	**50**	47
Injury costs recovery	**1,764**	2,595
Other	**288**	359
	373,380	360,039

6. Other operating revenue	**2011-12**	2010-11
	£000	£000
Recoveries in respect of employee benefits	**1,694**	1,168
Patient transport services	**0**	0
Education, training and research	**19,394**	18,940
Charitable and other contributions to expenditure	**0**	0
Receipt of donations for capital acquisitions	**151**	347
Receipt of Government grants for capital acquisitions	**0**	0
Non-patient care services to other bodies	**239**	248
Income generation	**3,415**	3,224
Rental revenue from finance leases	**30**	30
Rental revenue from operating leases	**602**	701
Other revenue	**9,070**	8,356
	34,595	33,014
Total operating revenue	**407,975**	393,053

* 2010-11 comparators have been restated to take account of changes in accounting policies, the changes are set out in note 43.

7. Revenue	**2011-12**	2010-11
	£000	£000
From rendering of services	**407,975**	393,053
From sale of goods	**0**	0

Revenue is almost totally from the supply of services. Revenue from the sale of goods is immaterial.

8. Operating expenses (excluding employee benefits)	2011-12 £000	2010-11 £000
Services from other NHS trusts	**0**	0
Services from PCTs	**0**	0
Services from other NHS bodies	**0**	0
Services from foundation trusts	**0**	0
Purchase of healthcare from non NHS bodies	**0**	0
Trust chair and non executive directors	**56**	61
Supplies and services - clinical	**71,271**	68,918
Supplies and services - general	**7,208**	7,711
Consultancy services	**1,775**	2,412
Establishment	**3,860**	4,213
Transport	**1,512**	939
Premises	**16,815**	14,597
Impairments and Reversals of Receivables	**176**	171
Inventories write down	**119**	54
Depreciation	**10,968**	10,809
Amortisation	**510**	448
Impairments and reversals of property, plant and equipment	**6,873**	297
Impairments and reversals of intangible assets	**0**	0
Impairments and reversals of financial assets	**0**	0
Impairments and reversals of non current assets held for sale	**0**	0
Impairments and reversals of investment properties	**0**	0
Audit fees	**262**	255
Other auditor's remuneration	**0**	0
Clinical negligence	**8,949**	7,779
Research and development (excluding staff costs)	**0**	0
Education and Training	**999**	1,150
Other	**2,252**	2,224
	133,605	122,038
Employee benefits		
Employee benefits excluding Board members	**273,812**	276,944
Board members	**1,331**	1,196
Total employee benefits	**275,143**	278,140
Total operating expenses	**408,748**	400,178

* 2010-11 comparators have been restated to take account of changes in accounting policies, the changes are set out in note 43.

9 Operating Leases

The majority of the Trust's leasing arrangements are for plant and equipment supplied under normal commercial terms by non-NHS suppliers. There is no contingent rent associated with the arrangements.
The Trust has entered into a short term operating lease for land. This lease expires in the period to March 2014
The Trust leases medical equipment, these leases expire in the period to December 2016. The Trust also has numerous vehicles leased which expire over the next 3 years

9.1 Trust as lessee

	Land £000	Buildings £000	Other £000	2011-12 Total £000	2010-11 £000
Payments recognised as an expense					
Minimum lease payments				**538**	418
Contingent rents				**0**	0
Sub-lease payments				**0**	0
Total				**538**	418
Payable:					
No later than one year	**54**	**0**	**383**	**437**	154
Between one and five years	**54**	**0**	**335**	**389**	344
After five years	**0**	**0**	**0**	**0**	0
Total	**108**	**0**	**718**	**826**	498
Total future sublease payments expected to be received:				**0**	0

9.2 Trust as lessor

The Trust has leased a number of buildings, to non NHS organisations which provide ancillary services to patients.

	2011-12 £000	2010-11 £000
Recognised as income		
Rents	**180**	418
Contingent rents	**422**	283
Total	**602**	701
Receivable:		
No later than one year	**510**	261
Between one and five years	**1,755**	692
After five years	**658**	922
Total	**2,923**	1,875

10 Employee benefits and staff numbers

10.1 Employee benefits

	Total £000	Permanently employed £000	Other £000
Employee Benefits 2011-12 - gross expenditure			
Salaries and wages	**230,924**	**202,904**	**28,020**
Social security costs	**18,130**	**18,130**	**0**
Employer contributions to NHS Pensions scheme	**24,515**	**24,515**	**0**
Other pension costs	**0**	**0**	**0**
Other post-employment benefits	**0**	**0**	**0**
Other employment benefits	**0**	**0**	**0**
Termination benefits	**1,668**	**1,668**	**0**
Total employee benefits	**275,237**	**247,217**	**28,020**
Less recoveries in respect of employee benefits (table below)	**(1,694)**	**(1,694)**	**0**
Total - Net Employee Benefits including capitalised costs	**273,543**	**245,523**	**28,020**
Employee costs capitalised	**94**	**94**	**0**
Net Employee Benefits excluding capitalised costs	**275,143**	**247,123**	**28,020**
Employee Benefits 2011-12 - income			
Salaries and wages	**1,400**	**1,400**	**0**
Social Security costs	**125**	**125**	**0**
Employer Contributions to NHS BSA - Pensions Division	**169**	**169**	**0**
Other pension costs	**0**	**0**	**0**
Other Post Employment Benefits	**0**	**0**	**0**
Other Employment Benefits	**0**	**0**	**0**
Termination Benefits	**0**	**0**	**0**
TOTAL excluding capitalised costs	**1,694**	**1,694**	**0**

	Total £000	Permanently employed £000	Other £000
Employee Benefits 2010-11 - net expenditure			
Salaries and wages	235,638	203,091	32,547
Social security costs	15,905	15,905	0
Employer contributions to NHS Pensions scheme	23,977	23,977	0
Other pension costs	0	0	0
Other post-employment benefits	0	0	0
Other employment benefits	0	0	0
Termination benefits	2,748	2,748	0
Total employee benefits	278,268	245,721	32,547
Employee costs capitalised	128		
Net Employee Benefits excluding capitalised costs	278,140		

10.2 Staff Numbers

	2011-12			2010-11
	Total Number	Permanently employed Number	Other Number	Total Number
Average Staff Numbers				
Medical and dental	**864**	**749**	**115**	855
Ambulance staff	**0**	**0**	**0**	0
Administration and estates	**1,176**	**1,151**	**25**	1,759
Healthcare assistants and other support staff	**1,744**	**1,693**	**51**	1,057
Nursing, midwifery and health visiting staff	**1,990**	**1,956**	**34**	2,046
Nursing, midwifery and health visiting learners	**0**	**0**	**0**	0
Scientific, therapeutic and technical staff	**719**	**686**	**33**	860
Social Care Staff	**0**	**0**	**0**	0
Other	**1**	**1**	**0**	0
TOTAL	**6,494**	**6,236**	**258**	6,577
Of the above - staff engaged on capital projects	**2**	**2**	**0**	3

A review of occupational codes which determine the categorisation of employees by staff group was carried out in 2011/12. The reported average staff numbers by category for 2010/11 and 2011/12 are therefore not directly comparable.

10.3 Staff Sickness absence and ill health retirements

	2011-12 Number	2010-11 Number
Total Days Lost	**71,429**	76,133
Total Staff Years	**6,295**	6,165
Average working Days Lost	**11.35**	12.35

* Sickness figures provided are based on calendar year ending 31 December 2011

	2011-12 Number	2010-11 Number
Number of persons retired early on ill health grounds	**8**	10
	£000s	£000s
Total additional pensions liabilities accrued in the year	**519**	811

10.4 Exit Packages agreed in 2011-12

	2011-12			2010-11		
Exit package cost band (including any special payment element)	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**
	Number	**Number**	**Number**	**Number**	**Number**	**Number**
Less than £10,000	**2**	**1**	**3**	0	2	2
£10,001-£25,000	**0**	**9**	**9**	0	0	0
£25,001-£50,000	**2**	**6**	**8**	0	0	0
£50,001-£100,000	**2**	**7**	**9**	1	0	1
£100,001 - £150,000	**1**	**2**	**3**	0	0	0
£150,001 - £200,000	**0**	**0**	**0**	0	0	0
>£200,000	**0**	**0**	**0**	0	0	0
Total number of exit packages by type (total cost	**7**	**25**	**32**	1	2	3
Total resource cost (£000s)	**326**	**1,073**	**1,399**	75	7	82

This note provides an analysis of Exit Packages agreed during the year. Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme. **Exit costs in this note are accounted for in full in the year of departure**. Where the Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

The Trust offered a voluntary redundancy scheme to staff in 2011/12. Employees leaving the Trust under this scheme are recorded within 'other departures agreed'.

