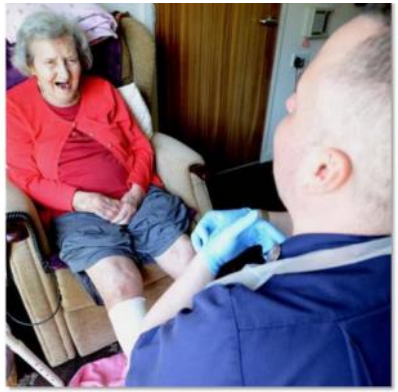
NHS
Lincolnshire Community Health Services
NHS Trust









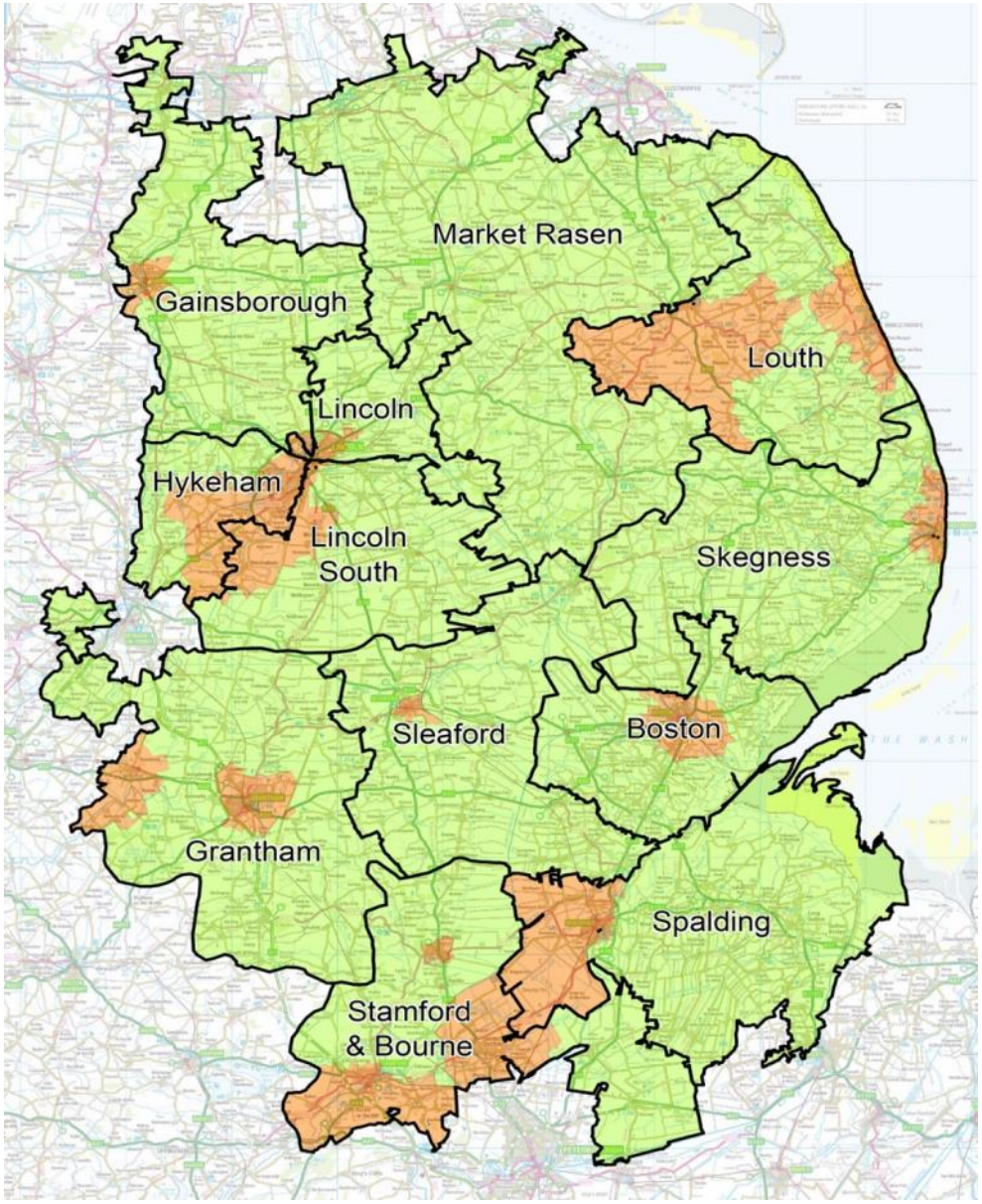

Annual report and accounts 2019/20

Great care, close to home

The LCHS Way

We listen, We care, We act, We improve

Contents



Contents continued

Introduction

Elaine Baylis | Trust Board Chair

Welcome to the Annual Report and Accounts for Lincolnshire Community Health Services NHS Trust (LCHS).

This year our growth has been in building partnerships and new relationships to deliver improved services for the population of Lincolnshire. As this introduction is being written the world is in the midst of a global Covid-19 pandemic that has changed the lives of everyone and seen the NHS given new prominence in the country.

From the weekly round of applause for key workers; to the fantastic vision of Captain Tom Moore's 100th Birthday Walk for the NHS in an effort to raise £1,000. Indeed, such is the esteem the NHS is seen in that Captain Tom Moore's fundraising has raised £32m million at the time of writing.

The Covid-19 pandemic has galvanised the health and care providers in Lincolnshire and LCHS has played its part in working with these partners to discharge patients from the acute hospitals and also in transferring staff to help in critical care settings within those hospitals.

Trust Purpose

Lincolnshire Community Health Service NHS Trust provides a wide range of community care across Lincolnshire meeting the physical health needs of our community as close to their homes as possible. The Lincolnshire Health System is undergoing significant change meeting the direction of the NHS Long Term Plan and local population health needs. This provides the opportunity to make positive changes to healthcare in Lincolnshire which ensures care is close to home and acute care is focussed on those people in most need.

This means a real focus on renewed and refreshed pathways of care developed with partners in the local healthcare system. It means working in on population health needs locally in partnership with GP practices and their overarching primary care networks (PCNs). It means supporting patients to manage their own care needs and supporting them to look after themselves, which means that they will get better quicker with great outcomes.

Working in this way means we will continue to deliver the safe, effective and efficient evidence based care that resulted in our 'Outstanding CQC' rating. We will need to continue to shape our services so they are flexible to any emerging priorities and able to take on new opportunities as healthcare is positioned in the best place for patients, in the community.

Our Trust is well placed to help deliver the changes and together with partners we are already seeing improvements that benefit patients and make better use of the funding available.

There is no secret to give great healthcare to our communities within the funding we are given. It relies on our great workforce, service users being heavily involved in their own care and working in partnership to deliver improvements that we all recognise as good.

Our activities

The Trust has a wide portfolio of healthcare services that includes:

- children's and young people's services including looked after children and children's therapy services
- electronic assistive technology service (EATS)
- general and specialist integrated community nursing
- immunisation and vaccination services
- inpatient beds and outpatient clinics in four community hospitals
- minor injuries unit
- musculoskeletal (MSK) physiotherapy services
- occupational therapy, physiotherapy and speech and language therapy
- podiatry service
- primary care services in Boston and Spalding
- safeguarding services for both children and adults.
- sexual health and contraceptive health services
- urgent care services including Urgent Treatment Centres at Louth, Skegness, Lincoln, Boston and Peterborough

Our work

The Trust has the expertise in a wide range of community services – delivered through our 1,780 (1,572 WTE) committed staff – they support and improve the wellbeing of people in Lincolnshire and parts of Peterborough. This expertise in healthcare is broad and supports all aspects of community care representing a range of professions including nurses, allied health professionals, public health professionals and GPs. These NHS-trained staff are being shared, rotated and deployed across the NHS system to where they are required.

This crucial resource not only provides high quality clinical care and expertise, but also coordinates, connects and advocates for patients & carers. This includes core areas such as:

- Leading integration opportunities
- Supporting people with long term conditions
- Frailty and end of life care
- Urgent care
- Specialist in prevention, case management, risk management and appropriate discharge

Details of our services are accessible on our website.

About the Trust

The Trust delivers care across the whole of Lincolnshire and parts of Peterborough. The Trust covers four Commissioning Groups (CCGs) and Lincolnshire County Council.

Our services are delivered from over 64 different sites; some of our main sites are: Head Office – Beech House, Witham Park, Lincoln County Hospital, Louth John Coupland Hospital, Gainsborough Johnson Community Hospital, Spalding Bourne Health Clinic Riversdale Health Clinic, Sleaford Lindon House, Lincoln

Our strategic aims and objectives

The LCHS Way

The LCHS Way is “we listen, we care, we act, we improve”

We listen: we engage with everyone we work with | we are united | we are always positive

We care: everyone is valued, respected and developed | knowledge and skills are nurtured | success is celebrated

We act: Clear goals and the right resources | freedom coupled with accountability | emphasis on simplicity

We Improve: we are creative, resourceful and innovative | integration & collaboration is the way forward | we’re always striving to do better

Overview

A statement from the chief executive providing her perspective on the performance of LCHS during 2019/20

Maz Fosh | Chief Executive

Lincolnshire Community Health Services NHS Trust

We are Lincolnshire Community Health Services NHS Trust (LCHS), the primary community healthcare provider in Lincolnshire delivering community-based services.

In partnership with other health and social care services we care for thousands of patients across Lincolnshire every day delivering joined-up care in a range of community settings appropriate to the needs of the patient including: patients' homes or a place of residence they call home, including nursing and care homes; GP surgeries; community clinics; hospices; homes providing community transitional care beds; community hospitals; and within acute hospital settings. This puts us at the heart of the Lincolnshire healthcare economy.

Our mission is to provide outstanding community care. By providing services aimed at preventing health problems from getting worse,

we help to support a shift from care in acute hospitals into more joined-up care close to the patient's home.
LCHS has an annual turnover of c. £108m and employs c. 1,900 members of staff. After being rated an 'Outstanding' organisation overall by the Care Quality Commission (CQC) following our last inspection in June 2018, all of our people have worked incredibly hard to maintain and build on this achievement and make sure this translates into 'great care close to home' for the people of Lincolnshire.

Our work also contributes directly to tackling national challenges including:

- reducing unnecessary A&E attendances and admissions through our Clinical Assessment Service which has directly contributed to A&E contacts reducing against the national trend of flat-lining or deterioration;
- increasing access to e-consultations and e-prescribing which is improving patient access, quality and choice;
- integrating with primary care to remove barriers between services for patients.

Patients are at the heart of everything we do and it is important that they are involved not just in decisions about their care, but also in decisions that shape the current and future health services in Lincolnshire. In 2019/20, LCHS played an active role in a system-wide programme of engagement with the patients, stakeholders and the public called 'Healthy Conversation'. This has helped LCHS to understand our patients, staff and stakeholders, their experiences and how they would like to see services continue and improve. Through a series of workshops, community engagement events, and social media channels the things we heard include that people want support to manage their own health conditions proactively and acknowledge that seeing a doctor is not always the best option.

It is also important to us that we understand what our partners think of us. In October 2019 we undertook our first large-scale stakeholder survey. We asked almost 200 of our partners a range of questions about the service we provide, our leadership and what it is like to work with us. We received 44 responses from our voluntary sector, primary care and our commissioning health and care partners; a return rate of 22% compared to the national average 10-15% for external surveys. The majority of feedback was positive, however, as a learning organisation we are committed to improving in all areas including those where we were rated highly. Some of the areas we particularly want to improve are the way we communicate and engage with partners around changes we plan to make to services and collaboration with our primary care and voluntary sector partners. We plan to make much more use of digital opportunities, undertake focus groups to further understand how we can work more effectively with our partners and to take a

'temperature check' between surveys as well as repeating the survey every two years to monitor our progress.

Our people remain our most valuable asset. We believe that focusing on our workforce directly leads to better care for patients. The national annual staff survey is an opportunity to listen to the views of our employees; to recognise, celebrate and promote what is going well and respond to what they tell us could be better.

In 2019/20 we achieved a return rate of 71%. This is the highest in LCHS history, is 16% higher than the previous year and is the highest in England when benchmarked against 16 other community trusts. This means that we are listening to more of our people than ever and enables our leaders to start great conversations with their teams about the quality of care they feel they can provide; their health, wellbeing and morale; the quality of the leadership they receive; and, how included and safe they feel.

While community care continues to be the Trust's main business in May 2019 LCHS secured the contract to run the GP Centre at Spalding Hospital from 1 April 2020 for two years (with a potential extension of up to four years). LCHS had been temporarily managing the practice in September 2018 on behalf of South Lincolnshire CCG to maintain primary care services for its 3,000 patients following the departure of the practice's lead GP. LCHS also started to manage The Sidings Medical Practice in Boston in April 2019 to ensure its c.18,000 patients continued to have access to primary care services and care.

The majority of services the trust delivers serve the population of Lincolnshire. We also provide Urgent Treatment Centre services in Peterborough, augmentative and alternative communication services across the East Midlands which provide strategies and tools to help people with communication difficulties to communicate as effectively as possible.

Some of the Trust's key facts and figures are illustrated below

LCHS continues to perform well in a challenging operating environment. In addition to maintaining and building on our Outstanding CQC rating the Trust was able to deliver its services within its budget including delivering a modest planned surplus.

Financial performance

LCHS has a legal and moral obligation to manage the money it receives from the public purse each year and deliver quality healthcare services that represent good value for money. Although the Trust continued to deliver a strong financial performance, LCHS operates within the Lincolnshire healthcare system and the system as a whole faces significant financial pressures.

During 2019/20 LCHS posted a year-end financial surplus of £3.3m, £0.4m higher than the planned surplus of £2.9m. Within the outturn position the Trust has received Provider Sustainability Funding (PSF) income of £2.0m (planned allocation).

Service developments in 2019/20

- **E-consultations:** Working in collaboration with a private partner, Q Doctor, LCHS has developed a video consultation platform that enables us to deliver advice and care to our patients in urgent care, community nursing, specialist nursing, therapy services and primary care through technology. The platform reduces the need for patients to travel to a care setting or hospital and opens up the potential to work in settings including the home, nursery, school and clinics. In 2019 the project team won the LCHS' Innovation Award and received 'high commended' in the Early Adopter category for Leading Healthcare 2020.

- **Urgent Treatment Centres (UTCs):** In their review of urgent care services NHS England found that the public was confused by the array of different services which operated under the umbrella term of 'urgent care'. To end this confusion, NHS England standardised provision by setting 27 core standards for UTCs including providing a mix of bookable and walk in appointments and standard operation hours. LCHS led the development and implementation of four UTCs across Lincolnshire and delivered these changes within the NHS England target date of December 2019.

- **Children's physiotherapy rapid response service:** The service is for children with complex physical disabilities living in Lincolnshire to help prevent hospital admissions for acute chest infections. In 2019/20 the service won two awards for its impact on improving outcomes: the Balancing Quality and Finance Award at Celebrating Success and Clinical Team of the Year at the Lincolnshire Live Health Awards 2019. Shortlisted in the national Advancing Healthcare Awards UK 2020 award for Evaluating Health and Social Care (pending final results).

- **First Contact Practitioners (FCPs):** As part of its commitment to system working, LCHS has deployed a number of FCPs in GP surgeries. FCPs are highly experienced and skilled physiotherapists who provide an assessment and advice to patients presenting at their GP surgery with musculoskeletal complaints rather than seeing a GP.

- **Occupational Therapy in Primary Care** LCHS have worked together with Neighbourhood Leads, Health Education England and the University of Lincoln to look at the role of Occupational Therapists and role-emerging student placements in a GP setting across the Grantham and Lincoln South Neighbourhoods. These roles have demonstrated the value of having Occupational Therapists working proactively with GPs and social prescribers as part of Neighbourhood Teams to maximise individuals potential and wellbeing to live well at home, reducing the need for multiple service intervention and potential hospital admissions.

- **Community Nursing Transformation Programme:** Community Nursing is a core and essential service provided by LCHS for the people of Lincolnshire. Following a detailed review of this service a programme of work has begun to transform the way in which community nursing services are providing care to meet the changing needs of the people of Lincolnshire. It will continue to provide high quality nursing care whilst promoting an ethos of self-care and personalisation to support people to manage their own conditions and enable the most vulnerable to remain at home longer where it is safe to do so.

Summary of LCHS structure and the services provided

The Trust is managed through five organisational directorates:

- Chief Executive's Office
- Nursing, Allied Health Professionals (AHP) and Operations
- Medical Directorate
- People and Innovation Directorate
- Finance and Business Intelligence Directorate

The corporate services directorates, which consist of the Chief Executive's Office, People and Innovation and the Finance and Business Intelligence Directorates, manage the day to day business of LCHS. These directorates also support the work of the Nursing, AHP and Operations Directorate and the Medical Directorate to ensure delivery of high quality, effective and efficient services.

Chief Executive's Office

This directorate manages the corporate business services of LCHS. Functions include Trust Board, development, logistics and support, corporate assurance and governance, compliance and legal services, registrations and membership with regulating bodies, complaints management, the Patient Advice and Liaison Service (PALS), communications and engagement and freedom of information.

Nursing, AHP and operations: The six service lines

Community Nursing

- The community nursing service for adults are organised into 12 Community Teams aligned to Primary Care Networks.
- Community nursing teams work closely with a range of services across LCHS including Allied Health Professions and Specialist Services, to provide support to people with long term conditions, people who are frail, and those at the end of life. Community nurses also work closely with a range of professionals from other agencies including Primary Care as part of Neighbourhood Teams to provide integrated care for patients designed to meet local needs.

Primary Care:

- Working with our Primary Care Network partners across Lincolnshire to realign our community services to deliver more joined up services.
- Employing First Contact Physiotherapists in GP surgeries to help patients to with musculoskeletal problems to see the right person at the right time.
- LCHS holds the contract for or manages a number of General Practices across Lincolnshire.

Community Hospitals and Transitional Care

- LCHS has four community hospitals; County Hospital, Louth, John Coupland Hospital in Gainsborough, Johnson Community Hospital in Spalding and Skegness Hospital. We also deliver care within the Butterfly Hospice in Boston.
- Community Hospitals & Transitional Care provide a critical role across services and system providers to ensure that home first principles are proactively viewed as the starting position and not the end point.
- The service provides an essential function in supporting the emerging Neighbourhood Team models of care to achieve admission avoidance and reduce acute Delayed Transfer of Care (DToC).
- Bridging the gap between hospital and home maximises recovery and promotes independence with an emphasis on 'Home First' through time-limited rehabilitation and support for older people and adults with long term conditions.
- The Operations Centre supports the system with referral handling and demand/capacity management to ensure the right care, first time.

