

Annual Plan 2011-2012



*Traditional Values
Modern Healthcare
Moving Forward Together*

Northern Lincolnshire and Goole Hospitals NHS Foundation Trust is committed to eliminating all forms of unlawful racial discrimination, promoting equal opportunities and promoting good relations between people of different racial groups.

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1. Executive Summary

Northern Lincolnshire and Goole Hospitals NHS Foundation Trust begins the financial year in a strong position to ensure it continues to meet the needs of its patients. It has a new management structure agreed, which is now being implemented, and is in a relatively strong financial position in order to meet the challenges of the year ahead at a time of great change in the NHS – both locally and nationally.

The Trust has made inroads into its savings target over four years – and the stated intention of the Trust is to achieve those savings without impacting on the quality of the care offered. However this will mean that the way care is given to patients will change. The Trust's managerial changes will result in savings, but the scale of the savings target is so great it will impact on the way clinical services are designed and delivered. The aim is to ensure that the changes both improve quality and make the savings necessary.

Clinical Transformation schemes are planned, but cannot be done in isolation. The priority is to ensure that a community wide approach, from GP visit to ongoing health and social care outside the hospital, works seamlessly to give the patient the best care possible.

These schemes have not made the progress in some areas that we would have liked over the past year. This led to a number of initiatives agreed and implemented during the second half of last financial year. These actions, and the resultant managerial review which was agreed as part of these measures, mean the trust is fit to face the future, and able to adapt

to the changed NHS world.

The general shift of care away from hospital buildings to different settings means we will have to look at how we carry out work across a range of specialties during the coming 12 months. This will result in the way hospitals, and the services provided in an acute setting, will change, for example with more work being carried out in the patients' home – or in GP and Primary Care centres.

To support the level of change required, a priority for the Trust is organisational development, both internally and externally. The development of the role of the Council of Governors and members will also be key to supporting change.

Continuing to provide a quality service, though, at our three hospitals in Grimsby, Scunthorpe and Goole is a key aim during this period of rapid change and we want our staff to continue to be proud of the contribution they make to ensuring this aim is met. There is a continued drive to ensure that our success is measured through the outcomes for patients, and therefore there will be a continued focus on Infection Control (MRSA and C Difficile rates), the number of patients treated within 18 weeks of referral, reducing re-admission rates, improving waiting times for those with cancer – and the time people spend in our emergency departments.

The Trust has unconditional registration with the Care Quality Commission. Further, the Trust Board continues to have patient safety / quality as a standing agenda item ensuring the focus on and scrutiny of quality performance at board level.

2. Past Year's Performance

2.1 Summary of the Year 2010/11

The Trust has, throughout 2010/11, sought to build on the strong foundations established in earlier years.

The Trust has continued to place a significant focus on improving the quality and safety of the wide range of services which are provided at the three main hospitals which it is responsible for. Although enormous strides have been made over the course of the year the Trust did experience an increase in the number of MRSA infections reported during 2010/11 when eight cases were reported compared to three in the previous year. One of the key priorities for the forthcoming year is to return to the historically low levels of MRSA infections and actions are in place to ensure this will happen during the forthcoming year.

In relation to the incidence of Clostridium Difficile infections the Trust has reduced the levels by 17% which is well within the national target trajectory.

The Trust has consistently exceeded national requirements to ensure that at least 95% and 90% of non-admitted and admitted patients (respectively) begin definitive treatment within 18 weeks of referral by their GP. This represents the best performance of any hospital trust within the Yorkshire and Humber Strategic Health Authority, and is supported by a consistent picture of reduced waiting times for access to both diagnostic services (X-rays, scans, etc) and to therapy services (e.g.

physiotherapy, occupational therapy, speech and language therapy, etc).

In common with experience elsewhere in the country the Trust experienced significant pressures in A&E services, particularly during the severe winter period, and performance against the four hour waiting time target did on occasion fall below the required target levels. However, across the whole year, the Trust did perform better than target and managed to maintain services for patients at peak times. The ability of the Trust to deal with peaks in activity is often constrained by volumes of patients who are deemed medically fit but cannot be discharged from our hospitals due to lack of adequate community provision. The Trust has highlighted these concerns to its partner organisations across the health community who have recognised the potential impact on service provision of these pressures and are acting in order to ensure that these pressures are addressed.

The Trust continues to place significant focus on ensuring waiting times for cancer treatment are as short as possible within appropriate clinical pathways. Although the Trust did fall below the required waiting time for one particular target (62 day GP cancer referral to treatment) for the final quarter of the year actions are in place to ensure that waiting times in this area improve for the first quarter of this year and beyond.

Investment has continued into the patient environment to protect the privacy and dignity of patients treated within our hospitals and we

continue a programme to modernise the older parts of our hospital estate in order to improve the experience of patients making use of our services.

The Trust reported a trading surplus of £1.8million at the end of the last financial year and strengthened the already strong liquidity position during this period.

The commitment of staff to delivering high quality services remains central to the Trust's achievements during the last financial year and staff have again risen to the significant challenges of dealing with generally high levels of patient activity whilst improving the way that services are offered to patients in order to ensure safe and effective patient care.

2.2 Summary of Financial Performance

During 2010/11 the Trust generated a trading surplus of £1.8million which was broadly in line with the level planned at the commencement of the financial year.

However, whilst the overall financial performance of the Trust was sound, the Trust did take actions during the course of 2010/11 in order to deliver significant cost improvements in 2011/12 and beyond and financial provision was included for the future cost of transformation. This resulted in the Trust reporting a bottom line accounting deficit of £6.3million after these extraordinary costs were included.

How the surplus was delivered and how this compares to the performance originally planned is shown below:

£million	2010/11 Plan	2010/11 Actual
Income		
Clinical Income	258.2	259.8
Non Clinical Income	30.7	32.3
Total Income	288.9	292.1
Expenses		
Pay Costs	195.5	199.7
Non-pay Costs	76.6	76.0
EBITDA	16.8	16.4
Post EBITDA Items	15.0	14.6
Trading surplus/ (deficit)	1.8	1.8
Extraordinary restructuring charge		8.1
Post impairment surplus/(deficit)		(6.3)

As part of the regime established by Monitor the Trust receives a financial performance risk rating. For 2010/11 the Trust expects the overall trading and liquidity position to result in the Trust receiving a financial risk rating of 3, the same rating as was received for the previous financial year 2009/10 (1 = high financial risk, 5 = low financial risk).

The Trust ended 2010/11 with cash balances of £38.6million; this is an increase of £8.1million on the comparative figure for last financial year and reflects the underlying liquidity strength of the Trust.

The increase in cash resources is intended to fund a programme of internal restructuring aimed at supporting the programme of cost reductions upon which the future financial health of the Trust is dependant. A provision of £8.1million in relation to the anticipated cost of this programme has been included in the 2010/11 accounts.

The Trust had sufficient internal flexibilities to invest £8.1million in a range of capital developments during the course of the financial year. This sum included a number of major capital schemes such as further developments to the isolation facilities, diagnostic services and a continuing programme of ward refurbishment to meet single sex accommodation and control of infection requirements and to improve the environment.

The Trust did not utilise the working capital facility of £10million available to it during

2010/11.

2.3 Other Issues

During 2010/11, the Trust appointed two new Non-Executive Directors and a new Chairman and Chief Executive. A Board Development Programme, in support of these changes, is in place and ongoing.

The Trust has also completed a review of its management structure. A revised structure will be implemented from July 2011. This too will be supported by a development programme for key staff.

The proposed new structure reinforces the commitment to maintain a strong Trust and Board focus on quality / patient experience and effective governance arrangements.

3. Future Business Plans

3.1 Overall Vision and Key Priorities

The Trust's overall statement of intent and vision is to provide a range of high quality clinical services that are financially viable and which allow the provision of a comprehensive range of emergency services to our local population.