This disclosure reports the number and value of exit packages taken by staff leaving in the year. Note: The expense associated with these departures may have been recognised in part or in full in a previous period.

10.5 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates.
The last formal actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes have been suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision. Employer and employee contribution rates are currently being determined under the new scheme design.

b) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. Actuarial assessments are undertaken in intervening years between formal valuations using updated membership data are accepted as providing suitably robust figures for financial reporting purposes. However, as the interval since the last formal valuation now exceeds four years, the valuation of the scheme liability as at 31 March 2012, is based on detailed membership data as at 31 March 2010 updated to 31 March 2012 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

c) Scheme provisions

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) will be used to replace the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

11 Better Payment Practice Code

11.1 Measure of compliance

	2011-12 Number	2011-12 £000	2010-11 Number	2010-11 £000
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**102,181**	**113,112**	105,519	98,891
Total Non-NHS Trade Invoices Paid Within Target	**87,739**	**91,902**	83,137	73,273
Percentage of NHS Trade Invoices Paid Within Target	**85.87%**	**81.25%**	78.79%	74.09%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**2,302**	**41,973**	2,820	58,507
Total NHS Trade Invoices Paid Within Target	**1,805**	**36,237**	2,254	48,327
Percentage of NHS Trade Invoices Paid Within Target	**78.41%**	**86.33%**	79.93%	82.60%

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

11.2 The Late Payment of Commercial Debts (Interest) Act 1998

	2011-12 £000	2010-11 £000
Amounts included in finance costs from claims made under this legislation	**0**	1
Compensation paid to cover debt recovery costs under this legislation	**0**	0

12 Investment Income

	2011-12 £000	2010-11 £000
Rental Income		
PFI finance lease revenue (planned)	**0**	0
PFI finance lease revenue (contingent)	**0**	0
Other finance lease revenue	**0**	0
Subtotal	**0**	0
Interest Income		
LIFT: equity dividends receivable	**0**	0
LIFT: loan interest receivable	**0**	0
Bank interest	**56**	44
Other loans and receivables	**0**	0
Impaired financial assets	**0**	0
Other financial assets	**0**	0
Subtotal	**56**	44
Total investment income	**56**	44

13 Other Gains and Losses

	2011-12 £000	2010-11 £000
Gain/(loss) on disposal of property, plant and equipment	**(368)**	(1,448)
Gain/(loss) on disposal of intangible assets	**(77)**	0
Gain/(loss) on disposal of financial assets	**0**	0
Gain/(loss) on foreign exchange	**0**	0
Change in fair value of financial assets carried at fair value through the SoCI	**0**	0
Change in fair value of financial liabilities carried at fair value through the SoCI	**0**	0
Change in fair value of investment property	**0**	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	**0**	0
Total	**(445)**	(1,448)

14 Finance Costs

	2011-12 £000	2010-11 £000
Interest		
Interest on loans and overdrafts	**44**	0
Interest on obligations under finance leases	**57**	63
Provisions - unwinding of discount	**69**	55
Interest on obligations under PFI contracts:		
- main finance cost	**0**	0
- contingent finance cost	**0**	0
Interest on obligations under LIFT contracts:		
- main finance cost	**0**	0
- contingent finance cost	**0**	0
Interest on late payment of commercial debt	**0**	1
Other interest expense	**0**	0
Total interest expense	**170**	119
Other finance costs	**0**	0
Total	**170**	119

15.1 Property, plant and equipment

2011-12	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 31 March 2011	13,676	147,113	20,391	3,790	48,239	551	7,289	1,022	**242,071**
Prior period adjustments	0	0	0	0	0	0	0	0	**0**
Merger adjustments	0	0	0	0	0	0	0	0	**0**
At 1 April 2011 restated	13,676	147,113	20,391	3,790	48,239	551	7,289	1,022	**242,071**
Additions Purchased	0	413	(29)	10,757	1,263	0	201	113	**12,718**
Additions Donated	0	0	0	0	133	0	12	0	**145**
Additions Government Granted	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	8,248	0	(10,479)	2,193	0	38	0	**0**
Reclassifications as Held for Sale	(900)	0	0	0	(631)	0	0	0	**(1,531)**
Disposals other than for sale	0	(607)	0	0	(5,141)	0	(1,421)	(842)	**(8,011)**
Upward revaluation/positive indexation	3,411	9	490	0	0	0	0	0	**3,910**
Impairments/negative indexation	0	(2,136)	0	0	0	0	0	0	**(2,136)**
Reversal of Impairments	0	2,170	0	0	0	0	0	0	**2,170**
Transfers (to)/from NHS Bodies	0	0	0	0	0	0	0	0	**0**
Transfers to Foundation Trusts	0	0	0	0	0	0	0	0	**0**
Cumulative dep'n adjustment following revaluation	0	(11,671)	1,193	0	0	0	0	0	**(10,478)**
At 31 March 2012	**16,187**	**143,539**	**22,045**	**4,068**	**46,056**	**551**	**6,119**	**293**	**238,858**
Depreciation									
At 31 March 2011	0	0	0	0	28,707	338	4,009	627	**33,681**
Prior period adjustments	0	0	0	0	0	0	0	0	**0**
Merger adjustments	0	0	0	0	0	0	0	0	**0**
At 1 April 2011 restated	0	0	0	0	28,707	338	4,009	627	**33,681**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Reclassifications as Held for Sale	0	0	0	0	(618)	0	0	0	**(618)**
Disposals other than for sale	0	(13)	0	0	(4,674)	0	(1,335)	(706)	**(6,728)**
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	**0**
Impairments	0	8,539	1,505	0	0	0	0	0	**10,044**
Reversal of Impairments	0	(193)	(2,978)	0	0	0	0	0	**(3,171)**
Charged During the Year	0	3,338	280	0	5,841	67	1,298	144	**10,968**
Transfers to NHS Bodies	0	0	0	0	0	0	0	0	**0**
Transfers to Foundation Trusts	0	0	0	0	0	0	0	0	**0**
Cumulative dep'n adjustment following revaluation	0	(11,671)	1,193	0	0	0	0	0	**(10,478)**
At 31 March 2012	**0**	**0**	**0**	**0**	**29,256**	**405**	**3,972**	**65**	**33,698**
Net book value at 31 March 2012	**16,187**	**143,539**	**22,045**	**4,068**	**16,800**	**146**	**2,147**	**228**	**205,160**
Purchased	16,187	142,966	22,045	4,068	15,632	146	2,132	228	**203,404**
Donated	0	494	0	0	1,168	0	15	0	**1,677**
Government Granted	0	79	0	0	0	0	0	0	**79**
Total at 31 March 2012	**16,187**	**143,539**	**22,045**	**4,068**	**16,800**	**146**	**2,147**	**228**	**205,160**
Asset financing:									
Owned	16,187	143,539	383	4,068	16,232	146	2,147	228	**182,930**
Held on finance lease	0	0	21,662	0	568	0	0	0	**22,230**
On-SOFP PFI contracts	0	0	0	0	0	0	0	0	**0**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
Total	**16,187**	**143,539**	**22,045**	**4,068**	**16,800**	**146**	**2,147**	**228**	**205,160**

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
At 31 March 2011	1,346	20,274	4,751	402	17	355	2	**27,147**
Prior period adjustments	0	0	0	0	0	0	0	**0**
Merger adjustments	0	0	0	0	0	0	0	**0**
At 1 April 2011 restated	1,346	20,274	4,751	402	17	355	2	**27,147**
Movements	3,411	(3,463)	398	(158)	(16)	(344)	(2)	**(174)**
At 31 March 2012	4,757	16,811	5,149	244	1	11	0	**26,973**