Allied Health Professionals (AHPs) and Children's Services

- AHPs use a holistic approach to assess, treat, diagnose and manage a range of conditions in adults and children across community settings. The focus is on prevention and improvement of health and wellbeing to maximise the potential for individuals to live full and active lives.
- Adult Services are: Occupational Therapy, Physiotherapy, Speech and Language Therapy, Podiatry and the Lincolnshire Stroke Service.

Specialist Services

- Services provide care closer to home to reduce hospital admissions and manage long term conditions through self-care.
- The Specialist Services are: Diabetes; Heart Failure; Respiratory; Pulmonary Rehab; Macmillan; TB; Tissue Viability; INR; Continence; Lymphedema; Parkinson's; and MSK Physiotherapy.
- We provide countywide integrated sexual health and contraceptive health services
- The Electronic Assistive Technology Service provides a specialist service across the East Midlands including Nottinghamshire, Derbyshire, Leicestershire, Lincolnshire, Northamptonshire and Milton Keynes.

Urgent Care

Urgent care is delivered through urgent treatment centers, walk in centers and an extended range of provision including an; telephone clinical assessment/triage, home visiting and face-to-face consultation. Home visiting is also available for patients meeting the criteria.

The services provide care to patients with a range of injury and illness related conditions.

Integrated Urgent Care in Lincolnshire

The service offer for LCHS Urgent Care is delivered as:

- **Clinical Assessment Service** - definitive clinical assessment by telephone.
- **Building Based Urgent Care -** face-to-face patient consultation – Within Urgent Treatment Centres /GP Out of Hours (OOH) provision / Acute Primary Care/ Integrated Primary Care GP Hubs.
- **Mobile Urgent Care** - face-to-face patient consultation in the patient's own home - GP OOH provision / Acute Primary Care.

LCHS delivers a 24/7 integrated urgent care service that ensures people receive the right care, from the right person, in the right place, at the right time.

Medical Directorate

The Medical Directorate is leading work to develop and implement a new medical model including recruiting GPs, upskilling existing staff into new Advanced Clinical Practitioner roles, and developing a medical leadership structure to create a more consistent and resilient medical workforce.

People and innovation Directorate

People and Innovation recognise the value brought to the trust by its people and the link that exists between an engaged, happy workforce who feel valued and the quality and efficiency of the care they are able to deliver.

People and Innovation provide expertise and leadership in the areas of human resources, organisational development, learning and development, transformation, digital health and innovation, estates alignment and health and safety.

Finance and Business Intelligence Directorate

The directorate brings together elements within the organisation including commercial engagement, financial management, financial accounting, contracting, performance and information as well as strategy and planning.

All directorates work together to deliver the trust's aims and objectives, each reporting to the Trust Board through a dedicated executive director.

In March 2020 LCHS published a suite of five year strategies setting out clear intentions and planned activities for 2020-2025 to enable ***great care, close to home.***

- Clinical Strategy
- People Strategy
- Estates Strategy
- Digital Health Strategy
- Finance and Business Intelligence Strategy

Challenges for Lincolnshire health and care services

Lincolnshire has a number of challenges that impact on the delivery of health and care services across the county.

- Lincolnshire has a higher proportion of adults over the age of 75 and this number is expected to double over the next 20 years.
- The prevalence of cancer is in the upper quartile nationally. Smoking, obesity and physical inactivity rates are all significantly worse than nationally. The rate of early deaths from cardiovascular diseases is worse than average.
- Lincolnshire has one of the fastest growing rates of carers in the UK.
- Urban areas and the coast suffer higher than average levels of deprivation.
- Delivering care to 0.75m people dispersed across the city, market towns, rural and coastal areas over 5,921 square kilometres 24 hours a day 7 days a week with poor local infrastructure is challenging, particularly for community services.
- The interface between GPs and other services is still being defined.
- Low digital literacy, particularly on the east coast, presents a potential barrier to digital transformation.

The Lincolnshire health and care system

National healthcare policy for the next 10 years is outlined in the NHS Long Term Plan, published in January 2019. In 2019/20 the then seven (now four) main NHS commissioning and provider organisations in Lincolnshire committed to implementing national priorities for the benefit of the Lincolnshire population through the 5-year Lincolnshire Long Term Plan. This was signed by system leaders in November 2019.

LCHS is fully aligned to its direction and our Operational Plan for 2020/21 will support the delivery of system change and improvement. The purpose and ambition of the Lincolnshire NHS and the agreed healthcare priorities for the next five years are:

Supporting everyone in Lincolnshire to:

Start Well, Live Well and Die Well through supporting: development before starting school; help in navigating the transition to adulthood; healthy lifestyles; urgent help to deal with accidents or acute illness; working together to manage long term conditions; those who are dying and the people who are close to them.

Lincolnshire's four core ambitions for starting, living and dying well are:

1. shifting the emphasis to prevention and self-care;

2. ensuring people have choice and control over the way their care is planned and delivered;
3. working together across services to better meet people's needs and improve their experience of care;
4. care closer to home.

To deliver the above ambition the system has a number of priorities for **patients and the public, staff** and the **system**:

For patients and the public: Improve cancer screening and outcomes; people only go into acute hospital when care cannot be provided in a community setting; improve prevention and early detection and intervention for heart disease and breathing problems; strengthening the partnership between health and social care services to support people with multiple health conditions; increasing capacity in musculoskeletal services and keeping people well for longer; healthy babies; support for new mothers; and improved child health and wellbeing to reduce health inequalities; increasing access to psychological therapy treatment; improving mental health wellbeing for those will depression and dementia; support people with learning disabilities to live well with reasonable adjustments in their support and care; reducing A&E attendances and waiting times; expand and reform services to ensure patients quickly get the care they need.

For staff: Build capacity to care through better supporting and developing staff; making the most of the expertise, capacity and potential of people, families and communities; develop system leaders; ensure workforce health and wellbeing whilst driving innovation and performance.

For the system: Faster, safer and more convenient care; improved access; help patients manage their health; help clinicians to use the full range of their skills; reduce bureaucracy; improved access to services to ensure people receive the right care, first time.

Brexit

The United Kingdom (UK) left the European Union (EU) on 31 January 2020 after ratifying the Withdrawal Agreement with the EU. Unless an extension is agreed the UK has to negotiate a framework for a future relationship with the EU before the end of the transition period, 31 December 2020. If instead the UK leaves the EU without a deal the UK would become a third country with no withdrawal agreement or framework for a future relationship in place between the UK and the EU. The UK and the EU both state that this is an unlikely but possible outcome of the current negotiations. LCHS continues to monitor and review the progress and any associated risks relating to Brexit through its governance and assurance processes.

Key issues and risks to achieving LCHS' objectives

Aims	Objectives	Risks and issues
Providing high quality, safe, personalised care	To deliver safe services	NHSPS owned estate is not adequately maintained (especially critical systems); The Landlord (NHSPS) failing in its duties by maintaining to SFG20 (Core) rather than SFG20 (enhanced) for HTM (health care premises) and by not scheduling maintenance adequately; Loss of service and/ or damage to persons leading to an impact upon the health of persons affected and/ or their care; Patients being treated in urgent care centres deteriorate in the department while awaiting onward transfer to A&E; Delayed response by East Midlands Ambulance Service; The urgent and emergency care system in Lincolnshire may be overwhelmed in the winter period; multi-faceted operational and safety pressures on Lincolnshire acute hospital trust; Patient safety and quality caused by the poor performance of the contracted pathology service 'pathlinks' which provides pathology testing services across LCHS services including Lincolnshire Integrated Sexual Health Service, hospitals.
	To deliver services that are co-designed with partners, patients, staff and carers	Lack of adequate staffing; the Trust being unable to recruit appropriate staff; patients, public and partners are not adequately involved and engaged in service development.
	To maintain our CQC Outstanding rating in 2019/20 and onwards.	Inadequate capacity to provide corporate support; lack of organisational capacity and capability; inability to evidence or showcase outstanding performance
Ensuring value for money and financial sustainability	Sustaining service viability while demonstrating the value of our services	Lack of understanding or consistency around contractual obligations; inability to evidence or showcase outstanding performance, value for money and quality; competition from other providers; growth of community services does not materialise; lack of engagement from stakeholders in reviewing and considering other contracting approaches; inadequate capacity to

		provide corporate support; lack of support from procurement provider.
	Real time business intelligence demonstrating productivity and value for money	Insufficient capacity and capability to integrate corporate teams to deliver a full business partnering offer; lack of organisational capacity and capability; lack of performance management strategy; existing hardware and software may limit ability to develop real time business intelligence; the Trust's service portfolio management approach is delayed; lack of clinical capacity; KPIs not being updated since the new integrated performance report was introduced.
	Deliver 2019/20 financial plan and control total	Service developments do not realise required savings to meet the efficiency target; identified efficiency schemes are not recurrent; inability to manage currently unknown cost pressures; adverse resolution to the HMRC dispute; trust does not receive income for services delivered in support of the wider health economy.
Building a quality, productive and supported workforce	Right people, right skills, right place, right time	Lack of candidates to fill difficult to recruit to posts; lack of operational capacity and capability in order to proactively manage attendance; lack of credible appraisal in capturing learning requirements in line with the training needs analysis reporting; lack of clinical and corporate buy-in to vacate premises; lack of clarity regarding requirements including UTCs; lack of pace of achieving rationalisation plan by third parties; the impact of system priorities on delivering LCHS priorities; operational workforce does not fully engage with the full system capabilities; risk of delivering at pace due to competing demands and resources; lack of buy in from workforce around cyber security.
Strengthening the positive reputation of the Trust	Building positive relationships with all stakeholders	Not understanding our partners and stakeholders; failure to deliver services in line with specifications; lack of understanding by commissioners of what LCHS has to offer and the value of our offer/failure to promote our benefits; lack of understanding or consistency around contractual obligations and a failure to work closely with LCHS to resolve; lack of resource to effectively manage relationships; CCG merger creates a distraction; failure to capitalise on our outstanding status; not keeping pace with competitors including technical innovations and

		current good practice.
	Play leading role in the establishment of an Integrated Care System (ICS) in Lincolnshire	Lack of capacity to lead/be an active partner in system delivery groups; commissioners want to lead the process rather than providers or in partnership; lack of clarity around governance in the system; lack of strategic partnership development to create new delivery models; failure to develop relationships with Primary Care Networks; ICS process fails or national position changes; lack of clarity in direction and requirements from commissioners; lack of clarity around system governance; lack of capacity and capability to implement new contracting approaches.
Leading integration and innovation	Homefirst - with partners, shape and lead the implementation of healthcare change and improvement across Lincolnshire	National workforce shortages including medical workforce and delivery of the new medical model; section 75 arrangement with local authority ending in August 2019; retention of the community nursing and community hospital workforce; change in commissioning intentions regarding urgent care, community hospitals and specialist services including the possibility of competitive tendering; lack of engagement with primary care networks; failure to transform the community nursing teams; failure to fully utilise digital enablers.
	Drive a digital revolution in integrated community care in Lincolnshire	Lack of buy-in from clinical staff; security risks and cyber-attacks; different pace of change across system partners leading to a lack of timely decision-making and duplication; protracted multi-agency procurement exercises; lack of capital or management of depreciation.

Single Oversight Framework (SOF)

The Single Oversight Framework outlines the joint approach NHS England and NHS Improvement take to overseeing NHS trust's performance and identifying where commissioners and providers may need support. Each trust receives an overall rating of one to four based on data monitoring and NHSE/I's judgement of providers' circumstances across the five themes of quality of care, finance and use of resources, operational performance, strategic change and leadership and improvement capability. SOF segment 1 is the top rating trusts can receive.

LCHS was consistently rated 'SOF 1' overall for most of 2019/20, meaning there were no evident concerns and no support needs identified. However, as a rural provider of community health, LCHS experiences the pressures from the skills shortage of medical professionals across England. Due to difficulties recruiting and retaining sufficient substantive doctors to staff our medical model we became increasingly reliant on temporary, agency staffing in this area which resulted in significant overspend. This meant that in November 2019 we were rated as a '4' for 'Agency Spend' under the 'Finance and use of resources' theme. This rating acted as an override trigger to our overall SOF rating, leading to a reduction in the overall rating from a '1' to a '3' despite all other SOF metrics remaining rated at '1'. We have developed and are now implementing a revised medical model underpinned by a new attraction and retention strategy for medical roles and an expansion of the Advanced Clinical Practitioner workforce to reduce our reliance on agency staff. In 2020/21 the trust will focus on fully implementing the revised model.

Quality account performance

The quality account priorities for 2019/20 were discussed with stakeholders including staff groups and patients and were then agreed with the LCHS Trust Board and the Quality and Risk Committee.

The priorities were chosen in consideration of the national audit recommendations, local prevalence and feedback from Lincolnshire Healthwatch and input from Lincolnshire commissioners.
The 3 quality priorities focussed on for 2019/2020 have been monitored by reporting through the trust's Quality and Risk Committee and the LCHS operational plan. Each priority has been led throughout the year by a lead clinician supported by clinical teams.

The following section of the report provides an update on the achievements for each of them.

Quality priorities and achievement

Quality Account Priority	Delivery
Priority 1: Allied Health Professional Services (AHP) using Therapy Outcome Measures (TOMs) with patients in the community to support driving achievement of rehabilitation and improvement goals.	
Priority 2: Patients cared for by Macmillan services are supported to die in their preferred place of death (PPD).	
Priority 3: Improving patient access to our services and reducing anxiety in the patient experience for those with a disability or impairment through the introduction of the AccessAble App	

Priority 2

- The final performance of 89.12% does not meet the agreed priority account target of 95% set prior to the publication of a national target
- Delivery of national target set from quarter 2 at 80% was achieved

Quality summary of performance

Safe staffing

Under the leadership of the new Director of Nursing, LCHS has reviewed safe staffing across all services and has developed transformation plans for Community Nursing services and the four community hospitals. These programmes of development are being clinically led and implementation in the coming year will we believe make a significant improvement in many areas of patient and staff experience. The trust will continue to report progress through its Quality and Risk Committee on a bi-annual frequency.

Serious Incidents and incidents

The Trust reports all incidents of any type on Datix and in 2019 / 2020 recorded a total of 5824 incidents. Throughout the year the trust has continued its record of being a consistently high reporter of incidents reflective of our positive safety culture recording 2390 incidents categorised as patient safety with an associated severe harm/death rate of 0%.

In 2019/2020 LCHS reported 10 serious incidents which included 4 falls, 3 unexpected deaths (not hospital based), and 2 medication errors and 1 relating to an invasive clinical procedure. All serious

incidents were investigated thoroughly and action plan agreed within the required timescales.

Medication errors

The trust continues to make good year on year progress in reducing medication errors with further improvements planned in our community teams. Both our community teams and our hospitals remain well below the national benchmarking averages.

Safety thermometer

The safety thermometer looks at four harms: pressure ulcers, falls, blood clots and urine infections for those patients who have a urinary catheter in place. These are for patients in community hospital beds and seen at home by the community nursing teams and is collated based on one day per month. This helps the trust to understand where improvements are required to be made. The target for this indicator is that 95% of our patients do not experience harm which has consistently been exceeded by the trust for the past 2 years. On average the trust collects data on 744 patients per month and scored a six month average of 97.30% (September 19 – February 2020) against a national benchmark of 96.60%. Due to COVID19 the collection of Safety thermometer data has been suspended from March 2020.

Safety Alerts

The trust has responded to all safety alerts within the required timescales.

Safeguarding

Lincolnshire Community Health Services NHS Trust (LCHS) continues to meet all of its statutory and contractual safeguarding obligations. The robust reporting, and quality assurance processes continually recognises that our staff demonstrate their duty of care to our patients and service users, with many examples of appropriate multiagency challenge and excellent patient advocacy to enable our patients to live free from harm and abuse.

Performance summary

In 2019/20 LCHS continued to deliver safe, high quality community healthcare services to the population of Lincolnshire and urgent care services to the people of Peterborough. The trust has done this within its financial control total which has enabled us to make a positive contribution to a challenged healthcare system with a substantial financial deficit.

LCHS continues to have a robust, values-based approach to recruiting, retaining and managing our people to ensure we have the right skills, in the right place at the right time. We continue to invest in the health and wellbeing of our people as we believe that staff who are healthy and feel supported deliver better patient care.

Our focus on delivering great services close to home in partnership with other providers has increased over the last year as we move toward greater integration across the wider health and social care system in line with our strategic objectives and the national NHS Long Term Plan.

Accountable Officer:
Maz Fosh, Chief Executive
Lincolnshire Community Health Services NHS Trust

Signature:

Date: 09/06/2020

Corporate governance report

Directors' report

Composition of the Board of Directors

Chair:

Elaine Baylis QPM

Chief Executive

Andrew Morgan (to 30 June 2019)

Marie (Maz) Fosh (from 1 July 2019 to 31 March 2020)

Executive Directors

Director of Workforce and Transformation and Deputy Chief Executive

Marie (Maz) Fosh (to 30 June 2019)

Director of Workforce and Transformation

Ceri Lennon (interim from 1 July 2019 to 31 March 2020)

Director of Nursing, Operations and Allied Health Professionals

Susan Ombler (interim to 28 April 2019)

Tracy Pilcher (from 29 April 2019) (Deputy Chief Executive from 1 July 2019)

Director of Finance and Business Intelligence:
Sam Wilde
Medical Director:
Dr Yvonne Owen

Non-Executive Directors

- Alan Kent
- Liz Libiszewski
- Kevin Lockyer
- Murray Macdonald
- Gail Shadlock (from 10 June 2019)

Also in attendance:

- Head of corporate governance
- Corporate Administration Manager and PA

During 2019/20, the Trust Board met on a monthly basis until May 2019. The frequency of Trust Board meetings moved to bi-monthly with the next meeting being in July 2019.

The Trust Board consists of a chair, four non-executive directors (excluding the chair) and five voting executive directors (including the chief executive). The Head of Corporate Governance is also in attendance.

During the year the Trust Board held eight meetings including two extraordinary meetings in December and March. During the financial year the meetings had a 93.5% attendance of non-executive directors.