This vision is underpinned by a number of strategic goals:

- To provide excellent care to patients in a safe and modern environment
- To deliver a range of elective services which are required by commissioners, and which allow us to maintain the critical mass necessary for those emergency services to remain viable
- To seek opportunities to extend the range of services provided on behalf of our commissioners and to agree which of these need to be delivered in traditional district general hospital settings, with links to specialist tertiary centres where required; or delivered in community settings
- To aim to surpass externally set targets and standards
- To sustain the Trust's financial strength and exploit this to further the Trust's vision and operational goals
- To build a committed and capable workforce
- To maintain and enhance our corporate social responsibility

3.2 Key External Impacts

The Trust Board recognises that the Trust operates as part of a wider health economy and therefore the Trust's plans will inevitably be subject to influences and impacts which are outside the Trust's direct control.

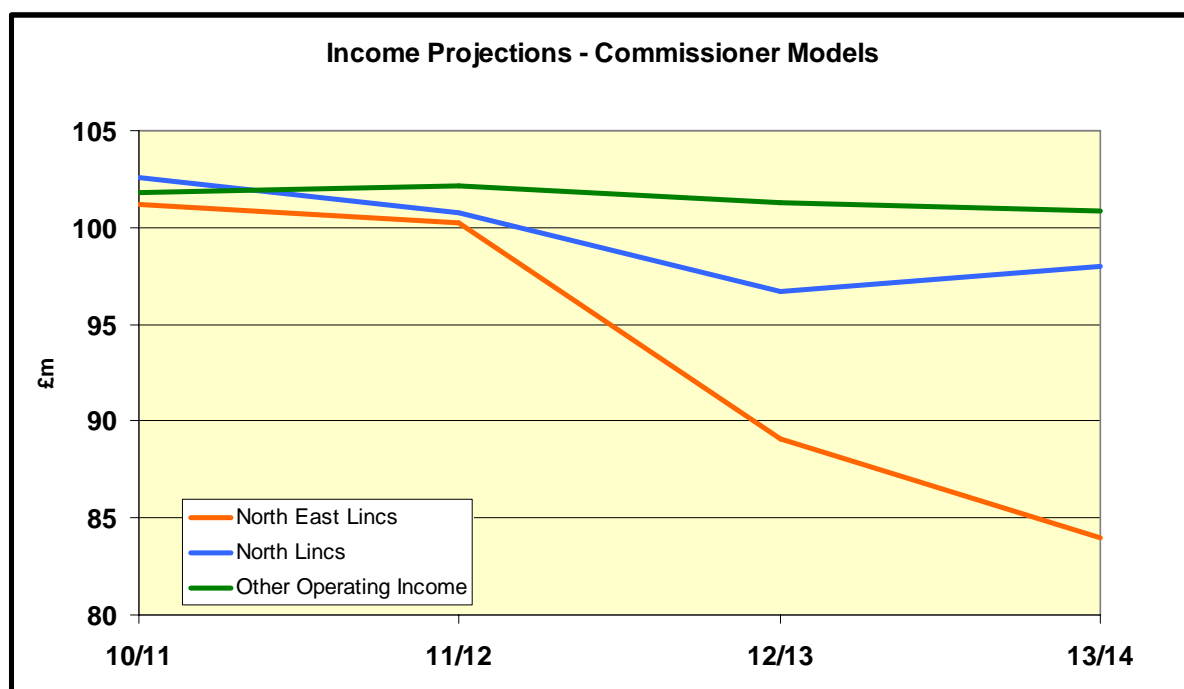
However, the Trust, and wider health community, do have strong local working relationships which provide a sound basis for joint planning and which provides the basis for the construction of the Trust's plans.

The Trust agreed during 2010/11 for the transfer of community services to the Trust with NHS North Lincolnshire and the 2011/12 plan begins the process by which these services are realigned with the Trust's existing service portfolio to underpin the process of service transformation around Scunthorpe General Hospital.

The equivalent process relating to transforming services at Diana, Princess of Wales Hospital at Grimsby needs to be sensitive to both the creation of a Social Enterprise charged with the

responsibility of managing community services on behalf of North East Lincs CTP and the more challenging income trajectory envisaged by the CTP in their medium term acute contracting strategy which has been shared and discussed with the Trust.

The commissioning strategy constructed by the Trust's commissioners presently envisages significant future income reductions to the Trust in line both with national planning policy and local community commissioning plans. Present indications from commissioners suggest the following overall reduction to acute demand although the precise mechanisms which commissioners will deploy to deliver this trajectory has yet not been defined:



While the key drive for quality in services remains a core theme for those providing health and social care in Northern Lincolnshire, the focus for 2011 and beyond is how to ensure the delivery of high quality clinical services which are both viable and sustainable in the light of the above planned trajectories.

The reductions in hospital based demand implied by the above trajectory potentially threaten the viability of local acute services, and the Trust will therefore need to continue to work with commissioners, local providers, including the new Social Enterprise, to develop alternative forms of provision and service delivery that reduces the utilisation of hospital facilities where this is deemed economically effective.

The key goal is to define and maintain a 'critical mass' of clinical expertise required in the acute

sector which sustains the viability of local acute services. This needs to be set in the context of the national driver for services to be delivered on a clinical network basis, increasing the number of patients having their care in tertiary centres. At the same time there needs to be recognition of the changing local demographics of an increasing elderly population and a decreasing number of young people.

The Operating Framework established the planning context for 2011/12 and has been a key influencing factor in the construction of the income trajectory outlined above. The Trust also recognises the fact that internal efficiency and cost reduction target established within the Trust's medium term plan also need to make provision for the fact that cost increases brought about by inflation, national pay policy and any additional regulatory factors will need to be internally funded. The strategic objectives for the Trust are therefore based on improvement in productivity and efficiency, flexible use of resources, re-design of services including the development of alliances and partnerships with other providers to deliver re-designed services in different ways, to avoid significant rationing of healthcare and maintain viable local service provision.

The need to deliver the strategic priorities has been reflected in a detailed business and financial framework for 2011/12 which was adopted by the Trust Board in March 2011. The principles agreed in this framework have also been utilised to produce a forecast position for the subsequent two years.

The Trust has agreed a legally binding contract based on the Standard Contract with its coordinating commissioner for 2011/12. The contractual parameters provide for a high



degree of income certainty for the Trust recognising that this needs to be in the context of strict demand controls to prevent the contract over-heating. Internal operational and capacity plans need to be alert to this risk and monitoring arrangements are in place to manage the potential operational and commissioning consequences of any unplanned increase in demand.

In addition a local risk management protocol has been agreed with commissioners across the local health community which creates the conditions for cross organisation risk management and provides a workable and equitable framework for managing risks, such as over-performance against contract activity baselines, and the implementation of corrective actions should any single organisation experience financial or significant operational difficulties during the operation of the contract.

3.3 Clinical Quality

The Trust has continued to make good progress in relation to quality during 2010/11 and full details in relation to achievement against priorities set for 2010/11 are outlined within the Annual Quality Account. Targets were achieved within the areas of patient satisfaction where over 85% of patients reported being satisfied with the care they received and over 90% of patients reported that they would recommend the Trust to their family and friends. The measure in relation to respect and dignity has increased from over 90% of patients being satisfied to over 95%.

Within the quality domain of patient safety, although the Trust did not achieve the target for MRSA, it more than exceeded the C Difficile incidence target. In line with all other Trusts, the target for C Diff has reduced considerably and meeting this new target will be a considerable challenge. Nevertheless, the Trust is clear that it will do everything possible to reduce the incidence of all healthcare acquired infections, recognising the increase in morbidity they can cause for patients, and intends to meet this very challenging target. Targets for medication incidents and falls were also met.

In relation to clinical effectiveness the Trust continues to be among the best in the country for its rates of day case surgery and our re-admission rate within 28 days is better than the average of our peer group. The Trust continues to make strides to reduce our mortality and during 2010/11 changed providers of mortality information, switching from Dr Fosters to the CHKS Signpost product. The reason for this was to give the Trust a greater breadth of benchmarking and to obtain a more user friendly 'point and click' dashboard approach. This has meant that it is now possible to measure our mortality using the Risk Adjusted Mortality Index (RAMI) rather than the Hospital Standardised Mortality Rate (HSMR). This has shown that the average RAMI for the calendar year reduced from 129 (2009) to 117 (2010). The mortality rate for fractured neck of femur continued to



be within the top 25% of our benchmarking group and so it was decided to withdraw this from the priorities for 2011/12 and replace it with respiratory conditions, an indicator identified via the CHKS system as potentially being an outlier. The mortality for stroke increased slightly from 157 to 161 and this will remain a high priority area for the trust during the coming year.