15.2 Property, plant and equipment

2010-11	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 1 April 2010	13,676	147,204	18,445	4,136	46,673	561	7,591	1,162	**239,448**
Additions - purchased	0	1,318	1,147	4,213	4,495	37	415	0	**11,625**
Additions - donated	0	0	0	0	342	0	5	0	**347**
Additions - government granted	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	3,105	0	(4,485)	1,292	0	88	0	**0**
Reclassified as held for sale	0	0	0	0	(306)	(19)	0	0	**(325)**
Disposals other than by sale	0	(1,255)	0	(74)	(4,371)	(28)	(810)	(140)	**(6,678)**
Revaluation & indexation gains	0	7	798	0	114	0	0	0	**919**
Impairments	0	(6,900)	0	0	0	0	0	0	**(6,900)**
Reversals of impairments	0	3,634	1	0	0	0	0	0	**3,635**
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	**0**
Transfers to Foundation Trusts	0	0	0	0	0	0	0	0	**0**
At 31 March 2011	**13,676**	**147,113**	**20,391**	**3,790**	**48,239**	**551**	**7,289**	**1,022**	**242,071**
Depreciation									
At 1 April 2010	0	3,731	219	0	27,597	316	3,381	642	**35,886**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Reclassifications as Held for Sale	0	0	0	0	(303)	(18)	0	0	**(321)**
Disposals other than for sale	0	(25)	0	0	(4,327)	(28)	(809)	(140)	**(5,329)**
Upward revaluation/positive indexation	0	(6,900)	(761)	0	0	0	0	0	**(7,661)**
Impairments	0	0	297	0	0	0	0	0	**297**
Reversal of Impairments	0	0	0	0	0	0	0	0	**0**
Charged During the Year	0	3,194	245	0	5,740	68	1,437	125	**10,809**
Transfers to NHS Bodies	0	0	0	0	0	0	0	0	**0**
Transfers to Foundation Trusts	0	0	0	0	0	0	0	0	**0**
At 31 March 2011	**0**	**0**	**0**	**0**	**28,707**	**338**	**4,009**	**627**	**33,681**
Net book value	**13,676**	**147,113**	**20,391**	**3,790**	**19,532**	**213**	**3,280**	**395**	**208,390**
Purchased	13,676	146,489	20,391	3,790	17,848	213	3,276	395	**206,078**
Donated	0	546	0	0	1,684	0	4	0	**2,234**
Government Granted	0	78	0	0	0	0	0	0	**78**
Total at 31 March 2011	**13,676**	**147,113**	**20,391**	**3,790**	**19,532**	**213**	**3,280**	**395**	**208,390**
Asset financing:									
Owned	13,676	147,113	908	3,790	18,851	213	3,280	395	**188,226**
Held on finance lease	0	0	19,483	0	681	0	0	0	**20,164**
On-SOFP PFI contracts	0	0	0	0	0	0	0	0	**0**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
	13,676	**147,113**	**20,391**	**3,790**	**19,532**	**213**	**3,280**	**395**	**208,390**

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2010 restated	1,371	17,275	3,374	417	26	472	6	**22,941**
Movements	(25)	2,999	1,377	(15)	(9)	(117)	(4)	**4,206**
At 31 March 2011	1,346	20,274	4,751	402	17	355	2	**27,147**

15.3 (cont). Property, plant and equipment

The Trust has received donated assets in the financial year as follows:

Description	£
Lincoln Boilers	31,750
ULHT Charitable Fund	119,316
Total Donated assets Received in 2011/12	151,066

The Trust revalued its land, buildings and dwellings in March 2012. This revaluation was conducted by DTZ Debenham Tie Leung Ltd.
With the exception of Land and Buildings on the Louth site this valuation was based upon depreciated replacement cost using the modern equivalent basis of valuation.
Land and Buildings on the Louth site have been revalued at open market value pending disposal in 2012/13.
Accounting policies note 1.7 provides further information regarding the method of valuation.
All other items of property, plant and equipment acquired after 1st January 2009 are held at historic cost.

Other assets acquired prior to the 1st January 2009 are held at a revalued amount. The revaluation was calculated by reference to annual indices published by the Department of Health.

The minimum and maximum asset lives by asset category is as follows:

	Minimum Asset Life	Maximum Asset Life
Intangibles		
Software Licenses	0	7
Licences and Trademarks	0	0
Patents	0	0
Development Expenditure	0	0
Property, Plant and Equipment		
Buildings exc Dwellings	1	80
Dwellings	1	77
Plant & Machinery	0	14
Transport Equipment	0	6
Information Technology	0	9
Furniture and Fittings	1	10

Asset lives at the Louth site have been amended to reflect the remaining service potential to the trust and planned disposal in 2012/13.
There were no further material changes to asset lives in the financial year.

The Louth hospital site has been written down to its recoverable amount in the financial year.

The Gross value of fully depreciated assets still in use is £6.9m.

The Trust lease a number of buildings which it owns on operating leases, the net book value of the assets at March 2012 was £4.3m (March 2011 £4.1m).
The Depreciation charged to the statement of comprehensive income in 2011/12 in respect of these assets amounted to £72,000, (2010/11 £68,000). These assets were revalued as at 31st March 2012 resulting in upward revaluations of £12,000, impairment losses of £125,000 and reversals of previous impairment losses of £63,000.

16.1 Intangible non-current assets

2011-12	Software internally generated	Software purchased	Licences & trademarks	Patents	Development expenditure	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation:						
At 31 March 2011	20	3,309	0	0	0	**3,329**
Prior period adjustments	0	0	0	0	0	**0**
Merger adjustments	0	0	0	0	0	**0**
At 1 April 2011 restated	20	3,309	0	0	0	**3,329**
Additions - purchased	0	455	0	0	0	**455**
Additions - internally generated	0	0	0	0	0	**0**
Additions - donated	0	6	0	0	0	**6**
Additions - government granted	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	(616)	0	0	0	**(616)**
Revaluation & indexation gains	0	0	0	0	0	**0**
Impairments charged to reserves	0	0	0	0	0	**0**
Reversal of impairments charged to reserves	0	0	0	0	0	**0**
Transfers to Foundation Trusts	0	0	0	0	0	**0**
Cumulative amortisation adjustment following revaluation	0	0	0	0	0	**0**
At 31 March 2012	20	3,154	0	0	0	**3,174**
Amortisation						
At 31 March 2011	7	1,890	0	0	0	**1,897**
Prior period adjustments	0	0	0	0	0	**0**
Merger adjustments	0	0	0	0	0	**0**
At 1 April 2010	7	1,890	0	0	0	**1,897**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	(539)	0	0	0	**(539)**
Revaluation or indexation gains	0	0	0	0	0	**0**
Impairments charged to operating expenses	0	0	0	0	0	**0**
Reversal of impairments charged to operating expenses	0	0	0	0	0	**0**
Charged during the year	4	506	0	0	0	**510**
Transfers to Foundation Trusts	0	0	0	0	0	**0**
Cumulative amortisation adjustment following revaluation	0	0	0	0	0	**0**
At 31 March 2012	11	1,857	0	0	0	**1,868**
NBV at 31 March 2012	9	1,297	0	0	0	**1,306**
Net book value at 31 March 2012 comprises:						
Purchased	9	1,291	0	0	0	**1,300**
Donated	0	6	0	0	0	**6**
Government Granted	0	0	0	0	0	**0**
Total at 31 March 2012	9	1,297	0	0	0	**1,306**

Revaluation reserve balance for intangible non-current assets						
	£000	£000	£000	£000	£000	**£000**
At 31 March 2011	0	0	0	0	0	**0**
Prior period adjustments	0	0	0	0	0	**0**
Merger adjustments						
At 1 April 2011 restated	0	0	0	0	0	**0**
Movements	0	0	0	0	0	**0**
At 31 March 2012	0	0	0	0	0	**0**