Names of directors forming an audit committee

Alan Kent – chair
Kevin Lockyer – non-executive director
Liz Libiszewski - non- executive director position (until 9 June 2019)
Gail Shadlock – non-executive director (from 10 June 2019)
Sam Wilde – director of finance and business intelligence

Also in attendance:

- Head of financial accounts
- Head of corporate governance
- Client manager (internal audit);
- Director (external audit);
- Senior manager (counter fraud)

Register of directors' interests

Entry Number	Name of Employee	Official Appointment in LCHS	Nature of Interest (Pecuniary or Non-Pecuniary) declared	Current Interest	Date interest declared	Date Recorded	Date interest ceased
1	E Baylis	Chair	Owner of Baylishill, a performance development coaching and consultancy business, operated as a sole trading company from home address.	Yes	13/4/11	13/4/11	
			Director & Trustee (Deputy Chair) Lincolnshire Action Trust. This is a registered charity & limited company that seeks to improve the skills and employability of offenders and prisoners	Yes	24/4/11	24/4/11	30/03/20
			Chair United Lincolnshire Hospitals NHS Trust	Yes	1/1/2019	8/1/19	
			Chair of the Lincolnshire Co-ordinating Board.	Yes	1/3/2018	14/4/18	
2.	A Morgan	Chief Executive *(on secondment to United Lincolnshire Hospitals NHS Trust from 01.07.19)*	Board Member – East Midlands Leadership Academy	No	26/03/15	27/03/15	30.04.19
			Trustee – Linkage Community Trust	Yes	01/05/19	07/05/19	

Entry Number	Name of Employee	Official Appointment in LCHS	Nature of Interest (Pecuniary or Non-Pecuniary) declared	Current Interest	Date interest declared	Date Recorded	Date interest ceased
3.	M Fosh	Chief Executive	Nil	Yes	10/03/14	10/03/14	
4.	M Macdonald	Non-executive Director	Chair and Trustee - Manby Scout Association	Yes	14/04/15	19/07/13	31.03.20
			CEO – Lincolnshire Housing Partnership (following merger of Boston Mayflower Ltd and Shoreline Housing Partnership Ltd)	Yes	10/4/18	16/4/18	31.03.20
			Member of North East Lincolnshire Healthwatch	Yes	27/2/20	2/3/20	31.03.20
5.	K Lockyer	Non-executive Director	Director, KML Consulting Ltd	Yes	26/07/15	30/09/15	
			Managing Partner, Adaptus Consulting LLP	Yes	26/07/15	30/09/15	
			Director, Sessions House CIC	Yes	09/12/16	29/11/18	
			Director, DTKL Limited	Yes	30/08/18	29/11/18	
6.	S Wilde	Director of Finance and Business Intelligence	Governor – Taplon School Sheffield	No	1/6/18	6/6/18	1/5/19
			Member of the HFMA Costing for Value Institute Council	Yes	10/10/19	11/11/19	
7.	E Libiszewski	Non-executive Director	Elizabeth Libiszewski Consulting	Yes	09/05/17	11/05/17	
			Non-executive Director - United Lincolnshire Hospitals NHS Trust	Yes	01/01/19	08/01/19	

Entry Number	Name of Employee	Official Appointment in LCHS	Nature of Interest (Pecuniary or Non-Pecuniary) declared	Current Interest	Date interest declared	Date Recorded	Date interest ceased
			Husband is a Non-executive Director at St Barnabas Hospice	Yes	13/3/18	13/3/18	
8.	A Kent	Non-executive Director	Director and Shareholder of Litmus Health Limited	Yes	31/01/18	02/02/18	
9.	Y Owen	Medical Director	LIVES Trustee	Yes	6/6/18	6/6/18	
			GP Partner at East Lindsey Medical Group	Yes	29/05/20	29/05/20	
10.	T Pilcher	Director of Nursing, AHPs and Operations	Nil	Yes	29/04/19	7/5/19	
11.	C Lennon	Director of People and Innovation	Nil	Yes	1/7/19	1/7/19	
12.	G Shadlock	Non-executive Director	Director of a village Community Enterprise Company	Yes	9/7/19	11/7/19	
13.	S Ombler	Interim Director of Nursing, AHPs and Operations	Family member holds lead commissioner role for Urgent and Emergency Care with bordering CCG (North East Lincs CCG), which includes portfolio of Northern Lincolnshire and Goole Hospitals NHS Trust.	Yes	28/8/18	30/8/18	

Statement of the chief executive's responsibilities as the accountable officer of the trust

The Chief Executive of NHS Improvement, in exercise of powers conferred on the NHS Trust Development Authority, has designated that the Chief Executive should be the Accountable Officer of the trust. The relevant responsibilities of Accountable Officers are set out in the NHS Trust Accountable Officer Memorandum. 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 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.

Accountable Officer:
Maz Fosh, Chief Executive
Lincolnshire Community Health Services NHS Trust

Signed:
Date: 9th June 2020

Annual governance statement

Scope of Responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Lincolnshire Community Health Services NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Lincolnshire Community Health Services NHS Trust for the year ended 31 March 2019 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Trust has a Risk Management Strategy which is endorsed by the Trust Board. The most recent refresh of the strategy, including review and approval of the Risk Appetite Statement, was completed and approved in January 2020.

The strategy is available to the public and employees through its publication on the Trust website. The purpose of the strategy is to ensure that risks to the quality and delivery of patient services and care are managed, to protect the services, reputation and finances of the Trust, to create a culture where staff acknowledge risk as the responsibility of everyone and to ensure that the Trust meets its statutory obligations. The strategy defines the structures for the management, ownership, review of risks and risk criteria, control and gaining assurance of risk and the methods in which risk issues are considered and assessed.

The risk management process is owned by Trust Board with Executive Directors being directly accountable for each risk and appropriate and effective mitigating actions. All risks on the Trust Corporate Risk Register are reviewed at least monthly by Executive Directors. Feeding into this are the Clinical Operational Risk

Register, monitored through the Executive-led Effective Practice Assurance Group and informed by local risk registers managed by Quality Assurance Managers, and the Corporate Services Risk Register, monitored through the Trust Leadership Team and managed by the Corporate Governance team. Robust mechanisms are in place to ensure risks are managed effectively, moved between registers appropriately and to ensure sufficient time is allocated by each responsible committee or forum for their consideration, review and management.

Through the risk identification process staff at all levels are able to identify, assess and develop mitigating action plans to reduce and manage each risk effectively. The Risk Management Strategy provides the overarching framework and guidance to enable this along with training and support provided by the Corporate Governance and Quality Teams. The Quality Assurance Managers play a key role, individually and collaboratively, in effecting consistency in the assessment of risks. Collectively, the Quality Assurance Managers and Corporate Governance team work to extend this consistency from the operational risk registers into the Corporate Risk Register.

To support and enable the Trust to respond effectively to COVID-19 risks and at pace an interim process was established in line with the Risk Management Strategy with the amendment of COVID-19 related risks being managed through the Bronze, Silver and Gold Command response model.

The risk and control framework

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. The organisation's Risk Appetite Statement is published on the website and reviewed periodically while the various risk registers are considered in its context.

The Trust Board is responsible for the management of key risks. The key areas of those risks are managed through:

- COVID-19 Risk Register
- Corporate Risk Register
- Board Assurance Framework
- Financial risk management
- Compliance with targets
- Single Oversight Framework
- Operational Delivery Plan
- Performance management reporting

The Trust's approach to corporate governance is rooted within best practice and is regularly reviewed and assessed through internal processes. While the Strategy was most recently reviewed in

January 2020, regular reports at every meeting of the Trust Board comment on the status quo and propose ongoing improvements and developments. The Corporate Risk Register is reviewed and approved by the Trust Board as part of this process. In addition, processes have been evolved to assist Executive Directors in assessing risks under their area of responsibility against those for which their peers are responsible. This harmonisation process not only promotes collective as well as individual responsibility at the highest level but also promotes consistency in assessment.

Among the key high-scoring risks on the Corporate Risk Register during 2019/20 were:

- Risks to service sustainability and deliverability due to financial challenges and future changes to commissioning, with the potential to result in reduction in income or opportunity to invest, affecting financial viability of the Trust and its services;
- Risks that the inadequate maintenance of the NHS Property Services-owned estate could result in a loss of service and/or damage to persons;
- Risks that urgent and emergency care services across Lincolnshire could become overwhelmed due to periods of high activity, resulting in patient safety issues;
- Risks that patients treated within LCHS services could deteriorate due to delays while awaiting ambulance transfer, resulting in patient harm.

Of the four sample high-scoring risks from 2019/20 detailed above, three were effectively managed to reduce the risk score and remain under review while the actions are underway to achieve the score which it is expected to be achieved due to these mitigations. The fourth risk remains managed and under close and regular review.

Another ongoing high profile risk is the pursuit by the HMRC of a historic claim in relation to the employment status of GPs providing out of hours services. This potentially could have an adverse impact on service delivery and the financial and reputational standing of the Trust. A hearing that was due to take place in January 2020 was delayed while a linked case was heard, and it is anticipated that this matter will be resolved during 2020/21.

The COVID-19 Risk Register identifies risks that have arisen during the COVID-19 level 4 National Emergency Trust response at a corporate level and details the controls in place to mitigate or reduce those risks. Any risks are rated based on likelihood and potential impact both before and after mitigation. The target risk score is the level at which it is expected the risk will rest following the successful application of actions and controls, and is taken in

consideration of the Trust's Risk Appetite Statement.

There is a robust Board Assurance Framework in place which sets out the key controls and assurances on controls to safeguard against the key risks to the achievement of the strategic objectives. The Board Assurance Framework is aligned to the organisation's Operational Plan and is reviewed at every meeting of Trust Board and its assurance committees. In addition, there are formal risk management procedures in place with effective review and management procedures which incorporate both a controls assurance and a risk assessment.

The committees of the Trust Board – Quality and Risk Committee and Finance, Performance and Investment Committee – assess each and every business item against the Board Assurance Framework. This enables direct assessment against compliance on all fronts, including CQC requirements. The committees also review the risk registers monthly, immediately following their monthly review by Executive Directors and prior to the committees' findings/recommendations progressing to Trust Board. The Audit Committee is detailed later in this document.

Separately, the People Executive Group (PEG), chaired by the Executive Director of People, has delegated responsibility for ensuring the Trust has developed and managed the short, medium and long-term workforce strategies and staffing systems to comply with the 'Developing Workforce Safeguards' recommendations. In addition, PEG has provided People Strategy progress reports, assurance reports and updates risks and work-plans to FPIC. All policies approved by this forum are able to be escalated to Board for endorsement and/or challenge. Quality and Equality Impact Assessments are completed to assess substantive changes to workforce.

Sharing the learning through risk related issues, incidents, complaints and claims is an essential component to maintaining the risk management culture within the trust. Learning is shared through service line structures and trust-wide forums such as the Quality and Risk Committee, Stakeholder, Engagement and Involvement Group, Infection Control Committee, Emergency Planning Group, Information Governance Management Assurance Group, Safeguarding and Patient Safety Group, Effective Practice Assurance Group, Mortality Review Panel and Health and Safety Committee.

Learning is acquired from a variety of sources which include:

- analysis of incidents, complaints, claims and acting on the findings of investigations
- quality impact assessments
- equality impact assessments

- external Inspections
- internal and external audit reports
- clinical audits
- outcome of investigations and inspections relating to other organisations

Freedom to speak up

Another key area of learning for the Trust via engagement with employees is through the **Freedom to Speak Up Guardian (FTSUG)**. This role supports the organisation in complying with the outcomes set up by the National Guardian Office and the outcomes include:

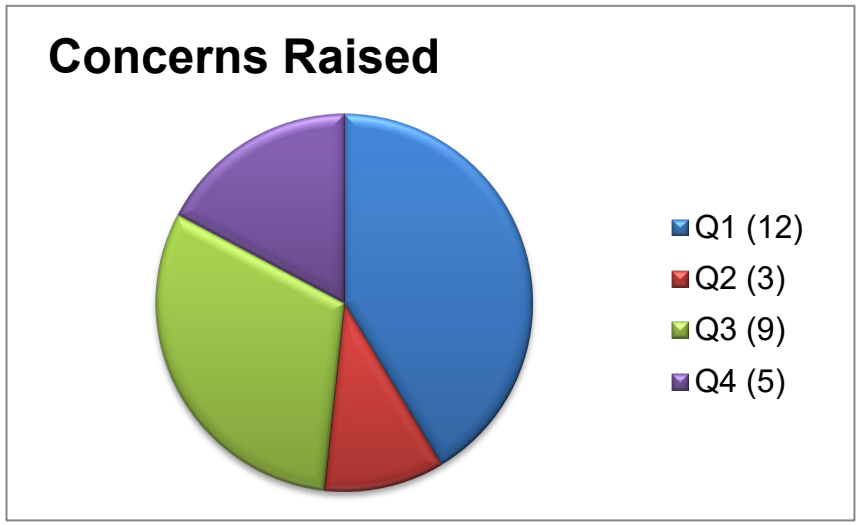
- A culture of speaking up being instilled throughout the organisation;
- Speaking up processes are effective and continuously improved;
- All staff have the capability to speak up effectively and managers have the capability to support those who are speaking up;
- All staff are supported appropriately when they speak up or support other people who are speaking up;
- The Board is fully sighted on, and engaged in, all Freedom to Speak Up matters and issues that are raised by people who are speaking up;
- Safety and quality are assured.

In October 2019 the National Guardian Office (NGO) published the first index of the Guardians. This uses the national staff survey to benchmark the speak up culture across the NHS, and seeks to ensure that a culture of openness is established within the DNA of the NHS.

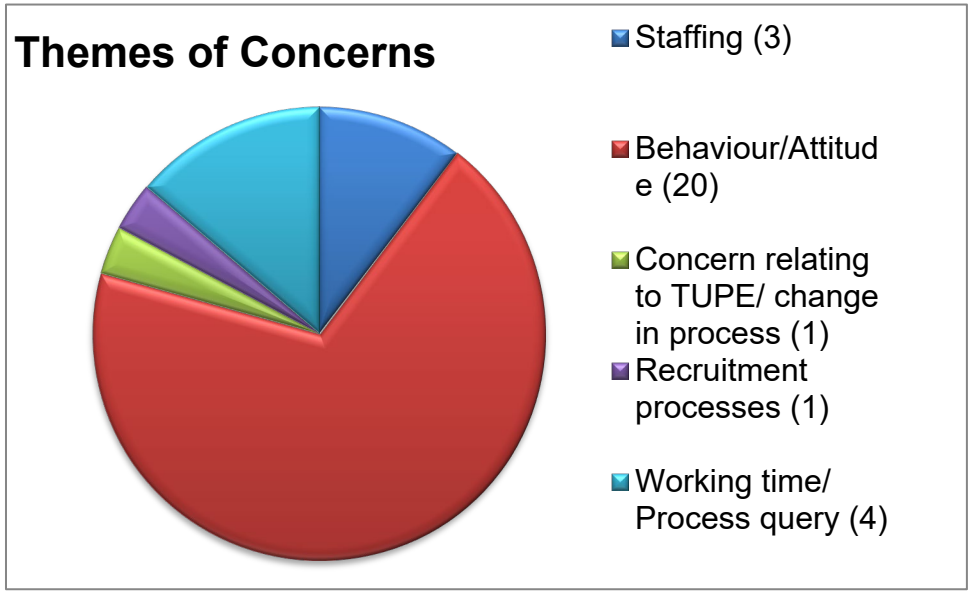
Lincolnshire Community Health Services has scored 84% in this first index. This places LCHS high on the national list, with the highest scoring trust scoring 87%. Lessons from the highest placed trusts have been reviewed and all actions are in place and being embedded in LCHS;

- The visibility of our leaders and executive team is seen as a priority
- Back to floor visits from senior leaders and executives are increasing

- An ethos of compassionate leadership is embedded
- Staff have the opportunity for informal discussions with leaders
- We have a robust induction programme which includes meeting an executive and hearing messages from the speak up guardian and staff side team.
- We have an active staff side



In total 29 concerns were raised with the FTSUG in 2019/20 compared to 25 2018/19 and 6 in 2017/18.



The main issue that the FTSUG has been contacted about relates to behaviour, attitude or bullying. These continue to be staff who are seeking an independent view of a situation to help determine their next action. Four referrals were made to the mediation process and two of these cases progressed to formal grievance processes and were investigated, none of which were upheld.

.

Response and engagement from leaders and executives

The FTSUG has continued to work with leaders at all levels and heads of service to support investigations and address any

concerns. Meetings with the Chair, Chief Executive, Executive Directors and Non-Executive Directors have taken place at regular intervals. The FTSUG reported that there were no concerns regarding access or availability to appropriate leadership throughout 2019/20.

System working and partnerships

Fulfilling the wider objectives of the Trust requires effective partnership working in addition to the internal governance and control framework. As the Chief Executive, I am accountable to the Trust Board, the Chair and NHS Improvement. I am also accountable, along with the Trust Board, to the Secretary of State via NHS Improvement.

I ensure that the Trust works effectively in partnership across the wider health community in Lincolnshire. Key partnerships include:

- Executive groups of Clinical Commissioning Groups (CCGs) in Lincolnshire and adjoining counties
- Health commissioners
- Health Scrutiny Committee
- Joint Staff Consultation and Negotiation Committee
- Lincolnshire County Council
- Lincolnshire Healthwatch
- NHS England and NHS Improvement (NHSEI)
- NHS Providers
- Sustainability and Transformation Partnership (STP) System Executive Team (SET)
- STP Executive group
- Executive STP groups (including Finance Bridge Group)
- System Winter Team
- Groups to monitor impact and preparedness for Brexit

The Trust is fully compliant with the registration requirements of the Care Quality Commission.

Lincolnshire Community Health Services NHS Trust has taken all precautions, actions and Trust-wide reviews to comply with the NHS Provider licence and confirm compliance with conditions G6 (2), G6(3) and current and future compliance with FT4(8).

The trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the trust with reference to the guidance) within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the scheme's regulations are complied with. This includes ensuring that deductions from salary,

employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations

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

The Trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Review of economy, efficiency and effectiveness of the use of resources

The Trust Board approves the organisation's Annual Operational Plan. It is monitored and regularly reported upon to Board as well as Audit Committee (in terms of the arrangements that are in place) and the Finance, Performance and Investment Committee, from which the Board received monthly updates through 2019-20. As well as receiving endorsement from Trust Board, the Performance Dashboard and Integrated Performance Report was prepared by the Director of Finance and Business Intelligence and considered by the Finance, Performance and Investment Committee and by the Quality and Risk Committee throughout the year.