The Commissioning for Quality and Innovation Scheme (CQUINs) has enabled us to concentrate on some areas where we wanted to further improve services such as end of life care, nutritional status and pressure ulcer care. The introduction of a Directorate of the Chief Nurse and Quality Matrons will be pivotal in ensuring that improvements in these areas continue and are embedded in practice.

The plans for 2011/12 are to continue to monitor key quality indicators, paying particular attention to improving our mortality rate. The priorities for 2011/12 have been grouped into the 3 domains of quality: Clinical Effectiveness, Patient Safety and Patient Experience.

Clinical Effectiveness

Priority 1 – To reduce the mortality (death) rate in the Trust

Indicator (i)

Hospital mortality rates for:

- all diagnosis

- stroke
- cardiac conditions and procedures
- respiratory conditions

Indicator (ii)

Rates of re-admission to hospital within 28 days of discharge – to maintain position

Indicator (iii)

Rates of day case surgery – to maintain position

Patient Safety

Priority 2 – To further reduce the Trust’s MRSA and CDifficile infection rates

Indicator (iv) Hospital acquired infection rates:

- MRSA rates
- C. Difficile infection rates

Indicator (v)

Patient medication incidents – new target to be identified

Indicator (vi)

Hospital falls – new target to be identified

Patient Experience

Priority 3 – For Northern Lincolnshire and Goole Hospitals NHS Foundation Trust to be the provider of choice for patients for procedures delivered by ourselves.

Indicator (vii)

Overall satisfaction with Trust services

Indicator (viii)

Respect and Dignity

Indicator (ix)

Complaints

3.4 Service Development

A robust service development process is the key tool in order to allow the Trust's vision and strategy to be implemented and all aspects of service delivery change and transformation support the delivery of the Trust's strategic goals outlined above.

The drive for quality in services remains a core theme for those providing health and social care across the hospitals managed by the Trust and the focus for 2011 and the immediate years beyond is to ensure the delivery of high quality clinical services which are clinically sustainable within the context of the proposed reductions in hospital based workloads envisaged by commissioners.

As indicated above these reductions potentially threaten the viability of local acute services, and the Trust is working with Commissioners and with other providers to develop alternative forms of provision and service delivery that reduce the utilisation of hospital facilities to those occasions where this is most cost effective, whilst maintaining the 'critical mass' of clinical expertise in order to maintain the viability of local services. For 2011, the work will focus on the following key areas:

- unplanned care – with diversionary schemes to ease pressure on A and E departments, and so reduce the number of emergency admissions
- planned care – where the trend of reduced hospital stays & attendances, and care pathways that reduce the need for hospital stays & attendances will take effect
- women's and children's health – where a review across specific areas has begun, and discussions will continue through the year
- network reconfigurations – where we have already seen a review of vascular services and are at the start of a trauma review determining what can safely be provided locally and what work should be carried out at a regional centre.

The Trust has recently reviewed the internal organisational structures in order to maintain a robust operational base whilst driving through the transformational agenda outlined above. The Trust's service development strategy therefore:

- maintains a focus on the market and the needs and requirements of GP commissioners
- improves the decision making process to allow services to be more responsive to patient need

- focuses on removing any barriers to making change happen within the organisation
- and, finally, empowers staff to take leadership roles in an environment of empowerment within a robust accountability framework with a particular focus on having strong clinical leadership

The Trust will continue the process of modernising the ward configurations at the Diana, Princess of Wales Hospital. This is the continuation of a process which originally commenced in 2009 and will continue over the course of 2011 and beyond and will provide the infrastructure to allow improvements in both patient flow and environment. This process is also a key enabler to allow for productivity efficiencies in the nursing establishment supported by the roll out of E rostering across the whole of the nursing establishment.

The aim to maintain the improvements in waiting times and in average length of stay will be supported by the plans to enhance diagnostic services with the implementation of digital mammography which supports the delivery of the cancer reform agenda in respect of breast cancer. In addition, plans are in place for the expansion to MRI and CT facilities at Scunthorpe General Hospital; the Trust has also made provision for further investment in pharmacy services which also supports the implementation of medicines reconciliation across the Trust.

The Trust's plans for stroke services will also continue to be a key focus for the service development agenda for 2011/12





in order to ensure the delivery of all the key standards and aims of the stroke strategy. A Trustwide action plan is in place, based on the Sentinal Stroke Audit findings, which has been developed in conjunction with key partners such as primary care and EMAS.

Provision of cardiology services have been enhanced through the implementation of the percutaneous coronary intervention service at Scunthorpe General Hospital, and this will be followed up with the development of a Cardiac Devices service in Grimsby.

As identified above a key focus for the service development agenda will be supported by the transfer of community services by NHS North Lincolnshire which will allow clinical leads to explore opportunities for inter-professional working, patient pathway improvements and thus creating future efficiencies across the acute/community boundaries.

The 2011/12 commissioning contract agreed with North East Lincs CTP also sets out the commissioner's plans for the establishment of a front-end A&E service in order to support their aim for more effective diversionary management. It is the CTP's intent that this service is established with effect from September 2011 and Trust capacity plans are alert to this proposal.

In addition to the above service development priorities the Trust's plan also includes the following key issues which are also incorporated into the development agenda:

- Continuing focus on mortality rates, infection/falls and patient experience as the Directorate of the Chief Nurse will focus on maintaining the quality of the patient experience under the revised management arrangement. This will be supported during 2011/12 by the introduction of a quality / patient experience sub-committee of the Trust Board.
- Further strengthening of the Trust's Emergency Preparedness and business continuity arrangements.
- Ongoing engagement and involvement with stakeholders and our members and the public in changes and developments which may affect them – including further development of relationships with patient and public involvement organisations.
- Preparation for NHSLA re-accreditation during 2011/12 and CNST maternity re-accreditation during 2012/13

3.4.1 Equality & Diversity

The Trust's culture and leadership embeds equality, diversity and human rights in the range of activities and services provided. This implants the importance of appropriate patient access to services and the need to ensure an overall physical environment which is fit for purpose.

The Trust has reviewed compliance with the single equality scheme and is ensuring that all new policies and procedures are subject to equality impact assessments. The Trust is implementing a training plan to ensure staff have the correct tools to fulfill the Trust's legal obligations in this area.

3.4.2 Sustainability/climate change

The Trust has now, in partnership with the Carbon Trust, developed a carbon management plan (CMP) aimed at reducing the Trust's carbon emissions by 25% within five years. A key objective of the plan will be to embed carbon management into the culture of the organisation with a view to making sustained, longer term savings.

The drivers for taking action on climate change are clear and compelling. Carbon emissions are closely related to energy consumption and with energy prices increasing there is a significant risk that scarce funds for frontline services will be diverted into ever-increasing energy bills. The government is committed by law to reduce carbon emissions and sees the NHS as crucial in meeting this objective. Climate Change has been called "the biggest global health threat of the 21st century"

service users are increasingly aware of the issues and expect providers to manage resources efficiently and with appropriate care for the environment.

The Carbon Reduction Strategy approved by the Board in April 2009 commits the Trust to long term sustainability and to a recognition of its corporate responsibility both as one of the largest employers in the local economy and as an emitter of carbon into the local environment.

The targets are:

- 1) Energy reduction in usage by 5%
- 2) Procurement & food reduction in carbon by 10%
- 3) Transport reduction by 15%
- 4) Waste reduction by 10%

In 2007/8, emissions of carbon dioxide arising from the Trust's use of energy and water in buildings, and from our transport, travel and waste disposal activities amounted to approximately 22,500 tonnes.