16.2 Intangible non-current assets

2010-11	Software internally generated	Software purchased	Licences & trademarks	Patents	Development expenditure	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation:						
At 1 April 2010	20	3,024	0	0	0	**3,044**
Additions - purchased	0	447	0	0	0	**447**
Additions - internally generated	0	0	0	0	0	**0**
Additions - donated	0	0	0	0	0	**0**
Additions - government granted	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	(162)	0	0	0	**(162)**
Revaluation & indexation gains	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	**0**
Transferred to Foundation Trusts	0	0	0	0	0	**0**
At 31 March 2011	20	3,309	0	0	0	**3,329**
Amortisation						
At 1 April 2010	3	1,608	0	0	0	**1,611**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	(162)	0	0	0	**(162)**
Revaluation or indexation gains	0	0	0	0	0	**0**
Impairments charged to operating expenses	0	0	0	0	0	**0**
Reversal of impairments charged to operating expenses	0	0	0	0	0	**0**
Charged during the year	4	444	0	0	0	**448**
Transfers to Foundation Trusts	0	0	0	0	0	**0**
At 31 March 2011	7	1,890	0	0	0	**1,897**
Net book value at 31 March 2011	13	1,419	0	0	0	**1,432**
Net book value at 31 March 2011 comprises:						
Purchased	13	1,419	0	0	0	**1,432**
Donated	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	**0**
Total at 31 March 2011	13	1,419	0	0	0	**1,432**

16.3 Intangible non-current assets

All intangible assets are held at historical cost, less accumulated amortisation, and are amortised on a straight line basis over 5 years.

17 Analysis of impairments and reversals recognised in 2011-12

	2011-12 Total £000
Property, Plant and Equipment impairments and reversals taken to SoCI	
Loss or damage resulting from normal operations	**0**
Over-specification of assets	**0**
Abandonment of assets in the course of construction	**0**
Total charged to Departmental Expenditure Limit	**0**
Unforeseen obsolescence	**401**
Loss as a result of catastrophe	**0**
Other	**6,665**
Changes in market price	**(193)**
Total charged to Annually Managed Expenditure	**6,873**
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve	
Loss or damage resulting from normal operations	**0**
Over Specification of Assets	**0**
Abandonment of assets in the course of construction	**0**
Unforeseen obsolescence	**0**
Loss as a result of catastrophe	**0**
Other	**0**
Changes in market price	**(34)**
Total impairments for PPE charged to reserves	**(34)**
Total Impairments of Property, Plant and Equipment	**6,839**
Intangible assets impairments and reversals charged to SoCI	
Loss or damage resulting from normal operations	**0**
Over-specification of assets	**0**
Abandonment of assets in the course of construction	**0**
Total charged to Departmental Expenditure Limit	**0**
Unforeseen obsolescence	**0**
Loss as a result of catastrophe	**0**
Other	**0**
Changes in market price	**0**
Total charged to Annually Managed Expenditure	**0**
Intangible Assets impairments and reversals charged to the Revaluation Reserve	
Loss or damage resulting from normal operations	**0**
Over-specification of assets	**0**
Abandonment of assets in the course of construction	**0**
Unforeseen obsolescence	**0**
Loss as a result of catastrophe	**0**
Other	**0**
Changes in market price	**0**
Total impairments for Intangible Assets charged to Reserves	**0**
Total Impairments of Intangibles	**0**

	2011-12 Total £000
Financial Assets charged to SoCI	
Loss or damage resulting from normal operations	0
Total charged to Departmental Expenditure Limit	0
Loss as a result of catastrophe	0
Other	0
Total charged to Annually Managed Expenditure	0
Financial Assets impairments and reversals charged to the Revaluation Reserve	
Loss or damage resulting from normal operations	0
Loss as a result of catastrophe	0
Other	0
TOTAL impairments for Financial Assets charged to reserves	0
Total Impairments of Financial Assets	0
Non-current assets held for sale - impairments and reversals charged to SoCI.	
Loss or damage resulting from normal operations	0
Abandonment of assets in the course of construction	0
Total charged to Departmental Expenditure Limit	0
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	0
Changes in market price	0
Total charged to Annually Managed Expenditure	0
Total impairments of non-current assets held for sale	0
Investment Property impairments charged to SoCI	
Loss as a result of catastrophe	0
Other	0
Changes in market price	0
Total charged to Annually Managed Expenditure	0
Total Investment Property impairments charged to SoCI	0
Total Impairments charged to Revaluation Reserve	(34)
Total Impairments charged to SoCI - DEL	0
Total Impairments charged to SoCI - AME	6,873
Overall Total Impairments	6,839
Of which:	
Impairment on revaluation to "modern equivalent asset" basis	0
Donated and Gov Granted Assets, included above	
Donated Asset Impairments: amount charged to SOCI - DEL	0
Donated Asset Impairments: amount charged to SOCI - AME	0
Donated Asset Impairments: amount charged to revaluation reserve	0
Total Donated Asset Impairments	0
Government Granted Asset Impairments: amount charged to SoCI - DEL	0
Government Granted Asset Impairments: amount charged to SoCI - AME	0
Government Granted Asset Impairments: amount charged to revaluation reserve	0
Total Gov Granted asset Impairments.	0
TOTAL DONATED/GOVERNMENT GRANTED ASSET IMPAIRMENTS	0

The Trust has recorded impairments in the year of £6,873K (2010/11 £297K), which has been charged to the Statement of Comprehensive Income. This comprises impairment costs of £10,043K less reversals of impairments previously charged to the Statement of Comprehensive Income of £3,170K. Impairments totalling £2,136K have been charged to the revaluation reserve. Impairment reversals originally charged against the revaluation reserve of £2,170K were recorded.
A single material impairment amounting to £8,749K is included in the above figures relating to the Louth hospital site. This arises as a result of a decision to dispose of the entire Louth hospital site including all land and buildings on that site in 2012 /13. The recoverable amount of these assets hasbeen determined as follows:-

Land: Fair value less costs to sell
Buildings & Dwellings: Value in use
The values have been determined by external valuation conducted by DTZ Debenham Tie Leung Ltd.

18 Investment property

	31 March 2012	31 March 2011
	£000	£000
At fair value		
Balance at 31 March	**0**	0
Prior period adjustment	**0**	0
Merger adjustment	**0**	
Restated at 1 April 2011	**0**	0
Additions Through Subsequent Expenditure	**0**	0
Other Acquisitions	**0**	0
Disposals	**0**	0
Property Reclassified as Held for Sale	**0**	0
Loss from Fair Value Adjustments	**0**	0
Gain from Fair Value Adjustments	**0**	0
Transferred to Foundation trusts	**0**	0
Other Changes	**0**	0
Balance at 31 March 2012	**0**	0

19 Commitments

19.1 Capital commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements:

	31 March 2012	31 March 2011
	£000	£000
Property, plant and equipment	**2,819**	341
Intangible assets	**0**	0
Total	**2,819**	341

19.2 Other financial commitments

The trust has not entered into any non-cancellable contracts.

20 Intra-Government and other balances

	Current receivables	Non-current receivables	Current payables	Non-current payables
	£000s	£000s	£000s	£000s
Balances with other Central Government Bodies	**7,566**	**0**	**5,440**	**0**
Balances with Local Authorities	**0**	**0**	**104**	**0**
Balances with NHS Trusts and Foundation Trusts	**2,699**	**0**	**1,711**	**0**
Balances with Public Corporations and Trading Funds	**0**	**0**	**0**	**0**
Balances with bodies external to government	**4,811**	**1,994**	**22,611**	**0**
At 31 March 2012	**15,076**	**1,994**	**29,866**	**0**
prior period:				
Balances with other Central Government Bodies	5,714	0	13,139	0
Balances with Local Authorities	30	0	7	0
Balances with NHS Trusts and Foundation Trusts	664	0	1,378	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	4,519	2,351	26,002	0
At 31 March 2011	10,927	2,351	40,526	0

21 Inventories

	Drugs	Consumables	Energy	Work in progress	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2011	**1,862**	**4,341**	**15**	**0**	**6,218**
Prior period adjustment	**0**	**0**	**0**	**0**	**0**
Merger adjustment	**0**	**0**	**0**	**0**	**0**
Restated at 1 April 2011	**1,862**	**4,341**	**15**	**0**	**6,218**
Additions	**25,277**	**53,357**	**9**	**0**	**78,643**
Inventories recognised as an expense in the period	**(24,902)**	**(53,504)**	**(1)**	**0**	**(78,407)**
Write-down of inventories (including losses)	**(116)**	**(3)**	**0**	**0**	**(119)**
Reversal of write-down previously taken to SoCI	**0**	**0**	**0**	**0**	**0**
Transfers (to)/from other bodies	**0**	**0**	**0**	**0**	**0**
Transfers (to) Foundation Trusts	**0**	**0**	**0**	**0**	**0**
Balance at 31 March 2012	**2,121**	**4,191**	**23**	**0**	**6,335**