The weekly Trust Leadership Team receives updates on the organisation's financial position including progress against setting and meeting savings targets and consideration of challenges and opportunities. Key progress is reported and discussed at every Board meeting, either in public or private session dependent on the content to ensure compliance against the Annual Financial Plan. Officers of the Trust manage resources in compliance with the Standing Financial Instructions which are reviewed alongside other Standing Orders annually.

Both internal and external audit support these arrangements, with regular reporting, particularly to the Audit Committee. Following the conclusion of the 2019/20 year, the Trust changed its internal audit partner and the Trust Leadership Team met with the new auditors in April 2019 to ensure the programme for the forthcoming year would continue to support the Trust in meeting its objectives.

Information governance

There were no Serious Incidents Requiring Investigation (SIRI) relating to Information Governance reported to the Information Commissioner's Office during 2019/20.

Information Governance is a high priority for the Trust. The

Information Governance Management Assurance Group (IGMAG) oversees all Information Governance (IG) issues and reports to the Quality and Risk Committee. The IGMAG is chaired by the Serious Incident Responsible Officer (SIRO), who is the Director of People and Innovation.

The IGMAG provides quarterly assurance reports and updates risks and work-plans to Quality and Risk Committee.

The SIRO is responsible for overseeing the development and implementation of the trust's Information Risk Management Strategy. Information Governance risks are managed in accordance with the Risk Management Strategy and recorded on the Corporate Risk Register.

Staff are encouraged to report Information Governance incidents and seek further advice and guidance regarding any additional actions that may need to be taken and implemented.

Each IT system; whether corporate or clinical, has a designated Information Asset Owner (IAO) with defined responsibilities, including risk management and responsibility for identifying IG risks. These are supported by Information Asset Administrators (IAA) who provide support at a local level.

All staff are governed by a code of confidentiality and access to data held on IT systems is restricted to authorised users through Role Based Access Control (RBAC) with a smartcard or secure login.

IG training is incorporated into the mandatory annual training and follows the Core Skills for Health Framework. IG is also part of the induction training for new starters, including temporary. Dedicated specialised training for SIRO, IAO and IAA is available through external trainers or may be delivered in-house utilising accredited training material Ad-hoc training is provided on request or individual need.

Data quality and governance

The Performance and Information team conduct regular data quality checks on datasets and reports. They are also involved with national NHS Benchmarking work which enables the Trust to benchmark its own data with that of other Trusts to enable comparators and scope for improvement. The team works closely with the Digital Health team to enable front-end changes to correlate into meaningful data and analysis.

A Data Quality Group provides the Trust with assurance that the Trust's data and information, provided both internally and externally, is being carefully monitored and that improvements are being identified and implemented where necessary. It also enables

the Trust to demonstrate its commitment to encouraging a culture of continuous improvement and accountability. The Finance, Performance and Investment Committee has oversight for the Data Quality Group and receives a report from them every 6-8 weeks on data quality assurance. The report then goes to the Trust Leadership Team and Trust Board meetings

Annual Quality Account

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year.

The Quality Account is developed through formal reporting to the Quality and Risk Committee. It considered the development of the account across four meetings during the year receiving updates in September, December and February during the 2019/20 year prior to final approval, which has been delayed due to the COVID-19 response, currently planned for July 2020. This is reported to Board by the Chair of the committee through the monthly updates following each stage.

The Quality and Risk Committee considers a wealth of other relevant information through the year including quarterly updates on safeguarding, Quality Impact Assessment post implementation reviews, Lessons Learned reports and National Quality Board data.

Quality and Risk Committee includes attendance of Quality Assurance Managers and a culture of health two-way challenge ensures the validity of data and the scrutiny of reporting. Internal Audit undertook a review of the Quality Account during the year and provided some recommendations, all of which were enacted and reported to the Quality and Risk Committee and monitored by the Audit Committee.

Board and Trust Leadership

The Trust Board at the close of the 2019/20 year comprised the Chair (Elaine Baylis), five Non-Executive Directors (Alan Kent, Liz Libiszewski, Kevin Lockyer, Murray McDonald and Gail Shadlock), the Chief Executive (Maz Fosh) and four Executive Directors (Ceri Lennon, Tracy Pilcher, Yvonne Owen, Sam Wilde).

Changes to the Board membership in-year were:

- Gail Shadlock joined as a Non-Executive Director;
- Murray McDonald left the Trust at the end of March 2020 as a Non-Executive Director;
- Andrew Morgan departed as Chief Executive on a seconded basis and was replaced by Maz Fosh, previously deputy Chief Executive, for the duration of the secondment;
- Ceri Lennon joined as Executive Director of People, replacing Maz Fosh's substantive post as Executive Director of

Workforce and Transformation;

- Tracy Pilcher joined as Executive Director of Nursing, AHPs and Operation, replacing Susan Ombler, who had previously filled this role on an acting basis.

The Trust Board met monthly throughout 2019/20 alternating between formal public and private meetings one month and informal meetings the next. The informal meetings were utilised through a combination of strategy development sessions, Board development sessions and service visits. The Board's main committees – the Quality and Risk Committee and the Finance, Performance and Investment Committee – also met monthly. The Remuneration and Terms of Service Committee met as required.

The outcome of a well-led review undertaken by Deloitte in January 2019 was reported back in March 2019, with its recommendations considered during 2019-20. The newly-established Head of Service Group contributed to the considerations alongside Deputy Directors resulting in the Board accepting many proposals and these being implemented during the year. New practice implemented as a result of the review included the move to bi-monthly meetings, engagement with services through the scheduling of service visits, enhancement of the existing Patient Story initiative at Board meetings with expansion to alternate Staff Stories and consideration of Board's dual role of having oversight and providing stewardship.

Audit Committee

The Audit Committee meets quarterly and has a key role in providing assurance to the Trust Board on the control mechanisms that are in place across the Trust. The Audit Committee reviews the adequacy of all risk and control related disclosure statements together with any accompanying head of internal audit statement prior to endorsement by the Trust Board. The committee receives regular update reports from, among others, the Director of Finance and Business Intelligence, the Head of Corporate Governance and both internal and external audit.

In addition to a number of issues being reviewed on a continuous basis the Audit Committee gave further consideration during 2019/20 to risk management. This involved maturing the arrangements so that the Treatment Plan, which had served an effective purpose for 18 months as subsidiary register to the Corporate Risk Register, being developed in the two operational risk registers detailed earlier in this report. The committee also developed the concept of 'target' risk scores into more beneficial 'expected' risk scores, to focus on the achievability of the mitigating actions and to set a realistic outcome in line with the Trust's risk appetite.

The committee continues to develop and enhance mechanisms to gain assurance on all areas that come within its terms of reference, which were also reviewed and amended during 2019-20. It approves a programme of work by internal audit, external audit and counter fraud, based on a risk analysis with a number of new and more in-depth clinical assurance mechanisms being introduced, to allow it to provide the necessary assurance to the Trust Board on an on-going basis.

Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and the Quality and Risk Committee, as well as sub committees and others within the group structure, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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 Board Assurance Framework and on the controls reviewed as part of the internal audit work. Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Board Assurance Framework itself provides me with evidence of the effectiveness of controls that manage risks to the organisation.

My review was also informed by:

- delivery of audit plans by external and internal auditors
- unconditional registration with the Care Quality Commission

The Head of Internal Audit is required to provide an annual opinion on the systems and processes of internal control employed in the trust. The Head of Internal Audit Opinion provided a significant assurance opinion for 2019/20.

During the year the trust has made real and sustainable improvements to its governance arrangements. It has embedded further structure and guidance in relation to the management of risk and clinical audit. Following on from wider structural changes, further improvements to re-align and enhance its governance arrangements were undertaken.

In conclusion, I am assured that no significant control issues existed within Lincolnshire Community Health Services NHS Trust during the 2019/20 year.

Maz Fosh,
Chief Executive (Accountable Officer)
Lincolnshire Community Health Services NHS Trust

9th June 2020

Board members and senior management remuneration (subject to audit)

Salaries and allowances for the year ending 31 March 2020 (subject to audit)

Name and Title	Period of Office	19/20 Salary	Expense Payments Taxable	Performance pay and bonuses	Long term performance pay and bonuses	19/20 Pension Benefits[1]	19/20 Total
		(Bands of 5k) £000s	*(Nearest hundred)* £00s	*(Bands of 5k)* £000s	*(Bands of 5k)* £000s	*(Bands of 2.5k)* £000s	*(Bands of 5k)* £000s
Mr AJ Morgan, Chief Executive	To 30/06/2019[2]	35 - 40	28	0	0	7.5 - 10	45 - 50
Mr S Wilde, Director of Finance & Business Intelligence	Full Year	105 - 110	131	0	0	32.5 - 35	155 - 160
Ms T Pilcher, Director of Nursing, Operations and AHPs.	Commenced 29/04/2019	100 - 105	44	0	0	127.5 - 130	235 - 240
Mrs S Ombler, Acting Director of Nursing, Operations and AHPs	To 29/04/2019	5 - 10	8	0	0	0	5 - 10
Mrs ME Fosh, Director of People and Innovation to 30/06/19. Acting Chief Executive from 01/07/19.	Full Year	135 - 140	127	0	0	77.5 - 80	230 - 235
Mrs C Lennon, Acting Director of People and Innovation	Commenced 01/07/2019	75 - 80	7	0	0	25 - 27.5	100 - 105
Dr Y Owen, Medical Director[3]	Full Year	55 - 60	0	0	0	0	55 - 60
Mrs E Baylis, Chair	Full Year	30 - 35	7	0	0		30 - 35
Mr M Macdonald, Non-Executive Director	Full Year	5 - 10	10	0	0		5 - 10
Mrs E Libiszewski, Non-Executive Director	Full Year	5 - 10	6	0	0		5 - 10

Mr K Lockyer, Non-Executive Director	Full Year	5 - 10	5	0	0	5 - 10
Mr A Kent, Non-Executive Director	Full Year	5 - 10	29	0	0	10 - 15
Mrs G Shadlock, Non-Executive Director	Commenced 10/06/2019	5 - 10	4	0	0	5 - 10

1. Pensions related benefits are based on the NHS Manual of Accounts methodology and the pension data is provided by the Pensions Agency. The benefits calculated incorporate 20 times the annual real increase in pension and do not represent actual payments made. Non-Executive Board members do not receive pensions as part of their remuneration.
2. Mr AJ Morgan joined United Lincolnshire Hospitals NHS Trust as Chief Executive on secondment from 01/07/2019. Salary shown in this report relates to April - June 2019.
3. Dr Y Owen also provided Out of Hours practitioner services to the Trust as an independent contractor to 31st May 2019, disclosure of the value of these payments can be found in the related parties disclosure of the Trust Annual Accounts 2019/20.

Salaries and allowances for the year ending 31 March 2019 (subject to audit)

Name and Title	Period of Office	18/19 Salary	Expense Payments Taxable	Performance pay and bonuses	Long term performance pay and bonuses	18/19 Pension Benefits[1]	18/19 Total
		(Bands of 5k)	*(Nearest hundred)*	*(Bands of 5k)*	*(Bands of 5k)*	*(Bands of 2.5k)*	*(Bands of 5k)*
		£000s	*£00s*	*£000s*	*£000s*	*£000s*	*£000s*
Mr AJ Morgan, Chief Executive	Full Year	145 - 150	150	0	0	0 - 2.5	160 - 165
Ms DD Cecchini, Director of Finance & Strategy	01/04/18 to 31/05/18	15 - 20	12	0	0	5 - 7.5	20 - 25
Mr S Wilde, Director of Finance & Business Intelligence	01/07/18 to 31/03/19	80 - 85	82	0	0	62.5 - 65	150 - 155
Mr S Wilde, Interim Director of Finance & Business Intelligence[2]	01/06/18 to 30/06/18	10 - 15	0	0	0	0	10 - 15
Mrs LM Stalley Green, Director of Nursing and Operations	01/04/18 to 31/08/18	40 - 45	57	0	0	35 - 37.5	85 - 90
Mrs S Ombler, Interim Director of Nursing, AHPs and Operations	01/09/18 to 31/03/19	50 - 55	79	0	0	155 - 155.5	215 - 220
Mrs ME Fosh, Director of Workforce & Transformation	Full Year	110 - 115	114	0	0	25 - 27.5	145 - 150
Dr S Elcock[3], Interim Medical Director	01/04/18 to 24/04/18	0 - 5	0	0	0	0	0 - 5
Dr Y Owen[4], Medical Director	11/06/18 to 31/03/19	45 - 50	3	0	0	0	45 - 50
Mrs E Baylis, Chair	Full Year	30 - 35	12	0	0	0	30 - 35
Mr M Macdonald, Non-Executive Director	Full Year	5 - 10	8	0	0	0	5 - 10
Mrs E Libiszewski, Non-Executive Director	Full Year	5 - 10	2	0	0	0	5 - 10
Mr K Lockyer, Non-Executive Director	Full Year	5 - 10	6	0	0	0	5 - 10
Mr T Dannatt, Non-Executive Director	01/04/18 - 31/10/18	0 - 5	1	0	0	0	0 - 5

Mr A Kent, Non-Executive Director	Full Year	5 - 10	34	0	0	0	5 - 10

1. Pensions related benefits are based on the NHS Manual of Accounts methodology and the pension data is provided by the Pensions Agency. The benefits calculated incorporate 20 times the annual real increase in pension and do not represent actual payments made. Non-Executive Board members do not receive pensions as part of their remuneration.
2. Mr S Wilde value includes recharge from Norfolk Community NHS Trust for the month of June when Mr Wilde was Interim Director of Finance and Business Intelligence prior to substantive appointment.
3. Dr S Elcock costs recharged from Lincolnshire Partnership Foundation Trust based on 4 PA's. Pension benefits are available in the LPFT Annual Report.
4. Dr Y Owen also provides Out of Hours practitioner services to the Trust as an independent contractor, disclosure of the value of these payments can be found in the related parties disclosure of the Trust Annual Accounts 2018/19.

Pension benefits for the year ending 31 March 2020 (subject to audit)

Name and Title	Real increase in pension at pension age	Real increase in pension lump sum at pension age	Total accrued pension at pension age at 31 March 2020	Lump sum at pension age related to accrued pension at 31 March 2020	Cash Equivalent Transfer Value at 31 March 2020	Cash Equivalent Transfer Value at 31 March 2019	Real Increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
	(bands of £2,500) £'000	(bands of £2,500) £'000	(bands of £5,000) £'000	(bands of £5,000) £'000	£'000	£'000	£'000	£'000
Mrs C Lennon, Acting Director of People and Innovation	0 - 2.5	0	0 - 5	0	49	27	6	0
Mrs ME Fosh, Acting Chief Executive	2.5 - 5	0	20 - 25	0	284	215	45	0
Mr AJ Morgan, Chief Executive	0 - 2.5	0 - 2.5	70 - 75	210 - 215	1662	1570	8	0
Ms T Pilcher, Director of Nursing, Operations and AHPs	5 - 7.5	15 - 17.5	45 - 50	140 - 145	857	840	0	0
Mrs S Ombler, Acting Director of Nursing, Operations and AHPs	0	0	20 - 25	50 - 55	454	446	0	0
Mr S Wilde, Director of Finance and Business Intelligence	0 - 2.5	0	15 - 20	0	212	211	0	0
Dr Y Owen*								

Pension benefits for the year ending 31 March 2019 (subject to audit)

Name and Title	Real increase in pension at pension age	Real increase in pension lump sum at pension age	Total accrued pension at pension age at 31 March 2019	Lump sum at pension age related to accrued pension at 31 March 2019	Cash Equivalent Transfer Value at 31 March 2019	Cash Equivalent Transfer Value at 31 March 2018	Real Increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
	(bands of £2,500) £'000	(bands of £2,500) £'000	(bands of £5,000) £'000	(bands of £5,000) £'000	£'000	£'000	£'000	£'000
Ms DD Cecchini, Director of Finance & Strategy	0 - 2.5	0 - 2.5	35 - 40	105 - 110	792	690	11	0
Mrs ME Fosh, Director of Workforce & Transformation	0 - 2.5	0 - 2.5	15 - 20	0 - 5	215	161	34	0
Mr AJ Morgan, Chief Executive	0 - 2.5	2.5 - 5	65 - 70	205 - 210	1570	1369	139	0
Mrs LM Stalley Green, Director of Nursing and Operations	0 - 2.5	0 - 2.5	25 - 30	20 - 25	406	325	24	0
Mrs S Ombler, Interim Director of Nursing, AHPs and Operations	2.5 - 5	10 - 12.5	20 - 25	55 - 60	446	266	90	0
Mr S Wilde, Director of Finance & Business Intelligence	2.5 - 5	0 - 2.5	10 - 15	0 - 5	175	110	36	0

Data used in the assessment of pension's data is provided by NHS Pensions, lump sum and pensions do not include any adjustments for potential future legal remedy arising from the current ongoing Mcloud review into public sector pensions.

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 common market valuation factors for the start and end of the period.
- In August 2019 the CETV methodology used by NHS Pensions was updated to take account of indexation on Guaranteed Minimum Pension (GMP) element of public sector pensions. As such it should be noted that 2020/21 values include this indexation whereby 2019/20 values did not.

Relationship between the remuneration report and exit packages, severance payments and off-payroll engagements disclosures

In respect of the relationship between individuals in the remuneration report and links to exit packages, severance payments and off payroll engagement disclosures, the following information is applicable:

- Exit packages – no relationship
- Severance payments – no relationship
- Off Payroll Engagements – Dr Y. Owen has provided Out of Hours practitioner services to the Trust as an independent

contractor until 31 May 2019. The value of this can found in the related parties disclosure of the Trust Annual Accounts 2019/20.

Remuneration policy for directors and senior managers

LCHS has a Remuneration Committee. The purpose of the committee is to agree appropriate remuneration and terms of service for the chief executive, executive directors and other directors including all aspects of salary, provisions for other benefits, arrangements for termination of employment and other contractual terms working to the NHS Improvement.

Compensation on early retirement or for loss of office

The Trust has not made any compensatory payments on early retirement for loss of office in 2019/20.

Payments to past directors

The Trust has not made any payments to past directors in 2019/20 (2018/19: also nil).