The Carbon Reduction Working Group has considered a range of opportunities for reducing our carbon dioxide emissions and has included in this plan a group of projects that, together with savings arising from schemes that are already completed, is expected to enable 118% of the emissions reduction target to be achieved. The CMP will be subject to review and to some development as future opportunities for carbon reduction are recognised.

3.5 Workforce

The Trust's ability to deliver services which are both high quality, safe and sustainable is dependent upon the need for a competent, capable and motivated workforce. The Trust's workforce strategy is focused on supporting staff to be flexible, responsive to change as well as productive and efficient in order to enable the Trust to transform the way services are provided during a period of significant financial constraint.

The workforce strategy is therefore alert to the need for improvements in productivity and efficiencies and thus reflects the need for a smaller workforce and overall paybill.

In response to the challenging economic climate and to match the need for innovation and re-design, and improved productivity and efficiency the Trust workforce plan has recognised the need for an increasingly responsive workforce, with greater flexibility over role and location of service



provision. In order to underpin these aims the Trust began a process of implementing a revised management structure which supports the plan for an initial reduction in workforce numbers of 350 whole time equivalent staff.

The key priority is to deliver the required reductions in workforce without affecting either the quality or safety of the services the Trust provides. Whilst a significant proportion of the workforce reductions are focused on driving efficiencies across back-office and non front line services certain reductions will be targeted at clinical areas in order to reflect the future planning trajectories for the demand for acute services. It is therefore essential that the workforce reduction process is delivered in a manner consistent with, and integrated within, the Trust's overall transformational agenda.

The Trust has operated a programme of voluntary release over the course of 2010 and it is envisaged that this will continue to be a key tool in supporting the overall aim to reduce workforce numbers during 2011/12 and beyond. However, whilst the workforce plan also incorporates the need for a number of compulsory redundancies where the absence of voluntary release or the requirements for future service provision make this unavoidable, it is envisaged that natural wastage, turnover management mechanisms and vacancy controls will also support the overall workforce reduction aim.

Given future funding prospects and the challenge to drive greater efficiencies over the course of the

medium term the workforce plan needs to achieve further workforce reductions over and above the 350 whole time equivalent target established toward the end of 2010.

Whilst the Trust's overall workforce plan incorporates the above aim it also reflects the transfer of community and therapy staff following the agreement with NHS North Lincolnshire to transfer these services and proposals are in place to ensure that the right workforce is available to deliver the most appropriate patient care in the right setting.

The overall workforce plan, including all aspects of the transformational programme, transfer of community services, the key elements of the non clinical workforce reduction plan and the residual workforce reduction associated with the original intention of 350 whole time equivalents results in the following workforce trajectory over the course of the medium term plan:

Projected Workforce Trends - Contracted WTEs*

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Mar-13	Mar-14
Medical Staff	515.8	513.6	513.2	512.8	512.4	497.8	476.9
Nursing and Midwifery	1,934.1	1,926.7	1,916.6	1,902.9	1,888.2	1,846.6	1,788.3
Sci, Tech and Therapy	906.1	904.0	901.0	897.0	892.7	881.7	873.2
Admin and Clerical	1,044.2	1,025.0	998.5	962.5	924.0	850.9	841.1
Other Non Clinical	471.6	468.2	463.5	457.2	450.4	414.9	401.2
Total	4,871.8	4,837.4	4,792.9	4,732.3	4,667.5	4,491.9	4,380.6

* Note these figures are prior to the absorption of North Lincs community staff.

There continues to be commitment to training for all staff groups despite these challenges and a low turnover has been maintained. Medical staff recruitment will continue to be a focus area of attention. The Trust has plans in place that includes work with the Deanery, overseas recruitment and looking at alternative ways of service delivery, for example nurse practitioners and increasing Consultant provided services to mitigate the risks of not being able to fully recruit to complaint rotas.

The Trust has in place a Revalidation Group which is achieving the requirements within the National timescales for the confirmation of registration and revalidation of Doctors.

The Trust plan also focuses on the need to continue to improve staff engagement in order to ensure that they are informed and consulted about decisions that affect them. Trust managers continue to engage with staff both at regular, formal events such as JSCC but also at other less structured and informal events.

Like all acute trusts the Trust recognises the need to focus both on workforce numbers and the overall paybill. During the process of consultation in relation to the revised management structure the Trust took the opportunity to seek staffs' view regarding payment rates relating to certain aspects of terms and conditions. Feedback from this process has been valuable in shaping future policy in relation to this area and the Trust is presently reviewing the construction of specific proposals for further consultation with staff.

3.6 Capital Programme

The need to maintain and upgrade the Trust's estate and equipment base is essential for the provision of a high quality, safe and fit for purpose services and to deliver the vision outlined above. As a consequence the Trust plans to set aside £35.7million for a range of capital developments over the course of the three year planning horizon.

The programme of capital investment is inextricably linked to both the Trust's transformational programme and the overall quality and safety agenda. The sustainability of this programme is therefore predicated upon:

- the delivery of the cost reduction and efficiency improvement plans which are embedded within the transformational programme which in turn, underpins
- the achievement of the annual surpluses set out in the three year income and expenditure plan

The programme assumes that the Trust is able to generate sufficient cash resources to fund the proposed investments. The detailed cash flow forecasts which underpin the three year medium term financial plan indicate that this assumption is deliverable providing each of the above planning assumptions is delivered.

Based upon this key assumption the Trust does not envisage the need for any external financing of any element of the programme.

The Trust does not envisage any significant asset sales during this programme although discussions surrounding the future of certain outlying clinics are still in process.

The Trust has recently concluded a thorough review of the Estates Strategy and from this has identified a number of opportunities to reduce the level of underutilised estate. As a consequence and, again in order to support the transformational programme, the Trust is planning certain reductions to Trust estate and has constructed a demolition provision of £0.7million which has been factored into the overall three year financial plan.

It is anticipated however that the programme of demolition will result in certain losses upon disposal and the impact of these has been factored into the overall three year plan.

The programme of capital investments is made up of the following elements:

	2011/12 £mil	2012/13 £mil	2013/14 £mil
Major Schemes	5.75	5.00	4.00
Facilities & Estate management	1.74	3.11	2.63
IM&T	0.40	0.50	0.40
Equipment	4.81	3.90	3.45
Total Funding	12.70	12.51	10.48



3. Future Business Plans (contd.)

3.7 Operational/Financial Effectiveness

3.7.1 Summary of Financial Forecasts

The strategic overview highlights the significant financial challenges the NHS and acute trusts in particular are likely to face over the medium planning horizon and the Trust has undertaken a detailed review of the financial plans for the forthcoming three years in order to ensure that the medium term plan is sensitive to:

- the future direction of health funding as set out in the Comprehensive Spending Review
- the specific planning context outlined in the 2011/12 Operating Framework
- plans from commissioners for future service reconfiguration and demand reductions
- the need to maintain focus on the delivery of health-care standards and targets.

The Trust has set out, in section 3.2, the initial planning trajectories discussed with local commissioners which outline their aspirations for further demand and activity reductions.

Whilst the Trust's plan for 2011/12 is directly consistent with this trajectory the overall health community has not yet either agreed the overall framework or service configuration for 2012 and beyond. The Trust is in the process of reviewing the core service components which would deliver the commissioners stated aim to maintain district general hospital provision at all three sites and the income projections set out below are the initial product of this review. It is important to note that the income trajectory for 2012/13 and beyond still therefore needs to be discussed and agreed across the whole health community patch.

The following table therefore outlines Trust financial performance in 2010/11 and how this is envisaged to develop over the following three years:

	2010/11 Actual £mil	2011/12 Plan £mil	2012/13 Plan £mil	2013/14 Plan £mil
Income	292.1	303.1	301.1	301.6
Expenditure	275.7	287.9	285.8	285.9
EBITDA	16.5	15.2	15.4	15.6
Post EBITDA items	14.7	13.5	13.9	14.5
Trading surplus/(deficit)	1.8	1.6	1.5	1.2
Exceptional items	8.1	0	0	0
Total surplus/(deficit)	(6.3)	1.6	1.5	1.2

The above financial framework presents significant managerial and operational challenges to the Trust and, given the scale of the cost reduction plans upon which it is predicated and the need to finalise service configuration plans for 2012/13, is risk laden.