22.1 Trade and other receivables

	Current		Non-current	
	31 March 2012	31 March 2011	**31 March 2012**	31 March 2011
	£000	£000	**£000**	£000
NHS receivables - revenue	**9,507**	5,996	**0**	0
NHS receivables - capital	**0**	0	**0**	0
NHS prepayments and accrued income	**4**	59	**0**	0
Non-NHS receivables - revenue	**738**	160	**0**	0
Non-NHS receivables - capital	**0**	0	**0**	0
Non-NHS prepayments and accrued income	**2,195**	1,623	**0**	0
Provision for the impairment of receivables	**(453)**	(327)	**(234)**	(250)
VAT	**615**	323	**0**	0
Current part of PFI and other PPP arrangements prepayments and	**0**	0	**0**	0
Interest receivables	**0**	0	**0**	0
Finance lease receivables	**0**	0	**0**	0
Operating lease receivables	**93**	0	**0**	0
Other receivables	**2,377**	3,093	**2,228**	2,601
Total	**15,076**	10,927	**1,994**	2,351
Total current and non current	**17,070**	13,278		
Included in NHS receivables are prepaid pension contributions:	**0**	0		

The great majority of trade is with Primary Care Trusts, as commissioners for NHS patient care services. As Primary Care Trusts are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

Other receivables includes £4.59m relating to the Injury cost recovery scheme administered by the Department of Work and Pensions.

22.2 Receivables past their due date but not impaired

	31 March 2012	31 March 2011
	£000	£000
By up to three months	**856**	648
By three to six months	**409**	73
By more than six months	**902**	33
Total	**2,167**	754

22.3 Provision for impairment of receivables

	2011-12	2010-11
	£000	£000
Balance at 1 April 2011	**(577)**	(438)
Adjustments	**0**	0
Restated balance at 1 April 2011	**(577)**	(438)
Amount written off during the year	**66**	32
Amount recovered during the year	**22**	48
(Increase)/decrease in receivables impaired	**(198)**	(219)
Transfer to NHS Foundation Trust	**0**	0
Balance at 31 March	**(687)**	(577)

Provisions for the impairment of receivables are based on specific issues where the Trust believes that it is unlikely to receive payment for outstanding invoices. General provisions are not made.

23 NHS LIFT investments

	Loan	Share capital	Total
	£000	£000	£000
Balance at 31 March 2011	**0**	**0**	**0**
Additions	**0**	**0**	**0**
Disposals	**0**	**0**	**0**
Loan repayments	**0**	**0**	**0**
Revaluations	**0**	**0**	**0**
Loans repayable within 12 months	**0**	**0**	**0**
Balance as at 31 March 2012	**0**	**0**	**0**

24 Other financial assets

	Current		Non-current	
	31 March 2012	31 March 2011	**31 March 2012**	31 March 2011
	£000	£000	**£000**	£000
Financial assets carried at fair value through SoCI				
Embedded Derivatives at Fair Value through SoCI	**0**	0	**0**	0
Financial assets carried at fair value through SoCI	**0**	0	**0**	0
Subtotal	**0**	0	**0**	0
Held to maturity investments at amortised cost	**0**	0	**0**	0
Available for sale financial assets carried at fair value	**0**	0	**0**	0
Loans carried at amortised cost	**0**	0	**0**	0
Total	**0**	0	**0**	0
Total other financial assets (current and non-current)	**0**	**0**		

25 Other current assets

	31 March 2012	31 March 2011
	£000	£000
EU Emissions Trading Scheme Allowance	**84**	669
Other Assets	**0**	0
Total	**84**	669

26 Cash and Cash Equivalents

	31 March 2012	31 March 2011
	£000	£000
Opening balance at	**9,865**	6,032
Opening balance adjustment	**0**	0
Merger adjustments	**0**	0
Restated	**9,865**	6,032
Net change in year	**(7,709)**	3,833
Closing balance	**2,156**	9,865
Made up of		
Cash with Government Banking Service	**2,148**	9,857
Commercial banks	**0**	0
Cash in hand	**8**	8
Current investments	**0**	0
Cash and cash equivalents as in statement of financial position	**2,156**	9,865
Bank overdraft - Government Banking Service	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in statement of cash flows	**2,156**	9,865
Patients' money held by the Trust, not included above	**1**	2

27 Non-current assets held for sale

	Land	Buildings, excl. dwellings	Dwellings	Asset Under Construction and Payments on Account	Plant and Machinery	Transport and Equipment	Information Technology	Furniture and Fittings	Intangible Assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2011	355	0	0	0	0	0	0	0	0	**355**
Merger adjustments	0	0	0	0	0	0	0	0	0	**0**
Restated at 1 April 2011	355	0	0	0	0	0	0	0	0	**355**
Plus assets classified as held for sale in the year	900	0	0	0	13	0	0	0	0	**913**
Less assets sold in the year	(900)	0	0	0	(13)	0	0	0	0	**(913)**
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	**0**
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	**0**
Transfers (to)/from other bodies	0	0	0	0	0	0	0	0	0	**0**
Balance at 31 March 2012	**355**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**355**
Liabilities associated with assets held for sale at 31 March 2012	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Balance at 1 April 2010	635	0	155	0	0	0	0	0	0	**790**
Plus assets classified as held for sale in the year	0	0	0	0	3	1	0	0	0	**4**
Less assets sold in the year	(280)	0	(155)	0	(3)	(1)	0	0	0	**(439)**
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	**0**
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	**0**
Balance at 31 March 2011	**355**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**355**
Liabilities associated with assets held for sale at 31 March 2011	0	0	0	0	0	0	0	0	0	0

Revaluation reserve balance for non-current assets held for sale

	Land	Buildings, excl. dwellings	Dwellings	Asset Under Construction and Payments on Account	Plant and Machinery	Transport and Equipment	Information Technology	Furniture and Fittings	Intangible Assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2011 restated	0	0	0	0	0	0	0	0	0	0
Movements	0	0	0	0	0	0	0	0	0	0
At 31 March 2012	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

In 2009/10 the Trust classified land at Welland, previously used as hospital buildings, as held for sale, at the carrying value of £371,000. (land £355,000, buildings £16,000)
The land was valued as at March 2010 by Banks Long & Co in excess of it's carrying amount. The £16,000 of buildings were impaired to £0 as at March 2010.
The Land at Welland has not been sold in 2011/12 but continues to be actively marketed by Banks, Long &Co, and a sale is expected within the next financial year.

A parcel of Land adjacent to St Anne's Road, Lincoln, with net book value £0.9m was sold in March 2012.

28 Trade and other payables

	Current		Non-current	
	31 March 2012	31 March 2011	**31 March 2012**	31 March 2011
	£000	£000	**£000**	£000
Interest payable	**19**	0		
NHS payables - revenue	**3,004**	4,001	**0**	0
NHS payables - capital	**0**	36	**0**	0
NHS accruals and deferred income	**78**	1,583	**0**	0
Family Health Services (FHS) payables	**0**	0	**0**	0
Non-NHS payables - revenue	**7,300**	6,228	**0**	0
Non-NHS payables - capital	**1,361**	4,774	**0**	0
Non-NHS accruals and deferred income	**17,748**	15,001	**0**	0
Social security costs	**87**	2,411	**0**	0
VAT	**0**	0	**0**	0
Tax	**1**	2,978	**0**	0
Payments received on account	**0**	0	**0**	0
Other	**268**	3,514	**0**	0
Total	**29,866**	40,526	**0**	0
Total payables (current and non-current)	**29,866**	40,526		

* 2010-11 comparators have been restated to take account of changes in accounting policies, the changes are set out in note 43.