Fair pay disclosure (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in Lincolnshire Community Health Services NHS Trust in the financial year 2019/20 was £150-155k (2018/19: £145-150k). This was 5.01 (2018/19: 5.45) times the median remuneration of the workforce, which was £30,615 (2017/18: £27,078).
In 2019/20 and 2018/19 no employees received remuneration in excess of the highest-paid director.

Remuneration ranged from £16,366 to £153,440 (2018/19: £50 to £149,522)

	2019-20	2018-19
Highest paid director's remuneration £'000	150-155	145-150
Median total £	£30,615	£27,078
Ratio	**5.01**	**5.45**

Total remuneration above includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Sharing of senior members of staff

Since 1 July 2019, LCHS's substantive chief executive, Andrew Morgan, has been on secondment to United Lincolnshire Hospitals NHS Trust (ULHT). This is not strictly a sharing arrangement as

ULHT is remunerating his salary back to LCHS. Andrew Morgan's substantive role is being performed by Maz Fosh. This arrangement is currently due to be in place until 31 March 2022.

Staff Report

Number of senior managers by band

	Female		Male		
Seniority	Headcount	Percentage	Headcount	Percentage	Headcount
Executive Director	4	80.0%	1	20.0%	5

Staff numbers and costs

Average number of employees (WTE basis)				
			2019/20	2018/19
	Permanent	Other	Total	Total
	Number	Number	Number	Number
Medical and dental	15	36	51	26
Ambulance staff	0	0	0	0
Administration and estates	342	0	342	320
Healthcare assistants and other support staff	309	0	309	317
Nursing, midwifery and health visiting staff	612	40	652	658
Nursing, midwifery and health visiting learners	0	0	0	0
Scientific, therapeutic and technical staff	270	0	270	272
Healthcare science staff	0	0	0	0
Social care staff	0	0	0	0
Other	0	0	0	0
Total average numbers	1548	76	1624	1593
Of which:				
Number of employees (WTE) engaged on capital projects	0	0	0	0

Staff costs				
			2019/20	2018/19
	Permanent	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	47913	1566	49479	47440
Social security costs	4707	0	4707	4516
Apprenticeship levy	236	0	236	226
Employer's contributions to NHS pension scheme	9221	0	9221	6253
Pension cost - other	37	0	37	23
Other post employment benefits	0	0	0	0
Other employment benefits	0	0	0	0
Termination benefits	0	0	0	286
Temporary staff	0	5659	5659	4507
Total gross staff costs	62114	7225	69339	63251
Recoveries in respect of seconded staff	0	0	0	0
Total staff costs	62114	7225	69339	63251
Of which				
Costs capitalised as part of assets	0	0	0	0

Staff composition
(correct as of 31/03/2020)

Band 1	19
Band 2	342
Band 3	285
Band 4	86
Band 5	350
Band 6	361
Band 7	242
Band 8A	63
Band 8B	22
Band 8C	5
Band 8D	5
Personal	65
Associate Specialist Consultant	1
Consultant	4
Medical Salaried GP	1
Locally Agreed	10

Staff policies applied during the financial year

Policies applied during the year to give full and fair consideration to disabled staff members.

The Trust recognises and embraces its roles and responsibilities to give full and fair consideration to applications for employment by disabled persons. Following the principles of the Equality Delivery System, the Workforce Disability Equality Standard (WDES) and the Workforce Race Equality Standard (WRES) all LCHS workforce policies undergo an equality impact assessment/equality analysis to ensure they are fair. The equality analysis for all Trust policies states that it is a tool for helping the Trust's staff to consider the potential impact that their services, projects, strategies and policies might have on the community it serves from different equality perspectives.

The general equality duty that is set out in the Equality Act 2010 requires public authorities, in the exercise of their functions, to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the act.
- advance equality of opportunity between people who share a protected characteristic and those who do not.
- foster good relations between people who share a protected characteristic and those who do not.

The general equality duty does not specify how public authorities should analyse the effect of their existing and new policies and practices on equality, but doing so is an important part of complying with the general equality duty. It is up to each organisation to choose the most effective approach for them. This standard

template is designed to help LCHS staff members to comply with the general duty.

The Trust has an ongoing commitment to the training needs of its staff to support both their personal and professional development. A training needs analysis is completed on an annual basis by the organisation, in order to identify its professional development needs. These organisational needs are further supported by individual annual performance reviews (appraisals) that identifies personal development plans. As indicated above, all policies are subjected to the equality analysis including the education, training and development policy.

Specific policies applied during the year to ensure full and fair consideration to disabled staff include:

- recruitment and selection policy
- promoting equality valuing diversity protecting human rights policy
- education training and development policy

Trade union facility time reporting requirements

There is a requirement for relevant public sector organisations to publish information in relation to trade union facility time.

The Trade Union (Facility Time Publication Requirements) Regulations 2017 ("the Facility Time Regulations") came into force on 1 April 2017 requiring relevant public sector employers to publish specified information on an annual basis covering the 12 month period beginning with 1 April.

This is the second relevant period and runs from 1 April 2018 to 31 March 2019 and the information must be published on the Trust website.

The schedule of tables below shows the information the Trust is required to publish.

Facility time is the time off taken by a union official that is permitted by the Trust, in order to carry out trade union duties or activities (but not including partnership duties).

- The number of employees who are union officials
- The percentage of their working hours spent on trade union facility time
- The percentage of the pay bill spent on facility time
- The percentage spent on paid trade union activities as a percentage of the total paid facility time hours.

Schedule of Information
Table 1 Relevant union officials

What was the total number of your employees who were relevant union officials during the relevant period?

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
6	1.32 wte

Table 2 Percentage of time spent on facility time (not including partnership working)

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

Percentage of time	Number of employees
0%	
1-10%	
11-20%	1
21-30%	1
31-40%	1
41-50%	
51-60%	
61-70%	1
71-80%	1
81-90%	
91-100%	1

Table 3 Percentage of pay bill spent on facility time

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

First Column	Figures
Provide the total cost of facility time (not including partnership working)	£14,092.92
Provide the total pay bill	£63,250,624.64
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.022%

Table 4 Paid trade union activities

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	57%

*Based on data as at 31st March 2019

Employee matters

Gender pay gap report

New regulations took effect on 31 March 2017 (The Equality Act 2010 Specific Duties and Public Authorities Regulations 2017) that requires all public sector organisations in England employing 250 or more staff to publish gender pay gap (GPG) information.

The gender pay gap shows the difference between the average (mean or median) earnings of all male and female employees. It is expressed as a percentage of earnings and it is a measure of disadvantage. The gender pay gap is not the same as equal pay. Equal pay is about ensuring men and women doing similar work or work that is different but of equal value (in terms of skills, responsibility, effort are paid the same. A gender pay gap could reflect a failure to provide equal pay but it usually reflects a range of factors, including a concentration of women in lower paid roles and women being less likely to reach senior management levels.

Lincolnshire Community Health Services (LCHS) is required to publish the below gender pay gap measures:

- The difference between the mean hourly rate of pay for male and female employees
- The difference between the median hourly rate of pay for male and female employees
- The proportions of male and female employees in the four quartile pay bands (lower, lower middle, upper middle and upper)

The above measures are calculated using a 'snapshot date' and for public sector organisations this is the pay period which includes 31 March 2019. This statement therefore covers all LCHS employees including those on Bank contracts as reported at **31 March 2019**. The data is taken from the Electronic Staff Record (ESR).

The Trust is required to publish this information within one year of the snapshot date (i.e. by 31 March 2020) and by the same date every subsequent year. It should be published on a website that is accessible to employees and the public. The data also has to be uploaded on the governments 'Gender Pay Service' reporting site.

Workforce context

The gender split within the overall workforce is 89.8% female and 10.2% male at LCHS based on data reported at 31 March 2019. Figure 1 below breaks this down by the proportion of males and females in each pay band.

Figure 1

Gender	Female	Female	Male	Male	Total	Total
Pay Band	Count	Percentage	Count	Percentage	Count	**Percentage**
Band 1	16	0.9%	2	0.1%	18	**1.0%**
Band 2	314	17.7%	23	1.3%	337	**19.0%**
Band 3	257	14.5%	24	1.4%	281	**15.9%**
Band 4	76	4.3%	10	0.6%	86	**4.9%**
Band 5	336	19.0%	17	1.0%	353	**19.9%**
Band 6	311	17.6%	41	2.3%	352	**19.9%**
Band 7	175	9.9%	38	2.1%	213	**12.0%**
Band 8a	46	2.6%	19	1.1%	65	**3.7%**
Band 8b	20	1.1%	7	0.4%	27	**1.5%**
Band 8c	3	0.2%	1	0.1%	4	**0.2%**
Band 8d	2	0.1%	2	0.1%	4	**0.2%**
Medical and Dental	4	0.2%	11	0.6%	15	**0.8%**
Other	10	0.6%	2	0.1%	12	**0.7%**
VSM	2	0.1%	2	0.1%	4	**0.2%**
Total	**1,572**	**88.8%**	**199**	**11.2%**	**1,771**	**100.0%**

nb: figures may not sum exactly due to roundings

*Please note the category entitled ‘other’ represents anyone who is not on agenda for change pay bands, for example apprentices and staff groups who have TUPE transferred into the organisation.

The LCHS workforce is governed under the NHS Agenda for Change, excluding medical staff and very senior managers. It uses the NHS national job evaluation framework to determine appropriate pay bandings. This provides a clear process of paying employees equally for the same or equivalent work. Pay progression is also linked to performance.

Figure 1 outlines that women are represented across all pay bands within LCHS and there is a 2:2 ratio of females to males in very senior management (VSM) posts.

The highest proportion of females is concentrated within Band 2, 5 and 6 posts and the highest proportion of males are concentrated within Band 6 and Band 7 posts. The occupancy of these different posts by gender therefore contributes to the gender pay gap.

Please note with effect from 1 December 2018 band 1 was closed to new entrants as part of the 2018 pay deal.

Mean and median hourly rate for males and females Figure 2a

Gender	Average (Mean) Hourly Rate	Median Hourly Rate
Male	20.05	**17.10**
Female	14.94	**14.05**
Difference	5.11	**3.05**
Pay Gap %	**25.48%**	**17.86%**

The mean gender pay gap for LCHS is 25.48%. This means that men are paid 25.48% more than women on average. The average

is calculated by adding up the hourly rates of all men and all women and dividing by the total number of men and women.

The median gender pay gap for LCHS is 17.86%. This means that when the hourly rates of all female and all male staff are put in order from smallest to largest, the middle rate for men is 17.86% higher than the middle rate for all female staff.

The mean gender pay gap has increased from 21.5% when compared to 2018 snapshot; however the median gender pay gap has decreased from 18.96% in 2018. The Trust has recently recruited a male to a very senior management position, which was previously held by a female, and this has improved our ratio at very senior management level to 2:2 from 4 females to 1. The Trust has been recruiting to a new medical model and between April 2018 and March 2019 the Trust made the appointment of 4 male GPs. This composition of male / female GPS will contribute to the Trust's gender pay gap as they sit within the higher bandings. The Trust follows all equal opportunity recruitment practices and for very senior management positions this is supported by the NHS East Midland Leadership Academy.

Further analysis to show the gender pay gap per band is detailed in Figure 2b.

Figure 2b

	Average Mean (Hourly Rate)				Median Hourly Rate			
Pay Band	Male	Female	Difference	Pay Gap %	Male	Female	Difference	**Pay Gap %**
Band 1	9.68	11.07	-1.39	-0.14	9.68	11.02	-1.34	**-0.14**
Band 2	11.13	10.41	0.72	0.06	11.34	9.72	1.62	**0.14**
Band 3	10.53	10.56	-0.03	0.00	10.14	10.46	-0.31	**-0.03**
Band 4	11.75	11.49	0.26	0.02	11.72	11.53	0.19	**0.02**
Band 5	13.91	14.95	-1.04	-0.07	14.34	15.14	-0.80	**-0.06**
Band 6	17.41	17.46	-0.05	0.00	17.71	17.52	0.19	**0.01**
Band 7	21.59	21.56	0.02	0.00	22.01	22.01	0.00	**0.00**
Band 8a	24.54	24.11	0.43	0.02	24.45	23.90	0.54	**0.02**
Band 8b	28.00	27.65	0.35	0.01	27.94	27.94	0.00	**0.00**
Band 8c	31.25	31.95	-0.70	-0.02	31.25	31.87	-0.62	**-0.02**
Band 8d	41.83	37.41	4.41	0.11	41.83	37.41	4.41	**0.11**
Medical and Dental*	54.62	46.21	8.41	0.15	60.19	43.18	17.01	**0.28**
Other*	32.99	9.72	23.27	0.71	32.99	9.47	23.51	**0.71**
VSM*	**64.35**	**51.89**	**12.46**	**0.19**	**64.35**	**51.89**	**12.46**	**0.19**

*It should be noted that these 3 categories are actually pay groups, rather than distinct pay bands and therefore the salaries of individuals does vary significantly as there are different roles and pay grades/structures within each of these groups. This accounts for the wide pay gap % in these areas.

The majority of staff in 'other' relates to individuals who have TUPE transferred and this includes GP practices containing a number of admin staff, one male Doctor Research Lead and then domiciliary staff who are support staff. This has caused the wide pay gap in this area.

The average pay gap % between bands does vary with some bands reporting a negative pay gap (ie bands 1, 3, 5 and 8c) and others a positive pay gap difference. Pay bands 3 and 5 contain some of the highest % of females and these show that on an average pay gap basis females are paid more. The mean pay gap information again varies between bands with both negative and positive values.

It can be seen that for pay bands 8a and 8c on both an average and mean basis females and males are more balanced and this is an improved position from last year. Those on pay bands 8d show that on both an average and mean basis men are paid higher than women (although it should be noted there is a small number of individuals in these pay bands than the lower bands so this will also affect the figures).

The proportions of male and female employees in each quartile of the pay distribution

The quartiles shown below in figure 3 are calculated by determining the hourly rate of pay and then ranking the relevant employees in order from the lowest to the highest. The calculation requires an employer to show the proportions of male and female full-pay in four quartile pay bands, which is done by dividing the workforce into four equal parts; lower, middle, upper middle and upper quartile pay bands.

Figure 3

1	410	32	92.76%	7.24%
2	406	37	91.64%	8.36%
3	395	43	90.18%	9.82%
4	361	87	80.58%	19.42%

Figure 3 highlights that the Trust employs more men in the higher banding categories than women which has an impact on the average hourly rate. LCHS has significantly less men employed when compared to women, however, of those employed a proportion are in either senior or specialist roles.

Actions to reduce the gender pay gap

Whilst the Trust has excellent representation of females across all levels of the organisation and is predominantly female, this report shows that there are gender pay gaps which require the continued development of actions to close these gaps. The Trust has a dedicated Equality and Diversity Lead who monitors the Trust's system to ensure legislative compliance, supporting staff around all equality areas.

LCHS can demonstrate that we are an equal opportunity employer through policies and processes which support staff to make decisions, for example policies which support maternity, paternity and adoption leave, flexible working and disability leave. LCHS takes a proactive stance regarding progression and development of talent within the organisation with a formal and transparent appraisal process in place which links to performance related pay increases in accordance with Agenda for Change. From the point of identifying a vacancy, there is a clear pathway for development through our talent pipeline, fully in line with our equal opportunities policy.

Where staff are not employed on nationally agreed pay scales, the Trust has developed a structured pay scale for GP salaries which takes account of experience and skills.

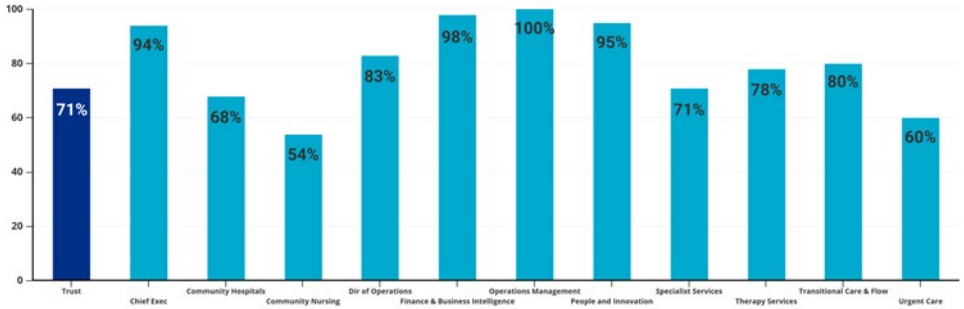
The Trust is committed to ensuring an equitable workforce and will continue to work towards achieving the following actions in order to reduce the gender pay gap. Please note a number of the actions are ongoing following the last Gender Pay Gap Statement with the addition of some newly identified areas:

To continue employing and monitoring recruitment, performance and appraisal processes to ensure they are objective with structured and measured criteria that can be evidenced. The Trust undertakes annual appraisal audits to ensure a fair and equitable process is followed for all staff members;

- Continue to explore how we can attract more men into the organisation at the lower bands, to create a more even gender balance;
- The Trust will robustly evaluate starting salaries of all staff members to ensure they are commensurable with the individual's experience;
- The continuation of promoting flexible working opportunities for both men and women (The Trust has made easily accessible on its Intranet site information for all employees in relation to applying for these opportunities); The Trust continues to offer leadership development programmes which are accessible to male and female employees equally and will continue to encourage engagement of staff members;

- Continue to monitor any shifts in the gender pay gap data each year to identify any trends and analyse underlying causes.

NHS Staff Survey results



The results from the national NHS Staff Survey are gauged against the other 15 community trusts and where applicable, results from previous years.

- LCHS had a response rate of 71% against a target of 70%. This is a 16% increase on 2018 (55%) and 13% higher than the average response rate for community trusts of 58%.