The Trust does however have robust plans in place for 2011/12 which contain the following key features:

- the full year savings from the workforce reductions implemented in the second half of 2010/11
- the additional workforce savings currently being implemented following the agreement of the revised management structure
- efficiencies to be generated through the implementation of key workforce enablers such as E-rostering
- certainty over income levels for 2011/12 following the agreement of a robust contracting base with commissioners
- a health community wide agreement to jointly review service plans and structures for 2012/13 and beyond

It is envisaged that the combination of the above assuming full delivery will allow the Trust to maintain financial stability whilst at the same time providing sufficient flexibility to allow the continued investment in a range of capital schemes to provide modern and safe environment for our patients.

The Trust's working capital strategy seeks to sustain the Trust's underlying liquidity position. The Trust enters 2011/12 with a very strong liquidity position and sufficient financial flexibility to deliver the transformational agenda, and the workforce reductions implied within it, which are embedded within the overall financial framework.

This will also provide the Trust some flexibility in the management of the financial risks contained within the medium term financial plan.

The Trust financial plan does not envisage that the Trust will require access to the working capital facility; neither does the plan assume the need for any other form of external borrowing. However, in order to provide further financial flexibility the Trust has extended the working capital facility back to the original level of £18million which was set at the time of the Trust's establishment.

3.7.2 Key financial assumptions

The income levels for 2011/12 are consistent with the recurrent contract agreed with North East Lincolnshire CTP, the coordinating commissioner for PCTs included within the Trust's healthcare contract.

The contract contains supplemental non recurrent activity and income trajectory established in order to provide the local health community with sufficient in-year flexibility to implement the full package of demand reduction measures included within commissioner full year plans and also sufficient provision for the cost of absorbing community and therapy services from NHS North Lincolnshire. The Primary Care Trusts who form the local contracting consortia are as follows:

- North East Lincolnshire CTP
- NHS North Lincolnshire
- NHS Doncaster
- NHS Lincolnshire
- NHS East Riding of Yorkshire

The quality, activity and income appendices of the 2011/12 contract are the product of detailed negotiations with commissioners and contain a range of contract provisions in order to reflect the expectations contained within the national Operating Framework.

The key aim of this exercise was an attempt to ensure that the activity contained within the contract and the income values derived from it were consistent with both the commissioner assumptions on the level of reductions relating to demand management and a realistic assessment of the potential risks associated with any potential slippage or failure in their delivery.

The modeling exercise was based upon the following planning assumptions:

- underlying demand assessments undertaken by commissioners based upon predictions of future GP referral and other demand patterns
- the impact of commissioner modernisation proposals delivered via demand controls, diversionary measures or pathway developments
- other service reconfiguration proposals set out by commissioners in their original commissioning intention document; for example changes to outpatient follow up ratios; front end A&E at Diana, Princess of Wales Hospital and a variety of other, minor pathway and service changes.

The Trust maintains strong working relationships with the principal PCTs participating in the contract. The contract was within the following framework:

Contract

- the two local commissioners agreed an income and activity baseline which sets both a cap and floor for 2011/12. A variant of this approach was also adopted by NHS East Riding
- the arrangement allows for variations in activity and income on the basis of agreed protocols and processes which will be monitored at regular, formal contract management meetings
- provisions are also in place to incorporate the consequence of joint re-design work being undertaken across the health community
- the annual activity plan is based upon an assessment of activity flows, waiting time requirements and other access target outcomes, and the impact of modernisation and other demand management schemes being developed by PCTs.

Incentives and Penalties

- whilst the contract includes a range of potential penalty clauses for performance failures on the part of the Trust the application of these will be regulated within the overall income guarantees and risk management arrangements set out above
- it also includes CQUINS targets;

Workplan for Pathway Development

- not all development areas were sufficiently worked up for inclusion in firm activity plans within the contract. A schedule of priority areas has been drawn up for inclusion in an in-year workplan
- the workplan is focused on areas where pathway development work is required to develop or modernise services. As elements of the workplan are completed, the resulting agreed actions will be cemented by means of variations to the contract.

NHS Clinical Income Forecasts

- The activity and income levels upon which the overall financial framework is based are outlined below and submitted in detail to Monitor.

NHS Clinical Income £million	2010/11 Actual £mil	2011/12 Plan £mil	2012/13 Plan £mil	2013/14 Plan £mil
Elective	52.5	51.4	50.3	50.4
Non Elective	75.7	73.8	73.8	74.5
Outpatients	46.4	43.3	42.1	42.3
A&E	10.7	11.0	11.0	11.1
Other	72.5	90.1	90.6	89.4
Clinical Activity	2010/11 Actual	2011/12 Plan	2012/13 Plan	2013/14 Plan
Elective Spells	52,946	54,055	53,546	54,082
Non Elective Spells	45,868	43,734	44,390	45,056
Outpatient Attendances	385,374	332,140	327,569	330,845
A&E Attendances	133,808	130,039	132,640	135,956

In arriving at the above figures, the Trust has assumed that the national tariff, which underpins the Payment by Results funding system, will be subject to the following net adjustment to tariff income:

Generic Uplift (%) exc. COUINS	2010/11 Actual	2011/12 Plan	2012/13 Plan	2013/14 Plan
Gross Uplift	3.5%	2.5%	2.5%	3.5%
CIP Target	(3.5%)	(4.0%)	(4.0%)	(4.0%)
Net tariff adjustment	0.0%	(1.5%)	(1.5%)	(0.5%)

The contractual negotiations with commissioners for 2011/12 were based upon 2010/11 outturn levels together with assumptions of a level of underlying demand changes for 2011/12.

Detailed discussions with commissioners focused upon the robustness of implementation plans required in order to deliver reductions in demand to this magnitude. In some areas it was jointly agreed that commissioner plans were not sufficiently advanced in order to generate the desired gains and, as a consequence, the Trust's financial plan for 2011/12 reflects the fact that commissioners have fed in from their respective contingencies non recurrent funding of £6.9million.

The Trust would face further in-year operational pressures should real demand exceed these levels. In order to avoid this scenario, the Trust has clarified the acceptance on the part of commissioners that if their volumes exceed the Trust's capacity plan they may need to find alternative providers for

activity above capped levels where capacity cannot be created within core hours.

The Trust continues to comply with the Schedule 4 cap on private patient income.

3.7.3 Performance Targets 2011-12

The Trust is, under the terms of its contract and the provisions of the 2011/12 Compliance Framework obliged to deliver a comprehensive range of national and locally agreed standards for key targets:

- MRSA objective
- Clostridium Difficile objective
- Accident & Emergency waiting times
- Cancer waiting times
- Stroke standards
- Referral to treatment waiting times
- Sexual Health waiting times

The Trust will continue its focus on the plans in place to continue to ensure these targets are met.



3.7.4 Operating Resources Required to Deliver Service Developments and Targets

The business and financial framework adopted by the Trust Board in March 2011 set out principles for the detailed budget exercise which is has now been completed with each of the Trust's Clinical and Non Clinical Directorates.