Included above:

to Buy Out the Liability for Early Retirements Over 5 Years	**0**	**0**
number of Cases Involved (number)	**0**	**0**
outstanding Pension Contributions at the year end	**4**	**3,030**

29 Other liabilities

	Current		Non-current	
	31 March 2012	31 March 2011	**31 March 2012**	31 March 2011
	£000	£000	**£000**	£000
PFI/LIFT deferred credit	**0**	0	**0**	0
Lease incentives	**24**	25	**801**	850
Other	**479**	479	**15,803**	16,282
Total	**503**	504	**16,604**	17,132
Total other liabilities (current and non-current)	**17,107**	17,636		

The Trust entered into an agreement with Progress Housing in 2006, whereby the Trust transferred ownership of a number staff accommodation flats to Progress, who agreed to refurbish the flats, and build additional units. The Trust does not make any payments to Progress Housing, as they receive income from Employees who pay for accommodation. Due to the nature of the Transaction, the Trust has recorded the Assets on it's balance sheet in accordance with IAS 17, with the corresponding liability being shown as an other liability. This Other liability is amortised to the income and expenditure account to offset the depreciation.

30 Borrowings

	Current		Non-current	
	31 March 2012	31 March 2011	**31 March 2012**	31 March 2011
	£000	£000	**£000**	£000
Bank overdraft - Government Banking Service	**0**	0	**0**	0
Bank overdraft - commercial banks	**0**	0	**0**	0
Loans from Department of Health	**3,216**	0	**3,976**	0
Loans from other entities	**0**	0	**0**	0
PFI liabilities:				
Main liability	**0**	0	**0**	0
Lifecycle replacement received in advance	**0**	0	**0**	0
LIFT liabilities:				
Main liability	**0**	0	**0**	0
Lifecycle replacement received in advance	**0**	0	**0**	0
Finance lease liabilities	**121**	109	**627**	748
Other	**0**	0	**0**	0
Total	**3,337**	109	**4,603**	748
Total other liabilities (current and non-current)	**7,940**	857		

The Trust entered into a finance lease with Dalkia Utility Services PLC in 2002 for the provision of a combined heat and power system.

Loans - repayment of principal falling due in:

	31 March 2012		
	DH	**Other**	**Total**
	£000	**£000**	**£000**
0-1 years	**3,216**	**121**	**3,337**
1 - 2 Years	**216**	**134**	**350**
2 - 5 Years	**648**	**493**	**1,141**
Over 5 Years	**3,112**	**0**	**3,112**
TOTAL	**7,192**	**748**	**7,940**

31 Other financial liabilities

	Current		Non-current	
	31 March 2012	31 March 2011	**31 March 2012**	31 March 2011
	£000	£000	**£000**	£000
Embedded Derivatives at Fair Value through SoCI	**0**	0	**0**	0
Financial liabilities carried at fair value through profit and loss	**0**	0	**0**	0
Amortised Cost	**0**	0	**0**	0
Total	**0**	0	**0**	0
Total other liabilities (current and non-current)	**0**	**0**		

32 Deferred income

	Current		Non-current	
	31 March 2012	31 March 2011	**31 March 2012**	31 March 2011
	£000	£000	**£000**	£000
Opening balance at 01/04/11	**1,774**	981	**0**	0
Deferred income addition	**768**	1,549	**0**	0
Transfer of deferred income	**(1,774)**	(756)	**0**	0
Current deferred Income at 31 March 2012	**768**	1,774	**0**	0
Total other liabilities (current and non-current)	**768**	1,774		

33 Finance lease obligations as lessee

The Trust entered into a finance lease with Dalkia Utility Services PLC in 2002 for the provision of a combined heat and power system.
Dalkia also manage and maintain the equipment during the term of the lease which is 15 years.
The Unitary charge increases by reference to RPI. Gas prices vary by reference to gas commodity indices.

The legal title to the equipment transfers to the Trust at the end of the lease term.

Amounts payable under finance leases (Buildings)	Minimum lease payments		Present value of minimum	
	31 March 2012	31 March 2011	**31 March 2012**	31 March 2011
	£000	£000	**£000**	£000
Within one year	**0**	0	**0**	0
Between one and five years	**0**	0	**0**	0
After five years	**0**	0	**0**	0
Less future finance charges	**0**	0	**0**	0
Present value of minimum lease payments	**0**	0	**0**	0
Included in:				
Current borrowings			**0**	0
Non-current borrowings			**0**	0
			0	0

Amounts payable under finance leases (Land)	Minimum lease payments		Present value of minimum	
	31 March 2012	31 March 2011	**31 March 2012**	31 March 2011
	£000	£000	**£000**	£000
Within one year	**0**	0	**0**	0
Between one and five years	**0**	0	**0**	0
After five years	**0**	0	**0**	0
Less future finance charges	**0**	0	**0**	0
Present value of minimum lease payments	**0**	0	**0**	0
Included in:				
Current borrowings			**0**	0
Non-current borrowings			**0**	0
			0	0

Amounts payable under finance leases (Other)	Minimum lease payments		Present value of minimum	
	31 March 2012	31 March 2011	**31 March 2012**	31 March 2011
	£000	£000	**£000**	£000
Within one year	**170**	166	**121**	109
Between one and five years	**724**	706	**627**	567
After five years	**0**	188	**0**	181
Less future finance charges	**(146)**	(203)	**0**	0
Present value of minimum lease payments	**748**	857	**748**	857
Included in:				
Current borrowings			**121**	109
Non-current borrowings			**627**	748
			748	857

	31 March 2012	31 March 2011
Finance leases as lessee	**£000**	£000
Future Sublease Payments Expected to be received	0	0
Contingent Rents Recognised as an Expense	**0**	0

34 Finance lease receivables as lessor

The Trust owns 3 properties where they have granted long leases to other NHS bodies.

Ambulance Station at Pilgrim Hospital	125 Years from 1992, annual rent of 1 peppercorn
Manthorpe Centre at Pilgrim Hospital	80 Years from 1997, annual rent of 1 peppercorn
Elderly Assessment Centre at Grantham Hospital	125 Years from 1993, annual rent 1 peppercorn

The above properties revert to the Trust at the end of the lease term.

Amounts receivable under finance leases (buildings)	**Gross investments in leases**		**Present value of minimum**	
Of minimum lease payments	**31 March 2012**	31 March 2011	**31 March 2012**	31 March 2011
	£000	£000	**£000**	£000
Within one year	**0**	0	**0**	0
Between one and five years	**0**	0	**0**	0
After five years	**0**	0	**0**	0
Less future finance charges	**0**	0	**0**	0
Present value of minimum lease payments	**0**	0	**0**	0
Less allowance for uncollectible lease payments:	**0**	0	**0**	0
Total finance lease receivable recognised in the statement of financial position	**0**	0	**0**	0
Included in:				
Current finance lease receivables			**0**	0
Non-current finance lease receivables			**0**	0
			0	0

Amounts receivable under finance leases (land)				
Of minimum lease payments				
Within one year	**0**	0	**0**	0
Between one and five years	**0**	0	**0**	0
After five years	**0**	0	**0**	0
Less future finance charges	**0**	0	**0**	0
Present value of minimum lease payments	**0**	0	**0**	0
Less allowance for uncollectible lease payments:	**0**	0	**0**	0
Total finance lease receivable recognised in the statement of financial position	**0**	0	**0**	0
Included in:				
Current finance lease receivables			**0**	0
Non-current finance lease receivables			**0**	0
			0	0

Amounts receivable under finance leases (other)				
Of minimum lease payments				
Within one year	**0**	0	**0**	0
Between one and five years	**0**	0	**0**	0
After five years	**0**	0	**0**	0
Less future finance charges	**0**	0	**0**	0
Present value of minimum lease payments	**0**	0	**0**	0
Less allowance for uncollectible lease payments:	**0**	0	**0**	0
Total finance lease receivable recognised in the statement of financial position	**0**	0	**0**	0
Included in:				
Current finance lease receivables			**0**	0
Non-current finance lease receivables			**0**	0
			0	0

	31 March 2012	31 March 2011
	£000	£000
The unguaranteed residual value accruing to the Trust	**0**	0
Accumulated allowance for uncollectible minimum lease payments receivable	**0**	0