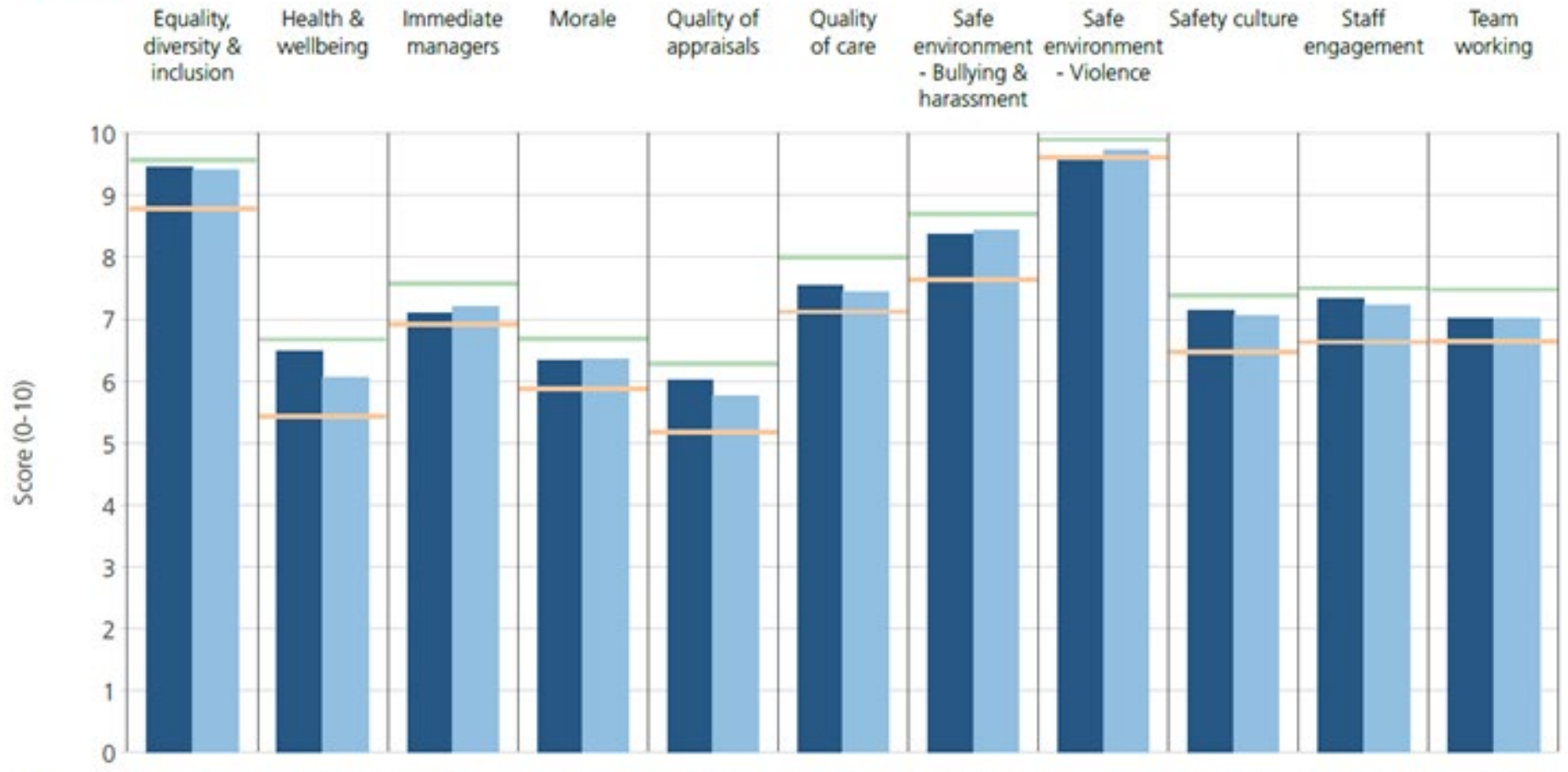
- The overall staff engagement score was 7.3, which is the same as in 2018, compared with the average for community trusts 7.2. The Trust was above average in six themes; (Equality, Diversity and Inclusion, Health and Wellbeing, Quality of Appraisal, Quality of Care, Safety Culture, Staff Engagement) average in three themes (Morale, Safe Environment – Bullying and Harassment, Team Working) and below average in two themes (Immediate Managers, Safe Environment – Violence).

Service line	Percentage
Overall	71%
Chief Executive's Office	94%
Community Hospitals	68%
Community Nursing	54%
Director of Operations	83%
Finance and Business Intelligence	98%
Operations Management	100%
People and Innovation	95%
Specialist Services	71%
Therapy Services	78%
Transitional Care and Flow	80%
Urgent Care	60%

Survey Coordination Centre

2019 NHS Staff Survey Results > Theme results > Overview

NHS England



	Equality, diversity & inclusion	Health & wellbeing	Immediate managers	Morale	Quality of appraisals	Quality of care	Safe environment - Bullying & harassment	Safe environment - Violence	Safety culture	Staff engagement	Team working
Best	9.6	6.7	7.6	6.7	6.3	8.0	8.7	9.9	7.4	7.5	7.5
Your org	9.5	6.5	7.1	6.3	6.0	7.5	8.4	9.6	7.1	7.3	7.0
Average	9.4	6.0	7.2	6.3	5.8	7.4	8.4	9.7	7.0	7.2	7.0
Worst	8.8	5.4	6.9	5.9	5.2	7.1	7.6	9.6	6.5	6.6	6.6
Responses	1,208	1,217	1,218	1,199	1,134	1,102	1,208	1,212	1,210	1,227	1,203

- Of the 11 themes from 2018, LCHS improved in three (Equality, Diversity and Inclusion, Health and Wellbeing, Safe Environment – Bullying and Harassment), stayed the same in three (Immediate Managers, Quality of Appraisals, Staff Engagement), declined in four (Morale, Quality of Care, Safe Environment – Violence, Safety Culture) and scored 'average' in the new theme of Team Working.

- Whilst Community Nursing and Urgent Care increased their response rates, their scores have declined in most themes since last year.

Health and safety at work

The accident figures for 2019/20 were remarkably similar to 2018/19; with the exception of the last quarter where the Covid19 pandemic caused considerable change in how services were delivered and resulted in a reduction of staff accidents by a third. Consequently there were 117 staff health and safety related incidents reported (129 last year), and again, by far the majority resulted in no or low harm.

"Needlestick" injuries (a needlestick injury is the penetration of the skin by a needle or other sharp object, which has been in contact with blood, tissue or other body fluids before the exposure) were targeted by a special project team. The efforts of the team saw noticeable sustained improvements with a significant reduction in the injuries, especially in the area of diabetes management which was the key area of concern.

Electricity was an emerging theme with three injuries to staff (mostly low harm) resulting from electric shock from portable electrical appliances. The health and safety advisor and infection control staff undertook an audit and as a result the Estates Shared Service Team has taken on its own electrical testing contractor to improve portable appliance testing and the health and safety advisor is currently rolling out electrical awareness and visual checks training for all inpatient care staff.

There were 116 patient injuries reported that were almost all no or low harm. This was up on the 87 last year due to an increase in falls in the third quarter. There was no directly attributable cause for this. The majority of incidents by far are slips, trips and falls and work continues to assess patients and implement control measures as patients come into LCHS's care.

The risk of NHS Property Services (NHSPS) failing to maintain critical infrastructure in its premises and so exposing LCHS as a tenant to risk was highlighted through routine monitoring by the shared service estate compliance officer and the Trust health and safety advisor with regard to water quality and ventilation plant.

These issues were addressed through an emergency action groups. There was some disruption to service but no patients or staff were harmed.

NHSPS has been challenged to improve its planned preventative maintenance and the Trust is working with them to address the issues.

The fire compartmentation improvements that NHSPS made to hospital inpatient wards last year proved invaluable in the Covid-19 pandemic. The Trust can be assured that the fire compartmentation protecting those seriously ill patients was to the highest standard. The second phase of fire compartmentation work in the hospitals, to survey and improve compartmentation in none inpatient areas is ongoing.

The NHSPS work to provide a new Life 1 standard fire alarm system throughout County Hospital Louth is finally nearing conclusion. This has been a difficult and protracted task. It provides a significant improvement in fire detection and warning across the whole of the hospital site.

Pay policy

LCHS' pay policy is based on national terms and conditions for the majority of staff including Agenda for Change, medical and dental and very senior managers. The Trust has two locally agreed pay scales; one for GPs and one recently agreed for associate specialists. There are also a number of individuals who have joined LCHS via the Transfer of Undertakings (Protection of Employment) regulations across from a different organisation that are also on previous local pay scales.

For the majority of staff who are on the Agenda for Change pay scales, LCHS follows the nationally agreed job matching and evaluation scheme to determine the band of the post. For medical and dental roles these follow the nationally agreed job descriptions.

Expenditure on consultancy

In 2019/20, the Trust spent £152k on consultancy expenditure. Key projects which engaged consultancy support included:

- Supporting the Lincolnshire Stroke "100 days" cross-system pathway review
- Cross system IT projects on developing integrated care records

Off-payroll engagements

Off-payroll engagements as of 31 March 2020, for staff earnings more than £245 per day and that last longer than six months:

In respect of off-payroll engagements, the Trust utilises independent medical contractors, generally General Practitioners in the delivery of its Out of Hours and Urgent Care Services.

	Number
Number of existing arrangements as of 31 March 2020	106
Of which, the number that have existed:	
For less than 1 year at the time of reporting	15
For between 1 and 2 years at the time of reporting	11
For between 2 and 3 years at the time of reporting	7
For between 3 and 4 years at the time of reporting	12
For 4 or more years at the time of reporting	61

Exit packages

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	**Number**	**Number**
Exit package cost band (including any special payment element)			
<£10,000	-	10	**10**
£10,000 - £25,000	-	-	**-**
£25,001 - 50,000	-	-	**-**
£50,001 - £100,000	-	-	**-**
£100,001 - £150,000	-	-	**-**
£150,001 - £200,000	-	-	**-**
>£200,000	-	-	**-**
Total number of exit packages by type	**-**	**10**	**10**
Total cost (£)	£0	£29,000	**£29,000**

Financial Statements 2019/20

Lincolnshire Community Health Services NHS Trust

Annual accounts for the year ended 31 March 2020

Further copies available on request from:
Director of Finance and Business Intelligence
Lincolnshire Community Health Services NHS Trust
Beech House
Waterside South
Lincoln
LN5 7JH
www.lincolnshirecommunityhealthservices.nhs.uk

Statement of the Chief Executive's responsibilities as the Accountable Officer of the trust

The Chief Executive of NHS Improvement, in exercise of powers conferred on the NHS Trust Development Authority, has designated that the Chief Executive should be the Accountable Officer of the trust. The relevant responsibilities of Accountable Officers are set out in the NHS Trust Accountable Officer Memorandum. 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 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, other items of comprehensive income and cash flows for the year.

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

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

Signed.....  .....

Maz Fosh, Chief Executive Officer

Date: 9th June 2020

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 HM 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, other items of comprehensive income and cash flows for the year. In preparing those accounts, the 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 and;

· prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

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.

The directors confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS trust's performance, business model and strategy

By order of the Board

Signed:.....  .....

Maz Fosh, Chief Executive Officer

Date: 9th June 2020

Signed: .....  ..

Sam Wilde, Director of Finance and Business Intelligence

Date: 9th June 2020

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF LINCOLNSHIRE COMMUNITY HEALTH SERVICES NHS TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Lincolnshire Community Health Services NHS Trust ("the Trust") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Taxpayers Equity and Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 March 2020 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 being relevant to NHS Trusts in England and included in the Department of Health and Social Care Group Accounting Manual 2019/20.

Basis for opinion

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

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Director's conclusions we considered the inherent risks to the Trust's operations and analysed how these risks might affect the Trust's financial resources, or ability to continue its operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Trust will continue in operation.

Other information in the Annual Report

The Accountable Officer is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other

information included in the Annual Report for the financial year is consistent with the financial statements.

Annual Governance Statement

We are required to report to you if the Annual Governance Statement has not been prepared in accordance with the requirements of the Department of Health and Social Care Group Accounting Manual 2019/20. We have nothing to report in this respect.

Remuneration and Staff Report

In our opinion the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2019/20.

Directors' and Accountable Officer's responsibilities

As explained more fully in the statement set out on page 3, the directors are responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity. As explained more fully in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, on Page 2 the Accountable Officer is responsible for ensuring that annual statutory accounts are prepared in a format directed by the Secretary of State.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

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

Under the Code of Audit Practice we are required to report to you if the Trust has not made proper arrangement for securing economy, efficiency and effectiveness in its use of resources.

We have nothing to report in this respect.

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

As explained in the statement set out on page 41, the Chief Executive, as the Accountable Officer, is responsible for ensuring that value for money is achieved from the resources available to the Trust. We are required under section 21(3)(c), as amended by schedule 13 paragraph 10(a), of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in December 2019 and updated in April 2020 as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

Statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice issued by the Comptroller and Auditor General ('the Code of Audit Practice') to report to you if:

- we refer a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Trust under section 24 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

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

This report is made solely to the Board of Directors of Lincolnshire Community Health Services NHS Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Board of the Trust, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Lincolnshire Community Health Services NHS Trust for the year ended 31 March 2020 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Andrew Cardoza
for and on behalf of KPMG LLP
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham B4 6GH

24 June 2020

Statement of Comprehensive Income

	Note	2019/20 £000	2018/19 £000
Operating income from patient care activities	3	98,026	89,717
Other operating income	4	10,321	12,500
Operating expenses	7, 9	(105,208)	(97,529)
Operating surplus/(deficit) from continuing operations		**3,139**	**4,688**
Finance income	12	180	133
Finance expenses	13	-	-
PDC dividends payable		-	-
Net finance costs		**180**	**133**
Other gains / (losses)	14	(2)	-
Surplus / (deficit) for the year from continuing operations		**3,317**	**4,821**
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations		**-**	**-**
Surplus / (deficit) for the year		**3,317**	**4,821**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	8	-	(9)
Revaluations	19	21	208
Other recognised gains and losses		-	-
Other reserve movements		-	-
Total comprehensive income / (expense) for the period		**3,338**	**5,020**

The accompanying notes form part of these financial statements

Statement of Financial Position

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Intangible assets	16	428	431
Property, plant and equipment	17	6,525	6,002
Other assets		-	-
Total non-current assets		**6,953**	**6,433**
Current assets			
Inventories		-	-
Receivables	25	6,844	7,255
Other investments / financial assets	22	-	-
Other assets		-	-
Non-current assets for sale and assets in disposal groups		-	-
Cash and cash equivalents	28	29,532	24,968
Total current assets		**36,376**	**32,223**
Current liabilities			
Trade and other payables	29	(12,901)	(11,140)
Borrowings	31	-	-
Provisions	34	(2,869)	(2,496)
Other liabilities	30	(740)	(907)
Liabilities in disposal groups		-	-
Total current liabilities		**(16,510)**	**(14,543)**
Total assets less current liabilities		**26,819**	**24,113**
Non-current liabilities			
Trade and other payables	29	-	-
Borrowings	31	-	-
Provisions	34	(275)	(450)
Other liabilities	30	-	-
Total non-current liabilities		**(275)**	**(450)**
Total assets employed		**26,544**	**23,663**
Financed by			
Public dividend capital		63	520
Revaluation reserve		1,094	1,095
Other reserves		-	-
Income and expenditure reserve		25,387	22,048
Total taxpayers' equity		**26,544**	**23,663**

The notes on pages 11 to 45 form part of these accounts.

Name ……

Maz Fosh

Position Chief Executive Officer, Lincolnshire Community Health Services NHS Trust

Date 9 June 2020

Statement of Changes in Equity for the year ended 31 March 2020

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**520**	**1,095**	**22,048**	**23,663**
Surplus/(deficit) for the year	-	-	3,317	**3,317**
Transfers by absorption: transfers between reserves	-	-	-	**-**
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	-	-	**-**
Other transfers between reserves	-	(22)	22	**-**
Impairments	-	-	-	**-**
Revaluations	-	21	-	**21**
Transfer to retained earnings on disposal of assets	-	-	-	**-**
Other recognised gains and losses	-	-	-	**-**
Public dividend capital received	30	-	-	**30**
Public dividend capital repaid	(487)	-	-	**(487)**
Other reserve movements	-	-	-	**-**
Taxpayers' and others' equity at 31 March 2020	**63**	**1,094**	**25,387**	**26,544**

Statement of Changes in Equity for the year ended 31 March 2019

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**381**	**910**	**17,213**	**18,504**
Prior period adjustment	-	-	-	**-**
Taxpayers' and others' equity at 1 April 2018 - restated	**381**	**910**	**17,213**	**18,504**
Surplus/(deficit) for the year	-	-	4,821	**4,821**
Transfers by absorption: transfers between reserves	-	-	-	**-**
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	-	-	**-**
Other transfers between reserves	-	(14)	14	**-**
Impairments	-	(9)	-	**(9)**
Revaluations	-	208	-	**208**
Transfer to retained earnings on disposal of assets	-	-	-	**-**
Other recognised gains and losses	-	-	-	**-**
Public dividend capital received	139	-	-	**139**
Public dividend capital repaid	-	-	-	**-**
Other reserve movements	-	-	-	**-**
Taxpayers' and others' equity at 31 March 2019	**520**	**1,095**	**22,048**	**23,663**

Information on reserves

Public dividend capital
Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. Additional PDC may also be issued to trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as the public dividend capital dividend.

Revaluation reserve
Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Income and expenditure reserve
The balance of this reserve is the accumulated surpluses and deficits of the trust.

Statement of Cash Flows

	Note	2019/20 £000	2018/19 £000
Cash flows from operating activities			
Operating surplus / (deficit)	-	3,139	4,688
Non-cash income and expense:			
Depreciation and amortisation	7.1	1,420	1,038
Net impairments	8	(3)	(27)
Income recognised in respect of capital donations	4	-	(239)
(Increase) / decrease in receivables and other assets	25	411	1,230
(Increase) / decrease in inventories		-	-
Increase / (decrease) in payables and other liabilities	29/30	1,608	(971)
Increase / (decrease) in provisions		198	(20)
Tax (paid) / received		-	-
Net cash flows from / (used in) operating activities		**6,773**	**5,699**
Cash flows from investing activities			
Interest received	12	180	133
Purchase and sale of financial assets / investments		-	-
Purchase of intangible assets	16	(185)	(97)
Sales of intangible assets		-	-
Purchase of property, plant, equipment and investment property	17	(1,747)	(2,362)
Sales of property, plant, equipment and investment property		-	-
Receipt of cash donations to purchase assets		-	196
Net cash flows from / (used in) investing activities		**(1,752)**	**(2,130)**
Cash flows from financing activities			
Public dividend capital received	-	30	139
Public dividend capital repaid	-	(487)	-
Movement on loans from Department of Health and Social Care		-	-
Movement on other loans		-	-
Other capital receipts		-	-
Interest on loans		-	-
PDC dividend (paid) / refunded		-	-
Cash flows from (used in) other financing activities		-	-
Net cash flows from / (used in) financing activities		**(457)**	**139**
Increase / (decrease) in cash and cash equivalents		**4,564**	**3,708**
Cash and cash equivalents at 1 April - brought forward		**24,968**	**21,260**
Prior period adjustments			-
Cash and cash equivalents at 1 April - restated		**24,968**	**21,260**
Cash and cash equivalents transferred under absorption accounting		-	-
Cash and cash equivalents at 31 March	28.1	**29,532**	**24,968**

The accompanying notes form part of these financial statements

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

The Department of Health and Social Care has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2019/20 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Note 1.1.1 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.