The framework reflects the following factors:

Strategic planning climate

- **Financial climate** - *the Spending Review, published by the Treasury in October 2010, sets out the overall planning context within which the Trust's financial framework will be based. The period from 2011/12 is one where the NHS, although protected from the real term reductions faced by much of the public sector, faces no material growth in funding.*
- **Performance climate** – *the Trust presently experiences difficulties in achieving the required level of performance against certain key targets, infection control, cancer and A&E being the most prominent.*
- **Regulatory climate** – *the draft Compliance Framework recently published by Monitor highlights Monitor's concern regarding the assurance processes to be followed by Foundation Trust Boards in order to guard against risks posed by both the challenging financial climate, and the need to maintain safe and high quality services during a period of financial restraint.*
- **Commissioning climate** – *the forthcoming change in national and local commissioning structures brings with it a significant degree of uncertainty for the acute sector. Although local PCTs have received modest increases in financial allocations, the process of transformation into GP commissioning consortia and resulting changes in organisational structures could potentially prevent the acute sector receiving a proportionate share of this increase, as commissioners hold on to contingencies during a period of uncertainty.*
- **Competitive climate** – *the sustainability of certain of the Trust's existing services has been challenged due to the diversion of specialist activity to tertiary centres, most notably Hull, and potentially the continuation of certain quasi-community services the Trust operates may be threatened following the establishment of the Social Enterprise in Grimsby.*
- **Industrial relations climate** – *the Trust will undoubtedly face difficulties as public sector unions construct plans to challenge Coalition Government. spending reduction policies.*

The Trust has factored these issues into the construction of the three year medium term financial plan the detail of which has been submitted to Monitor. In summary, the Trust expects the operating cost base to be as follows for the three years commencing 2011/12:

Operating Expenses	2010/11 Actual £mil	2011/12 Plan £mil	2012/13 Plan £mil	2013/14 Plan £mil
Pay Costs	199.7	207.2	202.0	200.6
Drug Costs	21.0	23.1	24.1	25.4
Other Costs	55.0	57.6	59.7	60.0
Total Operating Cost	275.7	287.9	285.8	285.9

While overall staff numbers are decreasing, these costs are inclusive of inflation uplifts in line with current forecasts. Pay inflation is projected to follow the key themes outlined in the Comprehensive Spending Review regarding public sector pay restraint although overall pay forecasts have been modelled in order to allow for any potential additional costs of pay modernisation over the period.

Non pay cost inflation projections are in line with latest economic forecasts.

Loans and working capital

The financial plan assumes that the Trust cash and working capital will be as follows over the course of the medium term:

Working Capital - 31 st March	2010/11 Actual £mil	2011/12 Plan £mil	2012/13 Plan £mil	2013/14 Plan £mil
Current Assets				
Stocks & Work in Progress	4.3	4.3	4.2	4.1
NHS Trade Debtors	4.5	4.3	4.2	4.2
Non NHS Trade Debtors	0.9	0.9	0.9	0.9
Other Debtors	2.9	2.7	2.7	2.6
Prepayments	1.8	1.7	1.7	1.7
Cash at bank and in hand	38.6	32.1	26.9	24.6
Total	53.0	46.0	40.5	38.1
Current Liabilities (due < one year)				
Trade Creditors	9.7	10.2	10.4	10.6
Other Creditors	14.3	13.1	11.9	10.4
Capital Creditors	2.3	3.4	3.3	2.8
Accruals	5.0	4.2	4.0	3.8
Finance Leases	0.2	0.2	0.2	0.2
Deferred Income	5.7	3.5	2.0	2.0
Total	37.1	34.5	31.7	29.8
Provisions	9.3	6.4	4.6	3.1
Net Working Capital	6.5	5.1	4.1	5.2

3. Future Business Plans (contd.)

3.7.5 Transformational savings and efficiency plan

The financial projections outlined above are predicated upon the delivery of a challenging programme of cost reductions and efficiency improvements; the implementation of which is being managed through a Transformational Board which is now a formal sub committee of the Board chaired by the Trust Board Chairman.

In addition, the Board is comprised of the:

- Chief Executive
- Medical Director and Deputy Chief Executive
- Director of Operations (chair of the QIIP delivery group)
- Director of Finance Planning & Performance

The Transformational Board agreed and adopted the programme of savings for 2011/12 which amounted to a total net saving of £11.3million.

The plan for 2011/12 includes the following key themes:

- Non clinical service review
- Clinical configuration service and infrastructure reviews
- Short stay ward review
- Stroke ward review
- Ward A1/D1/out of hours review
- C floor review
- Other configuration programmes
- Nursing cost controls – E rostering roll out
- Medical staff cost control
- Diagnostic productivity review
- Procurement and estate rationalisation plans

The predominant focus of the savings plan is to ensure the delivery of non clinical savings which are both implied by the introduction of a revised management structure and regulated by the strategic intention to reduce the non clinical frontline costs by at least 20%.

The strategic aim to undertake a programme of back office savings was originally included in the Trust's downside plan submission although the scale of the savings target, and the pace by which

this is to be delivered has been influenced by the introduction of the revised management arrangements and the strategic intent to reduce the workforce by 350 wte agreed in late 2010.

The overall plan also incorporates potential savings generated from cost of capital adjustments. The three year programme outlined below contains an assumption that the potential for efficiencies through productivity gains has been eliminated as activity levels are controlled through demand management schemes agreed with commissioners. Efficiency targets must therefore be met largely through reduced actual spend.

The overall programme for 2011/12 agreed through the Transformational Board comprises of a range of savings schemes which amount to a total of £11.3million and the Transformational Board is charged with the oversight of this plan. The business and financial framework includes a savings dependency of £10.75mil which has been factored into the trust's planning profiles which therefore results in the following medium term savings profile:

	2010/11 Actual £mil	2011/12 Plan £mil	2012/13 Plan £mil	2013/14 Plan £mil
Income Schemes	0.0	0.0	0.4	0.4
Pay Reduction Schemes	4.2	10.0	8.4	6.1
Non Pay Reduction Schemes	1.3	0.8	0.9	1.1
Non Operational Reduction Schemes	0.6	0.0	0.9	0.6
Planned Efficiency Programme	6.1	10.8	10.5	8.2
Additional Reconfiguration Linked Savings	0		1.5	3.0
Total	6.1	10.8	12.0	11.2

With a commitment within the plan to deliver a year on year Income and Expenditure (I&E) surplus at a target level sufficient to maintain an overall Risk Rating of 3, and with a challenging three year programme of productivity and efficiencies, provisions for internal contingencies are limited. As such, full delivery of the 2011/12 plan does require that the productivity and efficiency programme is in large part successfully delivered.

3.7.6 Risk Analysis

This section details the key strategic risks facing the Trust and the measures that have been taken to mitigate against them.

Financial Risk Analysis

	Description	Rating
Contract Income Base Levels	The Trust has now agreed final contract values with individual commissioners. The Trust's proposal to base contract levels with minimum income guarantees will reduce the risk that income levels will significantly fall below the agreed contract baselines.	Low
Contract Income – Commissioner Non Payment	Commissioners may be under significant pressure in year to avoid payment for activity undertaken should demand management not deliver the full activity reduction forecast. This may arise directly, through refusal to sanction overtrades as legitimate, or indirectly through validation or audit queries.	Low/ Medium
Contract Penalties and CQUINs income	The Contract includes a significant list of key targets against which performance penalties may be levied. Additionally the requirements to earn CQUINs income are stringent and in many cases as yet not fully clear. All these income streams are assumed within the Trust plan although the income guarantees incorporated to the overall agreement should provide some limitation to this risk	Medium
Management Capacity	The Trust is presently implementing revised management arrangements which result in reductions to the overall management base.	Medium
Future Year Income Uplift and Efficiency	The Trust has based plans on the latest base case assessment from Monitor. It is possible that eventual uplift rates will be lower, should further additional efficiency targets be imposed.	Medium
Pay Cost Inflation	The 2011/12 and 2012/13 plans are based upon known pay award provisions and the general freeze on public sector increase. Pay after this period may increase by a greater amount, without any equivalent adjustment to income uplift rates.	Low/ Medium
Agenda For Change	The Trust has included an assessment of incremental drift pressure and the costs of settling final outstanding Agenda for Change issues. The Trust could still be exposed to potential future equal pay claims	Low/ Medium
Non Pay Inflation	The Trust has adopted inflation assumptions above the restates assumed in the income uplift, but could nevertheless experience greater real pressures. This may or may not be covered by increased income uplift.	Medium
NICE Recommendations and Drug Technology Improvements	The Trust has set aside contingencies to cover the current forecast cost but the exact forward programme for NICE remains to be determined, and may deliver increased cost pressures.	Low/ Medium
Savings Plan Delivery	<p>The delivery of the required package of savings schemes represents the single greatest challenge to the Trust's financial stability during 2011/12 and, as a consequence, the greatest risk.</p> <p>Whilst the creation of the Transformational Board provides the Trust with a high level focus and corporate governance framework the challenge posed in delivering the programme is significant.</p>	High

3.7.7 Mandatory Services Risk Analysis

The need to continue redesign work across the health community is recognised. With it, however is the risk that redesign will mean the delivery of clinical health services traditionally provided by the Trust become potentially no longer viable. Some services are currently being tendered by PCTs, for example Dermatology. Where one PCT tenders a service which has benefitted in terms of viability from being delivered patch wide, if unsuccessful in a Tender Process this may mean the Trust can no longer continue to provide this service.