Rental Income	**31 March 2012**	31 March 2011
	£000	£000
Contingent rent	**30**	30
Other	**0**	0
Total rental income	**30**	30
Finance lease commitments	**0**	0

35 Provisions

		Comprising:								
	Total	Pensions to Former Directors	Pensions Relating to Other Staff	Legal Claims	Restructuring	Continuing Care	Equal Pay	Agenda for Change	Other	Redundancy
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at "01/04/11"	**7,995**	**0**	**2,452**	**1,029**	**2,408**	**0**	**0**	**0**	**2,106**	**0**
Prior period adjustment	0	0	0	0	0	0	0	0	0	0
Merger adjustments	0	0	0	0	0	0	0	0	0	0
Restated Balance 01/04/11	**7,995**	**0**	**2,452**	**1,029**	**2,408**	**0**	**0**	**0**	**2,106**	**0**
Arising During the Year	3,795	0	205	379	1,777	0	0	0	1,434	0
Utilised During the Year	(2,965)	0	(182)	(562)	(1,000)	0	0	0	(1,221)	0
Reversed Unused	(1,415)	0	0	(221)	(762)	0	0	0	(432)	0
Unwinding of Discount	69	0	69	0	0	0	0	0	0	0
Change in Discount Rate	0	0	0	0	0	0	0	0	0	0
Transfers to NHS Foundation Trusts	0	0	0	0	0	0	0	0	0	0
Balance as at "31/03/12"	**7,479**	**0**	**2,544**	**625**	**2,423**	**0**	**0**	**0**	**1,887**	**0**
Expected Timing of Cash Flows:										
No Later than One Year	**5,112**	**0**	**177**	**625**	**2,423**	**0**	**0**	**0**	**1,887**	**0**
Later than One Year and not later than Five Years	**663**	**0**	**663**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Later than Five Years	**1,704**	**0**	**1,704**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:	**£000**
As at "31/03/12"	**77,940**
As at "31/03/11"	68,170

The amount and timings of these provisions are based on facts that were known at the time of completion of the Trust's accounts. Subsequent changes may alter the estimated value of the provision and / or the timing of the cash flow.

The provision for Pensions relating to other staff has been assessed using average life expectancies, and is thus uncertain as to amount and timing of cash flows.
The provision for other legal claims relates to third party liability and property expenses claims, and claims made against the Trust in relation to Employment issues. In addition to the amount provided within the Trust's accounts, details of contingent liabilities and assets relating to these claims are given in note 36. The Trust's legal advisors have assessed each claim and a provision has been made, based upon the expected outcome of the claim, the related probability and the expected settlement date.

The Trust commenced a review of its management structure in 2010/11, and a provision was created as at March 2011 to reflect the likely future costs of implementation during 2011/12. The restructure has progressed but has not yet concluded. The provision has been reviewed at 31 March 2012 to take account of those areas where consultation is on-going and future costs are anticipated.

Other provisions (£1.89m) relate to the following:
- Claims for re-grading of doctors from staff grade to associate specialist and from the old to new junior doctors contract (£0.50m). To quantify these provisions an evaluation of claims submitted for regrading has been carried out.
- Costs associated with potential obligations under the NHS Consultant Contract (£0.17m)
- Potential Costs associated with payment to carry out appraisal / revalidation of Medical Staff (£0.22m)
- Potential contractual liability associated with delayed project implementation (£0.78m)
- Provision for costs associated with emissions under the Carbon Reduction Scheme (£0.22m)

36 Contingencies

	31 March 2012	31 March 2011
	£000	£000
Contingent liabilities		
Equal Pay	**0**	(100)
Other	**(400)**	(692)
Amounts Recoverable Against Contingent Liabilities	**0**	0
Net Value of Contingent Liabilities	**(400)**	(792)
Contingent Assets		
Contingent Assets	**0**	0
Net value of contingent assets/(liabilities)	**(400)**	(792)

The contingent liabilities shown are in respect of employment claims brought against the Trust where there has been no obligating event or amounts are uncertain. Subsequent changes may alter the estimated value and/or the timing of the cashflow.
The breakdown of contingent liabilities has not been disclosed as this information could prejudice the position of the Trust in certain cases. There are no other contingent gains or liabilities which require disclosure in the accounts.
In addition to the amount shown, other amounts have been provided in Note 35.

37 Financial Instruments

37.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS trust has with primary care trusts and the way those primary care trusts are financed, the NHS trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The NHS trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS trust in undertaking its activities.

The trust's treasury management operations are carried out by the finance department, within parameters defined formally within the trust's standing financial instructions and policies agreed by the board of directors. Trust treasury activity is subject to review by the trust's internal auditors.

Currency risk
The trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The trust has no overseas operations. The trust therefore has low exposure to currency rate fluctuations.

Interest rate risk
The trust borrows from government for capital expenditure, subject to affordability as confirmed by the strategic health authority. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the trust's income comes from contracts with other public sector bodies, the trust has low exposure to credit risk. The maximum exposures as at 31 March 2012 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The trust's operating costs are incurred under contracts with primary care trusts, which are financed from resources voted annually by Parliament . The trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The trust is not, therefore, exposed to significant liquidity risks.

37.2 Financial Assets	**At 'fair value through profit and loss'**	**Loans and receivables**	**Available for sale**	**Total**
	£000	**£000**	**£000**	**£000**
Embedded derivatives	**0**	**0**	**0**	**0**
Receivables - NHS	**0**	**0**	**0**	**0**
Receivables - non-NHS	**0**	**1,994**	**0**	**1,994**
Cash at bank and in hand	**0**	**2,156**	**0**	**2,156**
Other financial assets	**0**	**0**	**0**	**0**
Total at 31 March 2012	**0**	**4,150**	**0**	**4,150**
Embedded derivatives	0	0	0	0
Receivables - NHS	0	0	0	0
Receivables - non-NHS	0	2,351	0	2,351
Cash at bank and in hand	0	9,865	0	9,865
Other financial assets	0	0	0	0
Total at 31 March 2011	0	12,216	0	12,216

37.3 Financial Liabilities	**At 'fair value through profit and loss'**	**Other**	**Total**
	£000	**£000**	**£000**
Embedded derivatives	**0**	**0**	**0**
NHS payables	**0**	**0**	**0**
Non-NHS payables	**0**	**0**	**0**
Other borrowings	**0**	**7,192**	**7,192**
PFI & finance lease obligations	**0**	**748**	**748**
Other financial liabilities	**0**	**6,622**	**6,622**
Total at 31 March 2012	**0**	**14,562**	**14,562**
Embedded derivatives	0	0	0
NHS payables	0	0	0
Non-NHS payables	0	0	0
Other borrowings	0	0	0
PFI & finance lease obligations	0	857	857
Other financial liabilities	0	5,602	5,602
Total at 31 March 2011	0	6,459	6,459

38 Events after the end of the reporting period	**£000**
There are no events that require disclosing after the reporting period. The financial statements were authorised for issue on 8th June 2012 by the Chief Executive.	**0**

39 Related party transactions

During the year none of the Department of Health Ministers, trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with United Lincolnshire Hospitals NHS Trust , except for:

Non Executive Director Nick Muntz is a Director of Siemens Turbo Ltd, part of the larger Siemens Group. No contractual relationship exists between the Trust and Siemens Turbo Ltd

Mr Muntz has not been engaged in any part of the decision making process affecting the contractual relationship with Siemens.

Interim Director of Human Resources, Jaki Lowe is also the director of Inter-Change HR with whom the Trust has contracted for HR support during 2011-12. These payments totalled £90,000 in 2011-12.

The Trust has supplied services and disposed of land to the St. Barnabas Trust during 2011-12. Non Executive director Mr Keith Darwin and consultant Mr Graham Hale are St. Barnabas Trustees. Payments totalled £3,000 in 2011-12, sales income totalled £283,000 and a further £1,799,000 was received following the disposal of land to St. Barnabas.

The Department of Health is regarded as a related party. During the year United Lincolnshire Hospitals NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are:

Strategic health Authorities
Primary Care Trusts
NHS Foundation Trusts
NHS Trusts
NHS Litigation Authority
NHS Blood and Transport
NHS Business Services Authority

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with the Department of Work and Pensions, HM Revenue and Customs, the National Insurance Fund, NHS Pension Scheme, Audit Commission and City of Lincoln, Boston and North and South Kesteven Local Authorities and Lincolnshire County Council.