Note 1.2 Going concern

Lincolnshire Community Health Services NHS Trust annual report and accounts have been prepared on a going concern basis. Nontrading entities in the public sector are assumed to be going concerns where the continued provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.

Note 1.3 Critical accounting judgements and key sources of estimation uncertainty

In the application of Lincolnshire Community Health Services NHS Trust accounting policies, management is required to make various judgements, estimates and assumptions. These are regularly reviewed.

Note 1.3.1 Critical accounting judgements and key sources of estimation uncertainty

In the application of Trust's accounting policies, management is required to make various judgements, estimates and assumptions. These are regularly reviewed.

Note 1.3.2 Sources of estimation uncertainty

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

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

Note 1.4 Transfer of Functions

As public sector bodies are deemed to operate under common control, business reconfigurations within the DHSC group are outside the scope of IFRS 3 Business Combinations. Where functions transfer between two public sector bodies, the GAM requires the application of 'absorption accounting'. Absorption accounting requires that entities account for their transactions in the period in which they took place. Where assets and liabilities transfer, the gain or loss resulting is recognised in the Statement of Comprehensive Income, and is disclosed separately from operating costs

Note 1.5 Pooled Budgets

Lincolnshire Community Health Services NHS Trust is party to a S75 agreement with Lincolnshire County Council and Lincolnshire Clinical Commissioning Groups (CCGs) with regards to the provision of transitional care nursing beds to the Lincolnshire patient population. Lincolnshire County Council is the host organisation and Lincolnshire Community Health Services NHS Trust contribution is detailed within note 2 to these accounts.

Note 1.6 Revenue from contracts with customers

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

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

The main source of revenue for Lincolnshire Community Health Services NHS Trust is contracts with commissioners in respect of healthcare services. Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation. At the year end, Trust accrues income relating to performance obligations satisfied in that year. Where a patient care spell is incomplete at the year end, revenue relating to the partially complete spell is accrued in the same manner as other revenue.

Where income is received for a specific performance obligation that is to be satisfied 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, for instance by an insurer.

The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Note 1 Accounting policies and other information (continued)

Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation.

Payment terms are standard reflecting cross government principles. Significant terms include payment in line with the Better Payments Practice Code (BPPC).

The value of the benefit received when the Trust accesses funds from the Government's apprenticeship service are recognised as income in accordance with IAS 20, Accounting for Government Grants. Where these funds are paid directly to an accredited training provider, non-cash income and a corresponding non-cash training expense are recognised, both equal to the cost of the training funded.

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete. This accrual is disclosed as a contract receivable as entitlement to payment for work completed is usually only dependent on the passage of time.

Revenue from research contracts

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

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

Provider sustainability fund (PSF) and Financial recovery fund (FRF)
The PSF and FRF enable providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

Note 1.6 Other forms of income

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

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

Note 1.7 Expenditure on employee benefits

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

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme: the cost to the trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as and when they become due.

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

Note 1.8 Expenditure on other goods and services
Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

Note 1.9 Discontinued operations
Discontinued operations occur where activities either cease without transfer to another entity, or transfer to an entity outside of the boundary of Whole of Government Accounts, such as private or voluntary sectors. Such activities are accounted for in accordance with IFRS 5. Activities that are transferred to other bodies within the boundary of Whole of Government Accounts are 'machinery of government changes' and treated as continuing operations.

Note 1.10 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.

Note 1.11 Property, plant and equipment

Recognition
Property, plant and equipment is capitalised where:

• it is held for use in delivering services or for administrative purposes
• it is probable that future economic benefits will flow to, or service potential be provided to, the trust
• it is expected to be used for more than one financial year
• the cost of the item can be measured reliably
• the item has cost of at least £5,000, or
• collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

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

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Measurement
Valuation

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

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

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

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

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

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

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits.
Revaluation gains and losses

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

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Impairments

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated and grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

Note 1 Accounting policies and other information (continued)

Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) transactions
PFI and NHS LIFT transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM*, are accounted for as 'on-Statement of Financial Position' by the trust. In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

Lincolnshire Community Health Services NHS Trust has not entered into any arrangements involving PFI or LIFT transactions.

Useful lives of property, plant and equipment

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	1	26
Dwellings	-	-
Plant & machinery	1	5
Transport equipment	-	-
Information technology	1	4
Furniture & fittings	1	4

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.12 Intangible assets

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

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

Expenditure on development is capitalised only where all of the following can be 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
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

Software

Software which is integral to the operation of hardware, eg an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, eg application software, is capitalised as an intangible asset.

Measurement
Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Intangible assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

Amortisation

Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits.

Useful lives of intangible assets

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life Years	Max life Years
Information technology	1	4
Development expenditure	-	-
Websites	-	-
Software licences	1	4
Licences & trademarks	-	-
Patents	-	-
Other (purchased)	-	-
Goodwill	-	-

Note 1.13 Inventories
The Trust does not hold a material level of inventories. No value for inventories is included on the Statement of Financial Position.

Note 1.14 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. Cash, bank and overdraft balances are recorded at current values.

Note 1 Accounting policies and other information (continued)

Note 1.15 Financial assets and financial liabilities

Recognition
Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

Classification and measurement
Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

Financial assets and financial liabilities at amortised cost
Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Financial assets measured at fair value through other comprehensive income
A financial asset is measured at fair value through other comprehensive income where business model objectives are met by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest. Movements in the fair value of financial assets in this category are recognised as gains or losses in other comprehensive income except for impairment losses. On derecognition, cumulative gains and losses previously recognised in other comprehensive income are reclassified from equity to income and expenditure, except where the Trust elected to measure an equity instrument in this category on initial recognition.

Financial assets and financial liabilities at fair value through income and expenditure
Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive income.

Impairment of financial assets
For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Derecognition
Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Note 1.16 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.

Note 1.16.1 Lincolnshire Community Health Services NHS Trust as lessee
Property, plant and equipment held under finance leases are initially recognised, at the commencement 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 to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Comprehensive Income.

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.

Note 1.16.2 Lincolnshire Community Health Services NHS Trust as lessor
Amounts due from lessees under finance leases are recorded as receivables at the amount of Trust's net investment in the leases. Finance lease income is allocated to
accounting periods to reflect a constant periodic rate of return on 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

Note 1.17 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2020:

		Nominal rate
Short-term	Up to 5 years	0.51%
Medium-term	After 5 years up to 10 years	0.55%
Long-term	Exceeding 10 years	1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2020:

	Inflation rate
Year 1	1.90%
Year 2	2.00%
Into perpetuity	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.5% in real terms.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 34.2 but is not recognised in the Trust's accounts.

Non Clinical Risk Pooling

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to 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.

Note 1.18 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 35 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 35, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

• present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.19 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

The Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for
(i) donated and grant funded assets,
(ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
(iii) any PDC dividend balance receivable or payable.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1 Accounting policies and other information (continued)

Note 1.20 Value added tax

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

Note 1.21 Foreign exchange

Lincolnshire Community Health Services NHS Trust's functional currency and presentational currency is pounds sterling, and figures are presented in thousands of pounds unless expressly stated otherwise. Transactions denominated in a foreign currency are translated into sterling at the spot exchange rate on the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March.
Exchange gains and losses on monetary items (arising on settlement of the transaction or on retranslation at the Statement of Financial Position date) are recognised in the Statement of Comprehensive Income in the period in which they arise.

Lincolnshire Community Health Services NHS Trust has not undertaken any transactions involving foreign currency in the financial year.

Note 1.22 Third party assets

Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM*.

Note 1.23 Losses and special payments

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

The losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.24 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.25 Early adoption of standards, amendments and interpretations
No new accounting standards or revisions to existing standards have been early adopted in 2019/20.

Note 1.26 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases
IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2021. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2021, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2021 for existing finance leases.

For leases commencing in 2021/22, the trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

HM Treasury revised the implementation date for IFRS 16 in the UK public sector to 1 April 2021 on 19 March 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2021 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impracticable. However, the trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

Other standards, amendments and interpretations
The DHSC GAM does not require the following IFRS Standards and Interpretations to be applied in 2019-20. These Standards are still subject to HM Treasury FReM adoption, with IFRS 16 now being for implementation in 2021-22 (see above), and the government implementation date for IFRS 17 still subject to HM Treasury consideration.

IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

Note 1.27 Critical judgements in applying accounting policies
The Trust has made some judgements, apart from those involving estimations, in the process of applying Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

The valuation exercise was carried out in March 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19.

Within the 2019/20 valuation report, the valuer included an opinion that material uncertainty existed in the estimation of property values resultant from the uncertainty created by the Covid-19 pandemic declared on 11th March 2020. The valuations provided are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

Note 2 Operating Segments

No segmental analysis is shown as the sole activity of Lincolnshire Community Health Services NHS Trust in 2019/20 was the provision of community health services for the people of Lincolnshire and surrounding areas

The "Chief Operating Decision Maker" is deemed to be the Trust Board of Directors. The Board receives high level financial reporting information and does not therefore review information or allocate resources in any way that could be perceived to represent operating segments. This is reviewed during the year by the Trust Board, dependent on the information required or requested by the Chief Operating Decision Maker.

The Trust has a grouping of customers, Lincolnshire Clinical Commissioning Groups from which more than 10% of its total revenue is derived for the provision of community health services.

Note 2a Pooled Budgets

From October 2016, Lincolnshire Community Health Services NHS Trust has participated in a pooled budget arrangement under Section 75 of the Health Act 2012 with Lincolnshire County Council and Lincolnshire Clinical Commissioning Groups (CCGs) for the provision of Transitional Care nursing beds. Lincolnshire County Council are the hosting body.

Lincolnshire Community Health Services NHS Trust's share of the income and expenditure handled by the pooled budget in the financial year were;

	£000s 2019/20	£000s 2018/19
Revenue	1750	1907
Expenditure	1750	1907

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.6

Note 3.1 Income from patient care activities (by nature)	2019/20 £000	2018/19 £000
Community services		
Community services income from CCGs and NHS England	89,291	82,645
Income from other sources (e.g. local authorities)	5,681	5,736
Other services		
Private patient income	-	5
Agenda for Change pay award central funding*		1,089
Additional pension contribution central funding**	2,793	
Other clinical income	261	242
Total income from activities	**98,026**	**89,717**

*Additional costs of the Agenda for Change pay reform in 2018/19 received central funding. From 2019/20 this funding is incorporated into tariff for individual services.

**The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For 2019/20, NHS providers continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2019/20 £000	2018/19 £000
NHS England	5,659	2,255
Clinical commissioning groups	86,460	80,390
Department of Health and Social Care	-	1,089
Other NHS providers	43	188
NHS other	-	-
Local authorities	5,639	5,548
Non-NHS: private patients	-	-
Non-NHS: overseas patients (chargeable to patient)	-	5
Injury cost recovery scheme	204	213
Non NHS: other	21	29
Total income from activities	**98,026**	**89,717**
Of which:		
Related to continuing operations	98,026	89,717
Related to discontinued operations	-	-

Note 3.3 Overseas visitors (relating to patients charged directly by the provider)

	2019/20	2018/19
	£000	£000
Income recognised this year	-	5
Cash payments received in-year	-	-
Amounts added to provision for impairment of receivables	-	5
Amounts written off in-year	-	-

Note 4 Other operating income

	2019/20			2018/19		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	129	-	**129**	212	-	**212**
Education and training	730	158	**888**	767	123	**890**
Non-patient care services to other bodies	6,871		**6,871**	7,096		**7,096**
Provider sustainability fund (PSF)	2,001		**2,001**	3,618		**3,618**
Income in respect of employee benefits accounted on a gross basis	395		**395**	406		**406**
Receipt of capital grants and donations		-	**-**		239	**239**
Charitable and other contributions to expenditure		35	**35**		35	**35**
Other income	2	-	**2**	4	-	**4**
Total other operating income	**10,128**	**193**	**10,321**	**12,103**	**397**	**12,500**
Of which:						
Related to continuing operations			**10,321**			**12,500**
Related to discontinued operations			**-**			**-**

Note 5.1 Additional information on contract revenue (IFRS 15) recognised in the period

	2019/20	2018/19
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	810	210
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	-	-

Note 5.2 Transaction price allocated to remaining performance obligations

Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	31 March 2020 £000	31 March 2019 £000
within one year	-	-
after one year, not later than five years	-	-
after five years	-	-
Total revenue allocated to remaining performance obligations	**-**	**-**

The trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the trust recognises revenue directly corresponding to work done to date is not disclosed.

Note 6.1 Fees and charges

HM Treasury requires disclosure of fees and charges income. The following disclosure is of income from charges to service users where income from that service exceeds £1 million and is presented as the aggregate of such income. The cost associated with the service that generated the income is also disclosed.

	2019/20	2018/19
	£000	£000
Income	-	-
Full cost	-	-
Surplus / (deficit)	**-**	**-**

Note 7.1 Operating expenses

	2019/20	2018/19
	£000	£000
Staff and executive directors costs	69,339	63,251
Remuneration of non-executive directors	74	61
Supplies and services - clinical (excluding drugs costs)	11,486	11,097
Supplies and services - general	3,222	3,014
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	2,721	2,527
Consultancy costs	152	327
Establishment	880	685
Premises*	8,350	3,915
Transport (including patient travel)	1,699	2,005
Depreciation on property, plant and equipment	1,233	851
Amortisation on intangible assets	187	187
Net impairments	(3)	(27)
Movement in credit loss allowance: contract receivables / contract assets	(2)	(8)
Movement in credit loss allowance: all other receivables and investments	-	-
Increase/(decrease) in other provisions	-	-
Change in provisions discount rate(s)	-	-
Audit fees payable to the external auditor		
audit services- statutory audit	44	43
other auditor remuneration (external auditor only)	-	-
Internal audit costs	74	61
Clinical negligence	253	162
Legal fees	401	444
Insurance	-	-
Research and development	60	77
Education and training	740	600
Rentals under operating leases*	4,288	7,980
Early retirements	-	-
Redundancy	-	-
Car parking & security	-	-
Hospitality	-	-
Losses, ex gratia & special payments	-	-
Grossing up consortium arrangements	-	-
Other services, eg external payroll	-	-
Other	10	277
Total	**105,208**	**97,529**
Of which:		
Related to continuing operations	105,208	97,529
Related to discontinued operations	-	-

* During 2019/20, following further reviews with NHS Property Services Ltd., the value of minimum lease payments has reduced as the lease rental element is now only included. 2018/19 information included combined rental and service charges (utilities and running costs) as these could not be distinctly separated and were all shown within the 'Rentals under operating leases' category. In 2019/20, the service charges elements of cost are now classified within 'Premises costs'. This can also be seen within note 11.2, with a reduction in future operating lease commitments .

Note 7.2 Other auditor remuneration

	2019/20	2018/19
	£000	£000
Other auditor remuneration paid to the external auditor:		
1. Audit of accounts of any associate of the trust	-	-
2. Audit-related assurance services	-	-
3. Taxation compliance services	-	-
4. All taxation advisory services not falling within item 3 above	-	-
5. Internal audit services	-	-
6. All assurance services not falling within items 1 to 5	-	-
7. Corporate finance transaction services not falling within items 1 to 6 above	-	-
8. Other non-audit services not falling within items 2 to 7 above	-	-
Total	**-**	**-**

Note 7.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £5m (2018/19: £5m).

Note 8 Impairment of assets

	2019/20	2018/19
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Loss or damage from normal operations	-	-
Over specification of assets	-	-
Abandonment of assets in course of construction	-	-
Unforeseen obsolescence	-	-
Loss as a result of catastrophe	-	-
Changes in market price	(3)	(27)
Other	-	-
Total net impairments charged to operating surplus / deficit	**(3)**	**(27)**
Impairments charged to the revaluation reserve	-	9
Total net impairments	**(3)**	**(18)**

Note 9 Employee benefits

	2019/20 Total £000	2018/19 Total £000
Salaries and wages	49,479	47,440
Social security costs	4,707	4,516
Apprenticeship levy	236	226
Employer's contributions to NHS pensions	9,221	6,253
Pension cost - other	37	23
Other post employment benefits	-	-
Other employment benefits	-	-
Termination benefits	-	286
Temporary staff (including agency)	5,659	4,507
Total gross staff costs	**69,339**	**63,251**
Recoveries in respect of seconded staff	-	-
Total staff costs	**69,339**	**63,251**
Of which		
Costs capitalised as part of assets	-	-

Note 9.1 Retirements due to ill-health

During 2019/20 there was 1 early retirement from the trust agreed on the grounds of ill-health (1 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is £143k (£52k in 2018/19).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

Note 10 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as at 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6%, and the Scheme Regulations were amended accordingly.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

The Trust also has a small number of employees who pay into the National Employment Savings Trust (NEST) pension scheme and this is not connected to the NHS Pensions Scheme.

Note 11 Operating leases

Note11.1 Lincolnshire Community Health Services NHS Trust as a lessor

Lincolnshire Community Health Services NHS Trust has not acted as a lessor in any leasing arrangements in 2019/20 (2018/19: £0)

Note 11.2 Lincolnshire Community Health Services NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Lincolnshire Community Health Services NHS Trust is the lessee.

Lincolnshire Community Health Services NHS Trust operates patient services in a variety of locations across the county of Lincolnshire and neighbouring counties. As a result, the Trust is party to a number of leasing arrangements for the occupation of properties. Many of these arrangements are with NHS Property Services Ltd.

The Trust also operates a lease car scheme to enable staff to deliver services in the community, these arrangements involve three-year leasing arrangements between the Trust and private leasing providers.