In mitigation of this risk the Trust will continue to look to work with partner agencies and to working in different ways to be in a position to consider opportunities for continuing to provide a service.

3.7.8 Service Performance Risks

MRSA

Hospital acquired infection rates for MRSA increased compared to 2010/11. The Trust has taken a number of actions in an attempt to remedy this situation and has maintained its strong Board focus on this issue.

The Trust also commissioned a review by KPMG of assurance processes in support of annual self certification. Whilst some recommendations have been made for further strengthening the Trust's process including targets in respect of MRSA, no significant concerns were highlighted arising from this review.

Cancer

Performance on cancer waiting times remains challenging – although action plans are in place and performance is monitored by the Trust Board.

Joint work will continue to be required with tertiary centres to ensure robust pathways are in place and with primary care to ensure patients are referred in prepared for being on a potential cancer pathway to prevent waiting time breaches.

3.8 Leadership and Governance

Legality of constitution

The scheduled annual review of the Trust Constitution has been completed and will shortly be submitted to Monitor for final approval. As in previous years, minor amendments are proposed. A key aim of the annual review is to ensure that the constitution meets the latest statutory and regulatory requirements and the Trust can confirm that this has taken place this year.

Growing a representative membership

The Trust has a reasonable level of assurance that its membership represents the composition of its catchment population - please see membership section for more details. Recruitment activities continue and are overseen by the Council of Governors Steering and Membership Groups.

The Trust continues to manage its own membership database and operates systems to safeguard the data which meet information governance requirements. For example, the database is protected by a password, stored on a secure server with limited access, and backed up daily. Systems are in place to ensure that all data shared with external bodies (for example, the returning officer for elections) is encrypted to AES 256 bit standard.

Duty to co-operate

The trust undertook a comprehensive review of its Patient and Public Involvement Policy and Procedure during 2010/11, in conjunction with its legal advisors, to ensure that it meets the requirements of the NHS Act 2006, the NHS Constitution and also the DoH guidance, 'Real Involvement'. This policy / procedure makes the duty to consult and co-operate with bodies such as Health Overview and Scrutiny Committees and Local Involvement Networks (LINKs) explicit and this will continue to be monitored and strengthened where required.

The Trust also has in place a Joint Working Protocol with its Local Involvement Networks (LINKs). An annual review meeting is held, between the members of the Council of Governors Steering Group and representatives from the LINKs, to review the protocol and agree opportunities for joint working. A programme of joint projects / visits has been agreed for 2011/12.

The Trust has well established working relationships with both of these organisations.

Appropriate Board roles

During 2010/11, the Trust appointed two new Non-Executive Directors, a new Chairman, Chief Executive and Director of Finance, Planning & Performance. Further changes to the Executive Team have also recently occurred / are underway further to a review of the management structure. A Board Development Programme, in support of these changes and the challenges to be faced by the Trust during 2011/12 and beyond, is in place and ongoing.

3.9 Trust Registration with the Care Quality Commission as a Provider of Health Care

Healthcare continues to operate in an increasingly regulated environment – a key requirement being for Trusts who provide regulated activities to be registered with the Care Quality Commission (CQC) and to meet the core standards of quality and safety.

The Trust is registered with the CQC and has no conditions on its registration. Preparations for the Trust's 2011/12 Planned Review Visit are well underway. Compliance with CQC requirements is monitored at Board level via quarterly Trust Assurance Framework reports, which are considered alongside finance and performance reports.

Effective governance is a fundamental responsibility of all parts of the organisation and all staff. It relates to the way we assure ourselves, patients and the public, partner organisations and those who scrutinise our activities that services are safe and of a high standard and the Trust delivers value for money. The Trust has taken considerable steps over the last few years to strengthen its governance arrangements / board assurance processes in respect of regulation and compliance. This continued during the latter part of 2010/11, with the implementation of the Performance Accelerator system, an automated governance and assurance system, which will support the ongoing development and management of the Trust Assurance System.

Plans for 2011/12 include the further development and roll out of the performance accelerator system (Board to Ward) to ensure that there is sufficient granularity of information across the Trust and ensure the prompt reporting of downward trends.

A programme of Director Visits is also being re-instated for 2011/12.

4. Declaration and Self Certification

The Board of Directors at its meeting on the 26th May confirmed the following:

1. The Board is satisfied that, to the best of its knowledge and using its own processes and having had regard to Monitor's Quality Governance Framework (supported by Care Quality Commission information, its own information on serious incidents, patterns of complaints and including any further metrics it chooses to adopt), its NHS Foundation Trust has, and will keep in place, effective arrangements for the purpose of monitoring and continually improving the quality of healthcare provided to its patients.

NOTE: This Statement has changed in 2011/12. If an NHS Foundation Trust Board is unable to make this revised statement in its annual plan, the Board must:

- confirm that the Board is satisfied that, to the best of its knowledge and using its own processes (supported by Care Quality Commission information and including any further metrics it chooses to adopt), its NHS Foundation Trust has, and will keep in place, effective arrangements for the purpose of monitoring and continually improving the quality of healthcare provided to its patients; and
- certify that actions will be taken in order to be in a position to make the revised statement by the time of the Trust's quarter two submission.

2. The Board will self certify annually that, to the best of its knowledge and using its own processes, it is satisfied that plans in place are sufficient to ensure ongoing compliance with the Care Quality Commission's (CQC) registration requirements.

3. The Board will self-certify that processes and procedures are in place to ensure all medical practitioners providing care on behalf of the Trust have met the relevant revalidation requirements.

4. The Board is satisfied that it expects its NHS Foundation Trust to be able to continue to provide the mandatory services set out in Schedule 2 of its Authorisation.

5. The Board is satisfied that plans in place are sufficient to ensure ongoing compliance with all existing targets (after the application of thresholds), and a commitment to comply with all known targets going forwards.

6. Issues and concerns raised by external audit and external assessment groups (including reports for NHS Litigation Authority assessments) have been addressed and resolved. Where any issues or concerns are outstanding, the Board is confident that there are appropriate action plans in place to

address the issues in a timely manner.

7. All recommendations to the Board from the Audit Committee are implemented in a timely and robust manner and to the satisfaction of the body concerned.

8. The necessary planning, performance management and risk management processes are in place to deliver the annual plan.

9. A Statement on Internal Control ("SIC") is in place, and the NHS Foundation Trust is compliant with the risk management and assurance framework requirements that support the SIC pursuant to the most up to date guidance from HM Treasury (see www.hm-treasury.gov.uk). Alternatively, for those Trusts so choosing, an Annual Governance Statement is in place pursuant to the requirements of the NHS Foundation Trust Annual Reporting Manual.

10. The Trust has achieved a minimum of Level 2 performance against the requirements of its Information Governance Statement of Compliance (IGSoC) in the Department of Health's Information Governance Toolkit.

11. All key risks to compliance with their Authorisation have been identified and addressed.

12. The Board will ensure that the NHS Foundation Trust remains at all times compliant with its Authorisation and relevant legislation.

13. The Board will ensure that the NHS Foundation Trust will, at all times, have regard to the NHS Constitution.

14. For an NHS Foundation Trust engaging in a major joint venture, or any Academic Health Science Centre, the Board is satisfied that the NHS Foundation Trust has fulfilled, or continues to fulfil, the criteria in Appendix C4 of the Compliance Framework. N/A

15. The Board has considered all likely future risks to compliance with their Authorisation, the level of severity and likelihood of a breach occurring and the plans for mitigation of these risks.