The Trust has also received revenue and capital payments amounting to £1.419m from a number of charitable funds, the trustees for which are also members of the Trust board.

The Trust employs a number of consultants who in addition to their NHS duties derive varying levels of income from their work at the Trust's private patient unit (2011/12 - £205,000).

40 Losses and special payments

The total number of losses cases in 2011-12 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses	**339,115**	**233**
Special payments	**306,732**	**274**
Total losses and special payments	**645,847**	**507**

The total number of losses cases in 2010-11 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses	88,494	279
Special payments	201,479	250
Total losses and special payments	289,973	529

Details of cases individually over £250,000
There were no individual cases exceeding £250,000.

41. Financial performance targets

The figures given for periods prior to 2009-10 are on a UK GAAP basis as that is the basis on which the targets were set for those years.

41.1 Breakeven performance	**2005-06 £000**	**2006-07 £000**	**2007-08 £000**	**2008-09 £000**	**2009-10 £000**	**2010-11 £000**	**2011-12 £000**
Turnover	289,429	294,154	344,309	353,280	391,141	392,202	407,975
Retained surplus/(deficit) for the year	(15,043)	(13,761)	12,488	366	(4,002)	(14,177)	(7,060)
Adjustment for:							
Timing/non-cash impacting distortions:							
Use of pre - 1.4.97 surpluses [FDL(97)24 Agreements]	0	0	0	0	0	0	0
2006/07 PPA (relating to 1997/98 to 2005/06)	0	0	0	0	0	0	0
2007/08 PPA (relating to 1997/98 to 2006/07)	0	0	0	0	0	0	0
2008/09 PPA (relating to 1997/98 to 2007/08)	0	0	0	0	0	0	0
Adjustments for Impairments	0	0	0	4,821	5,284	297	6,873
Consolidated Budgetary Guidance - Adjustment for Dual Accounting under IFRIC12*	0	0	0	0	0	0	0
Adjustments for impact of policy change re donated/government grants assets*	0	0	0	0	0	0	507
Other agreed adjustments	4,913	15,043	0	0	0	0	0
Break-even in-year position	(10,130)	1,282	12,488	5,187	1,282	(13,880)	320
Break-even cumulative position	(14,886)	(13,604)	(1,116)	4,071	5,353	(8,527)	(8,207)

* Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, NHS Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven performance. Other adjustments are made in respect of accounting policy changes (impairments and the removal of the donated asset and government grant reserves) to maintain comparability year to year.

The Trust's recovery plan, approved by the SHA aims to achieve break-even in 2014/15.

	2005-06 %	**2006-07 %**	**2007-08 %**	**2008-09 %**	**2009-10 %**	**2010-11 %**	**2011-12 %**
Materiality test (I.e. is it equal to or less than 0.5%):							
Break-even in-year position as a percentage of turnover	(3.50)	0.44	3.63	1.47	0.33	(3.54)	0.08
Break-even cumulative position as a percentage of turnover	(5.14)	(4.62)	(0.32)	1.15	1.37	(2.17)	(2.01)

The amounts in the above tables in respect of financial years 2005/06 to 2008/09 inclusive have **not** been restated to IFRS and remain on a UK GAAP basis.

41.2 Capital cost absorption rate

Until 2008/09 the trust was required to absorb the cost of capital at a rate of 3.5% of forecast average relevant net assets. The rate is calculated as the percentage that dividends paid on public dividend capital bears to the actual average relevant net assets.

From 2009/10 the dividend payable on public dividend capital is based on the actual (rather than forecast) average relevant net assets and therefore the actual capital cost absorption rate is automatically 3.5%.

41.3 External financing

The trust is given an external financing limit which it is permitted to undershoot.

	£000	**2011-12 £000**	2010-11 £000
External financing limit		**18,159**	519
Cash flow financing	**14,792**		(2,931)
Finance leases taken out in the year	**0**		0
Other capital receipts	**0**		0
External financing requirement		**14,792**	(2,931)
Undershoot/(overshoot)		**3,367**	3,450

41.4 Capital resource limit

The trust is given a capital resource limit which it is not permitted to exceed.

	2011-12 £000	2010-11 £000
Gross capital expenditure	**13,324**	12,419
Less: book value of assets disposed of	**(2,273)**	(1,788)
Plus: loss on disposal of donated assets	**6**	8
Less: capital grants	**0**	0
Less: donations towards the acquisition of non-current assets	**(151)**	(347)
Charge against the capital resource limit	**10,906**	10,292
Capital resource limit	**12,221**	12,405
(Over)/underspend against the capital resource limit	**1,315**	2,113

42 Third party assets

The Trust held cash and cash equivalents which relate to monies held by the NHS Trust on behalf of patients or other parties.
This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2012 £000s	31 March 2011 £000s
Third party assets held by the Trust	**1**	2

43 Prior year adjustment

In accordance with the accounting poicy change outlined in the Treasury FREM for 2011-12 the donated asset reserve and government grant reserve are no longer maintained.
The details are referred to in accounting policies 1.11 and 1.12.

In addition where sales invoices are raised in respect of employee costs these are now all reported as income.
This is in accordance with the revised accounts templates. Previously these were netted off against the related pay cost.

Statement of comprehensive income

	2010-11 Published Accounts £000	Receipt of donations cap addns £000	Transfers from donated asset reserve £000	Transfers from government granted reserve £000	Recoveries in respect employee benefits £000	2010-11 restated £000
Revenue						
Revenue from patient care activities	360,039	0	0	0	0	360,039
Other operating revenue	32,163	347	(662)	(2)	1,168	33,014
Operating expenses	(399,010)	0	0	0	(1,168)	(400,178)
Operating surplus/(deficit)	(6,808)	347	(662)	(2)	0	(7,125)
Finance costs:						
Investment revenue	44	0	0	0	0	44
Other gains and losses	(1,448)	0	0	0	0	(1,448)
Finance costs	(119)	0	0	0	0	(119)
Surplus/(deficit) for the financial year	(8,331)	347	(662)	(2)	0	(8,648)
Public dividend capital dividends payable	(5,846)	0	0	0	0	(5,846)
Retained surplus/(deficit) for the year	**(14,177)**	**347**	**(662)**	**(2)**	**0**	**(14,494)**

43 Prior year adjustment (continued)

Statement of Financial Position

	31 March 2011 Published accounts	Restatement	31 March 2011 Restated
	£000	£000	£000
Non-current assets			
Property, plant and equipment	208,390	0	208,390
Intangible assets	1,432	0	1,432
Other financial assets	0	0	0
Trade and other receivables	2,351	0	2,351
Total non-current assets	212,173	0	212,173
Current assets			
Inventories	6,218	0	6,218
Trade and other receivables	10,927	0	10,927
Other financial assets	0	0	0
Other current assets	669	0	669
Cash and cash equivalents	9,865	0	9,865
Total current assets	27,679	0	27,679
Non-current assets held for sale	355	0	355
Total current assets	28,034	0	28,034
Total assets	240,207	0	240,207
Current liabilities			
Trade and other payables	(40,076)	(450)	(40,526)
Other liabilities	(504)	0	(504)
Borrowings	(109)	0	(109)
Other financial liabilities	0	0	0
Provisions	(5,716)	0	(5,716)
Net current assets/(liabilities)	(18,371)	(450)	(18,821)
Total assets less current liabilities	193,802	(450)	193,352
Non-current liabilities			
Borrowings	(748)	0	(748)
Trade and other payables	0	0	0
Other financial liabilities	0	0	0
Provisions	(2,279)	0	(2,279)
Other liabilities	(17,132)	0	(17,132)
Total assets employed	**173,643**	**(450)**	**173,193**
Financed by taxpayers' equity:			
Public dividend capital	181,753	0	181,753
Retained earnings	(38,002)	2,105	(35,897)
Revaluation reserve	26,940	207	27,147
Donated asset reserve	2,234	(2,234)	0
Government grant reserve	528	(528)	0
Other reserves	190	0	190
Total taxpayers' equity	**173,643**	**(450)**	**173,193**