16. The Board has considered appropriate evidence to review these risks and has put in place action plans to address them where required to ensure continued compliance with their Authorisation.

17. The Board maintains its Register of Interests, and can specifically confirm that there are no

material conflicts of interest in the Board.

18. The Board is satisfied that all Directors are appropriately qualified to discharge their functions effectively, including setting strategy, monitoring and managing performance, and ensuring management capacity and capability.

19. The selection process and training programmes in place ensure that the Non-Executive Directors have appropriate experience and skills.

20. The Management Team have the capability and experience necessary to deliver the annual plan; and

21. The management structure in place is adequate to deliver the annual plan objectives for the next three years.



5. Membership

5.1 MEMBERSHIP REPORT

Public constituency	2010/11	2011/12 (estimated)
At year start (1 April or Authorisation)	4966	5058
New members	373	400
Members leaving	281	280
At year end (31 March)	5058	5178

Staff constituency	2010/11	2011/12 (estimated)
At year start (1 April or Authorisation)	6369	6206
New members	529	400
Members leaving	692	600
At year end (31 March)	6206	6006

Public constituency	Number of members	Eligible membership
Age (years):		
0-16	70	7463
17-21	649	30100
22+	4339	415481
Unknown	0	0
Ethnicity:		
White	4828	439739
Mixed	7	3768
Asian or Asian British	60	6218
Black or Black British	10	1263
Other	10	2056
Unknown	143	0
Socio-economic groupings:		
ABC1	2757	192774
C2	799	89124
D	774	88854
E	728	82292
Unknown	0	0
Gender:		
Male	1952	221532
Female	3106	231512
Unknown	0	0

Analysis of election turnout

Date of election	Constituencies involved	Number of members in constituency	Number of seats contested	Number of contestants	Election turnout %
24/11/10	North East Lincolnshire	2017	3	6	29.3%
24/11/10	North Lincolnshire	2050	1	3	33.2%
14/03/11	Staff	6179	2	6	10.2%

It should be noted that the eligible membership figures shown in these tables have been taken from national census data. Numbers of persons under 16 years of age have been excluded from the age table as they are not eligible to become members of the trust and the numbers of persons in each category in the ethnicity and gender tables have been proportionally adjusted to reflect this. The situation is further complicated by the fact that the census data does not assign a socio-economic grouping to all of the population and so this table has also been proportionately adjusted.

The Trust does not have a patient constituency.

5.2 MEMBERSHIP COMMENTARY

5.2.1 Constituencies and membership numbers

The table shows a small increase in membership of the public constituency with a similar sized decrease in that of the staff.

This was an expected decrease in the staff constituency due to outcomes from Fit for the Future. Since staff automatically become members of the trust unless they opt out, the slight decrease in overall staffing levels accounts for the decline in the membership of this constituency.

The increase in membership of the public constituency was due to better than expected recruitment of younger people via college recruitment. Despite the severe winter the number of deceased members has only increased marginally from 99 the previous year to 122 so this had little impact.

The major actions taken by the trust to increase membership, and the actual number of people recruited through each, are recorded in the following table.

ACTION	DATE	TOTAL
Informal Recruitment – Eileen Blanchard	21 st April 2010	5
Talks to health and social care students at North Lindsey College, Scunthorpe Ian McDonald	15 th September 2010	45
Talks to health and social care students at North Lindsey College, Scunthorpe Annie Palmer (East Midlands Ambulance)	15 th September 2010	53
Talks to health and social care students at Franklin College, Grimsby Ian McDonald	20 th September 2010	93
Talks to health and social care students at John Leggott College, Scunthorpe Ray Marshall & Maureen Dobson	20 th September 2010	30
Talk to Messingham Ladies Group Ian McDonald & Britt Hall	20 th September 2010	1
Talks to health and social care students at Grimsby Institute, Grimsby Ian McDonald	30 th September 2010	54
Talks to health and social care students at Grimsby Institute, Grimsby Ian McDonald	6 th October 2010	12
FT Mailbox	Ongoing	15
Sending respondents to national patient surveys a summary of the results and enclosing an invitation to become a member	Ongoing	1

It

can be seen that liaison with local colleges has been by far the most successful activity, both in terms of numbers recruited and cost-effectiveness.

The Trust continues to be reasonably assured that its public membership reflects the composition of the local population, with regards to ethnicity, gender and socio-economic group, to an acceptable level, and there has been an increase in all socio-economic groupings. The efforts to recruit younger people have been highly successful and will be continued, not least because the trust is aware of the need to refresh its membership of 16 year olds on a continuous basis. The main focus of this will be on continued liaison with local schools and colleges. One other initiative which will be continued is the contacting of respondents to the national patient surveys, this is not so much for recruitment purposes (as the numbers recruited are actually quite low) but primarily because

informing people of survey results is considered to be good practice.

There will be an increased focus on engagement with members at evening lectures and recruitment events. The target for this year is, therefore, a more challenging increase (120 people) in net membership. The Trust will continue to participate in outside events and, in an attempt to reduce the number of members lost through not notifying a change of address, will continue to add a simple form to every newsletter.

The Trust has now established working arrangements for co-operation on membership issues with one primary care partner organisation, two Local Involvement Networks (LINK), and with the local ambulance trust which is aspiring to foundation status.

5.2.2 Review of membership

The Membership Working Group (a sub group of the Council of Governors) has responsibility for reviewing all matters relating to membership of the Trust and the authority to take any required action. As well as staff and public governors, the group membership includes a specified non-executive director, and other trust staff attend as required. Feedback forms from the Membership Working Group Chairman are provided to the Council of Governor meetings.

The Membership Working Group meet every three months and a standing item on the agenda is a consideration of a detailed report which shows changes in membership numbers and analyses the current membership by:

- constituency
- gender
- age
- socio-economic group
- indices of multiple deprivation
- ethnicity.

The remit of the group includes engagement activity as well as recruitment.

5.2.3 Engagement with members

The principal method by which the Trust engages with members is through events on the hospital sites. Governors have arranged and participated in 10 open meetings during the year, covering a range of operational and other topics as below.

Dietetics Lecture - Lecture Theatre, PGME, DPoW.	Tuesday 20th April 2010
Anorectal Physiology Service - Lecture Hall, SGH.	Wednesday 26th May 2010
Breast Care - Pink Rose Suite, PGME, DPoW.	Tuesday 1st June 2010
Innovation & Improvement - Lecture Theatre, PGME, DPoW.	Tuesday 8th June 2010
Innovation & Improvement - Lecture Hall, SGH.	Wednesday 16th June 2010
Grimsby Hospital Carnival, Stamford Homes Ground, Lovelane Corner, Grimsby.	Sunday 1st August 2010 - CANCELLED
Elderly Medicine - Lecture Theatre, PGME, DPoW.	Thursday 9th September 2010
New Treatment for Kidney Tumours - Lecture Hall, SGH.	Thursday 30th September 2010
Ophthalmology - Lecture Theatre, PGME, DPoW.	Thursday 4th November 2010.
Anorectal Physiology Service - Lecture Theatre, PGME, DPoW.	Tuesday 15th March 2011

Events for 2011/12 are planned and underway.

Consultant staff have provided strong support for these members' events, usually providing the main speaker. In addition to this the Trust has continued its practice of recording members' areas of interest on the database and using this as the basis for invitations to discussions and consultations.

As in past years, there has been some disappointment at the turnout at elections for the public constituencies, although the trust's electoral contractor is of the opinion that this is above the average for foundation trusts.

The trust will continue with the usual actions to promote participation in elections. These are:

- publicising the annual election in the September newsletter,
- issuing press releases about the election in the preceding three months,
- encouraging staff to stand and vote in elections.

The Trust can confirm that all elections to the Council of Governors have been held in accordance with the election rules, as stated in the constitution. An official from Electoral Reform Services has acted as the independent returning officer for the trust in all cases.

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