	2019/20	2018/19
	£000	£000
Operating lease expense		
Minimum lease payments*	4,288	7,980
Contingent rents	-	-
Less sublease payments received	-	-
Total	**4,288**	**7,980**

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease payments due:		
- not later than one year;	3,854	6,858
- later than one year and not later than five years;	13,320	2,150
- later than five years.	28,413	2,156
Total	**45,587**	**11,164**
Future minimum sublease payments to be received	-	-

* During 2019/20, following further reviews with NHS Property Services Ltd., the value of minimum lease payments has reduced as the lease rental element is now only included. 2018/19 information included combined rental and service charges (utlitlies and running costs) as these could not be distinctly separated. This can also be seen with category movements in note 7.1 between 'Rentals Under Operating Leases' and 'Premises'.

In addition, as part of formalising arrangements with NHSPS in advance of IFRS16 adoption, the assumption for these lease lengths has increased from a previous rolling annual basis (1 year) to longer leaseholds (15 years). This is also reflected in the values presented above.

Note 12 Finance income

Finance income represents interest received on assets and investments in the period.

	2019/20	2018/19
	£000	£000
Interest on bank accounts	180	133
Interest income on finance leases	-	-
Interest on other investments / financial assets	-	-
Other finance income	-	-
Total finance income	**180**	**133**

Bank interest represents interest on cash balances held within the Government Banking Service. LCHS is not permitted to hold balances with commercial banks.

Note 13.1 Finance expenditure

Finance expenditure represents interest and other charges involved in the borrowing of money or asset financing.

	2019/20	2018/19
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	-	-
Other loans	-	-
Overdrafts	-	-
Finance leases	-	-
Interest on late payment of commercial debt	-	-
Main finance costs on PFI and LIFT schemes obligations	-	-
Contingent finance costs on PFI and LIFT scheme obligations	-	-
Total interest expense	**-**	**-**
Unwinding of discount on provisions	-	-
Other finance costs	-	-
Total finance costs	**-**	**-**

Note 13.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2019/20	2018/19
	£000	£000
Total liability accruing in year under this legislation as a result of late payments	-	-
Amounts included within interest payable arising from claims made under this legislation	-	-
Compensation paid to cover debt recovery costs under this legislation	-	-

Note 14 Other gains / (losses)

	2019/20	2018/19
	£000	£000
Gains on disposal of assets	-	-
Losses on disposal of assets	(2)	-
Total gains / (losses) on disposal of assets	**(2)**	**-**
Gains / (losses) on foreign exchange	-	-
Fair value gains / (losses) on investment properties	-	-
Fair value gains / (losses) on financial assets / investments	-	-
Fair value gains / (losses) on financial liabilities	-	-
Recycling gains / (losses) on disposal of financial assets mandated as fair value through OCI	-	-
Other gains / (losses)	-	-
Total other gains / (losses)	**(2)**	**-**

Note 15 Discontinued operations

Lincolnshire Community Health Services NHS Trust has none of its operations classified as discontinued in 2019/20 (2018/19; £nil)

Note 16.1 Intangible assets - 2019/20

	Software licences	Internally generated information technology	Intangible assets under construction	Other (purchased)	Total
	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2019 - brought forward	**886**	**198**	**-**	**-**	**1,084**
Transfers by absorption	-	-	-	-	**-**
Additions	100	85	-	-	**185**
Impairments	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	**-**
Revaluations	-	-	-	-	**-**
Reclassifications	(16)	16	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	**-**
Disposals / derecognition	(47)	-	-	-	**(47)**
Valuation / gross cost at 31 March 2020	**923**	**299**	**-**	**-**	**1,222**
Amortisation at 1 April 2019 - brought forward	**568**	**85**	**-**	**-**	**653**
Transfers by absorption	-	-	-	-	**-**
Provided during the year	137	50	-	-	**187**
Impairments	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	**-**
Revaluations	-	-	-	-	**-**
Reclassifications	(47)	47	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	**-**
Disposals / derecognition	(46)	-	-	-	**(46)**
Amortisation at 31 March 2020	**612**	**182**	**-**	**-**	**794**
Net book value at 31 March 2020	**311**	**117**	**-**	**-**	**428**
Net book value at 1 April 2019	**318**	**113**	**-**	**-**	**431**

Note 16.2 Intangible assets - 2018/19

	Software licences	Internally generated information technology	Intangible assets under construction	Other (purchased)	Total
	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 - as previously stated	**637**	**195**	**152**	**-**	**984**
Prior period adjustments	-	-	-	-	**-**
Valuation / gross cost at 1 April 2018 - restated	**637**	**195**	**152**	**-**	**984**
Transfers by absorption	-	-	-	-	**-**
Additions	97	3	-	-	**100**
Impairments	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	**-**
Revaluations	-	-	-	-	**-**
Reclassifications	152	-	(152)	-	**-**
Transfers to / from assets held for sale	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	**-**
Valuation / gross cost at 31 March 2019	**886**	**198**	**-**	**-**	**1,084**
Amortisation at 1 April 2018 - as previously stated	**383**	**83**	**-**	**-**	**466**
Prior period adjustments	-	-	-	-	**-**
Amortisation at 1 April 2018 - restated	**383**	**83**	**-**	**-**	**466**
Transfers by absorption	-	-	-	-	**-**
Provided during the year	185	2	-	-	**187**
Impairments	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	**-**
Revaluations	-	-	-	-	**-**
Reclassifications	-	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	**-**
Amortisation at 31 March 2019	**568**	**85**	**-**	**-**	**653**
Net book value at 31 March 2019	**318**	**113**	**-**	**-**	**431**
Net book value at 1 April 2018	**254**	**112**	**152**	**-**	**518**

Note 17.1 Property, plant and equipment - 2019/20

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2019 - brought forward	**681**	**3,045**	**362**	**2,402**	**3,684**	**519**	**10,693**
Transfers by absorption	-	-	-	-	-	-	**-**
Additions	-	103	52	321	1,201	56	**1,733**
Impairments	-	-	-	-	-	-	**-**
Reversals of impairments	-	(16)	-	-	-	-	**(16)**
Revaluations	10	(42)	-	-	-	-	**(32)**
Reclassifications	-	353	(353)	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	(501)	-	**(501)**
Valuation/gross cost at 31 March 2020	**691**	**3,443**	**61**	**2,723**	**4,384**	**575**	**11,877**
Accumulated depreciation at 1 April 2019 - brought forward	**-**	**774**	**-**	**1,562**	**1,961**	**394**	**4,691**
Transfers by absorption	-	-	-	-	-	-	**-**
Provided during the year	-	280	-	257	644	52	**1,233**
Impairments	-	-	-	-	-	-	**-**
Reversals of impairments	-	(19)	-	-	-	-	**(19)**
Revaluations	-	(53)	-	-	-	-	**(53)**
Reclassifications	-	-	-	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	(500)	-	**(500)**
Accumulated depreciation at 31 March 2020	**-**	**982**	**-**	**1,819**	**2,105**	**446**	**5,352**
Net book value at 31 March 2020	**691**	**2,461**	**61**	**904**	**2,279**	**129**	**6,525**
Net book value at 1 April 2019	**681**	**2,271**	**362**	**840**	**1,723**	**125**	**6,002**

Note 17.2 Property, plant and equipment - 2018/19

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 - as previously stated	**681**	**2,832**	**564**	**1,907**	**2,175**	**417**	**8,576**
Prior period adjustments	-	-	-	-	-	-	**-**
Valuation / gross cost at 1 April 2018 - restated	**681**	**2,832**	**564**	**1,907**	**2,175**	**417**	**8,576**
Transfers by absorption	-	-	-	-	-	-	**-**
Additions	-	66	360	425	1,086	75	**2,012**
Impairments	-	(32)	-	-	-	-	**(32)**
Reversals of impairments	-	(2)	-	-	-	-	**(2)**
Revaluations	-	139	-	-	-	-	**139**
Reclassifications	-	42	(562)	70	423	27	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	-	-	**-**
Valuation/gross cost at 31 March 2019	**681**	**3,045**	**362**	**2,402**	**3,684**	**519**	**10,693**
Accumulated depreciation at 1 April 2018 - as previously stated	**-**	**704**	**-**	**1,392**	**1,542**	**323**	**3,961**
Prior period adjustments	-	-	-	-	-	-	**-**
Accumulated depreciation at 1 April 2018 - restated	**-**	**704**	**-**	**1,392**	**1,542**	**323**	**3,961**
Transfers by absorption	-	-	-	-	-	-	**-**
Provided during the year	-	191	-	170	419	71	**851**
Impairments	-	(22)	-	-	-	-	**(22)**
Reversals of impairments	-	(30)	-	-	-	-	**(30)**
Revaluations	-	(69)	-	-	-	-	**(69)**
Reclassifications	-	-	-	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	-	-	**-**
Accumulated depreciation at 31 March 2019	**-**	**774**	**-**	**1,562**	**1,961**	**394**	**4,691**
Net book value at 31 March 2019	**681**	**2,271**	**362**	**840**	**1,723**	**125**	**6,002**
Net book value at 1 April 2018	**681**	**2,128**	**564**	**515**	**633**	**94**	**4,615**

Note 17.3 Property, plant and equipment financing - 2019/20

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020							
Owned - purchased	691	2,308	61	868	2,277	122	**6,327**
Finance leased	-	-	-	-	-	-	**-**
On-SoFP PFI contracts and other service concession arrangements	-	-	-	-	-	-	**-**
Off-SoFP PFI residual interests	-	-	-	-	-	-	**-**
Owned - government granted	-	-	-	-	-	-	**-**
Owned - donated	-	153	-	36	2	7	**198**
NBV total at 31 March 2020	**691**	**2,461**	**61**	**904**	**2,279**	**129**	**6,525**

Note 17.4 Property, plant and equipment financing - 2018/19

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019							
Owned - purchased	681	2,211	362	783	1,718	114	**5,869**
Finance leased	-	-	-	-	-	-	**-**
On-SoFP PFI contracts and other service concession arrangements	-	-	-	-	-	-	**-**
Off-SoFP PFI residual interests	-	-	-	-	-	-	**-**
Owned - government granted	-	-	-	-	-	-	**-**
Owned - donated	-	60	-	57	5	11	**133**
NBV total at 31 March 2019	**681**	**2,271**	**362**	**840**	**1,723**	**125**	**6,002**

Note 18 Donations of property, plant and equipment

Lincolnshire Community Health Services NHS Trust received donated assets as detailed below:

	2019/20	2018/19
	£000	£000
Cash Donations (to fund PPE purchase)	0	196
Physical Assets Donated (non-cash)	0	40
	0	**236**

Note 19 Revaluations of property, plant and equipment

A desktop revaluation exercise of the Trust owned property assets was undertaken during 2019/20 by DVS Property Specialist, an executive arm of the Valuation Office Agency, with an effective date of 31th March 2020.

The valuations have been undertaken in accordance with International Financial Reporting Standards (IFRS) as interpreted and applied by the HM Treasury FReM compliant Department of Health and Social Care Group Accounting Manual (DHSC GAM).

Within the 2019/20 valuation report, the valuer included an opinion that material uncertainty existed in the estimation of property values resultant from the uncertainty created by the Covid-19 pandemic declared on 11th March 2020. The valuations provided are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

Consequently, less certainty - and a higher degree of caution - should be attached to the valuation than would normally be the case. Given the unknown future economic impacts that Covid-19 might have on the real estate market, the Trust will keep the valuation of these properties under frequent review.

Note 20.1 Investment Property

Lincolnshire Community Health Services NHS Trust does not hold any properties for the purposes of capital appreciation (investment)

Note 20.2 Investment property income and expenses

Lincolnshire Community Health Services NHS Trust does not hold any properties for the purposes of capital appreciation (investment) and thus incurred no income or expenditure in relation to this (2019/20: £nil)

Note 21 Investments in associates and joint ventures

Lincolnshire Community Health Services NHS Trust does not hold any Investment in associates and joint ventures and thus incurred no income or expenditure in relation to this 2019/20 (2018/19: £nil)

Note 22 Other investments / financial assets (non-current)

Lincolnshire Community Health Services NHS Trust does not hold any Other Investments and thus incurred no income or expenditure in relation to this for 2019/20 (2018/19: £nil)

Note 22.1 Other investments / financial assets (current)

Lincolnshire Community Health Services NHS Trust does not hold any Other Investments and thus incurred no income or expenditure in relation to this in 2019/20 (2018/19: £nil)

Note 23 Disclosure of interests in other entities

Lincolnshire Community Health Services NHS Trust holds no interests within other entities in 2019/20 (2018/19: nil)

Note 24 Inventories

Inventories recognised in expenses for the year were £0k (2018/19: £0k). Write-down of inventories recognised as expenses for the year were £0k (2018/19: £0k).

Note 25.1 Receivables

	31 March 2020 £000	31 March 2019 £000
Current		
Contract receivables	5,829	6,458
Contract assets	-	-
Capital receivables	-	-
Allowance for impaired contract receivables / assets	(32)	(34)
Allowance for other impaired receivables	-	-
Deposits and advances	-	-
Prepayments (non-PFI)	742	798
Interest receivable	-	-
VAT receivable	254	-
Other receivables	51	33
Total current receivables	**6,844**	**7,255**
Non-current		
Contract receivables	-	-
Contract assets	-	-
Capital receivables	-	-
Allowance for impaired contract receivables / assets	-	-
Allowance for other impaired receivables	-	-
Other receivables	-	-
Total non-current receivables	**-**	**-**
Of which receivable from NHS and DHSC group bodies:		
Current	5,187	5,299
Non-current	-	-

Note 25.2 Allowances for credit losses

	2019/20		2018/19	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 April - brought forward	**34**	**-**	**-**	**42**
Prior period adjustments			-	-
Allowances as at 1 April - restated	**34**	**-**	**-**	**42**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018			42	(42)
Transfers by absorption	**-**	**-**	-	-
New allowances arising	20	-	(8)	-
Changes in existing allowances	(7)	-	-	-
Reversals of allowances	(15)	-	-	-
Utilisation of allowances (write offs)	-	-	-	-
Changes arising following modification of contractual cash flows	-	-	-	-
Allowances as at 31 Mar 2020	**32**	**-**	**34**	**-**

Note 25.3 Exposure to credit risk

As at 31 March 2020, Lincolnshire Community Health Services held outstanding receivable balances of £3163k which were primarily with other NHS organisations (2651k, 84%) and thus not deemed to be subject to significant credit risk. Balances with Non-NHS organisations (512k, 16%), were largely in expected payment terms (66%), remaining balances are included within provisions for credit losses (note 25.2 above)

Note 26 Other assets

Lincolnshire Community Health Services NHS Trust does not hold any Other Assets and thus incurred no income or expenditure in relation to this (2018/19: £nil)

Note 27.1 Non-current assets held for sale and assets in disposal groups

Lincolnshire Community Health Services NHS Trust does not hold any Non-current assets held for sale and assets in disposal groups and thus incurred no income or expenditure in relation to this (2018/19: £nil)

Note 27.2 Liabilities in disposal groups

As at the end of 2019/20, the Trust held no liabilities classed in disposal groups (2018/19: £nil)

Note 28.1 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2019/20	2018/19
	£000	£000
At 1 April	**24,968**	**21,260**
Prior period adjustments	-	-
At 1 April (restated)	**24,968**	**21,260**
Transfers by absorption	-	-
Net change in year	4,564	3,708
At 31 March	**29,532**	**24,968**
Broken down into:		
Cash at commercial banks and in hand	1	1
Cash with the Government Banking Service	29,531	24,967
Deposits with the National Loan Fund	-	-
Other current investments	-	-
Total cash and cash equivalents as in SoFP	**29,532**	**24,968**
Bank overdrafts (GBS and commercial banks)	-	-
Drawdown in committed facility	-	-
Total cash and cash equivalents as in SoCF	**29,532**	**24,968**

Note 28.2 Third party assets held by the trust

Lincolnshire Community Health Services NHS Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2020	31 March 2019
	£000	£000
Bank balances	-	-
Monies on deposit	-	-
Total third party assets	**-**	**-**

Note 29.1 Trade and other payables

	31 March 2020 £000	31 March 2019 £000
Current		
Trade payables	5,716	3,229
Capital payables	256	270
Accruals	4,848	5,544
Receipts in advance and payments on account	-	-
Social security costs	723	681
VAT payables	-	121
Other taxes payable	463	434
PDC dividend payable	-	-
Other payables	895	861
Total current trade and other payables	**12,901**	**11,140**
Non-current		
Trade payables	-	-
Capital payables	-	-
Accruals	-	-
Receipts in advance and payments on account	-	-
VAT payables	-	-
Other taxes payable	-	-
Other payables	-	-
Total non-current trade and other payables	**-**	**-**
Of which payables from NHS and DHSC group bodies:		
Current	6,505	3,152
Non-current	-	-

Note 29.2 Early retirements in NHS payables above

The payables note above includes amounts in relation to early retirements as set out below:

	31 March 2020 £000	31 March 2020 Number	31 March 2019 £000	31 March 2019 Number
- to buy out the liability for early retirements over 5 years	-		-	
- number of cases involved		-		-

Note 30 Other Financial liabilities

	31 March 2020 £000	31 March 2019 £000
Current		
Deferred income: contract liabilities	740	907
Deferred grants	-	-
Other deferred income	-	-
Total other current liabilities	**740**	**907**
Non-current		
Deferred income: contract liabilities	-	-
Deferred grants	-	-
Other deferred income	-	-
Total other non-current liabilities	**-**	**-**

Note 31.1 Borrowings

Lincolnshire Community Health Services NHS Trust does not have or undertake any borrowing activities (overdrafts or loan arrangements) during 2019/20. (2018/19: £Nil)

Note 32.1 Reconciliation of liabilities arising from financing activities

Lincolnshire Community Health Services NHS Trust does not hold any liabilities arising from financing activities and thus no reconciliation table is included within the Trust accounts (2018/19: £Nil)

Note 33.1 Finance leases

Lincolnshire Community Health Services NHS Trust does not hold any finance leases and thus incurred no income or expenditure in relation to this (2018/19: £Nil)

Note 34.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Re-structuring	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2019	**150**	**-**	**2,254**	**130**	**-**	**412**	**2,946**
Transfers by absorption	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Change in the discount rate	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Arising during the year	**8**	**-**	**372**	**-**	**-**	**26**	**406**
Utilised during the year	(2)	-	(27)	-	-	-	**(29)**
Reclassified to liabilities held in disposal groups	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reversed unused	**(152)**	**-**	**(27)**	**-**	**-**	**-**	**(179)**
Unwinding of discount	**-**	**-**	**-**	**-**	**-**	**-**	**-**
At 31 March 2020	**4**	**-**	**2,572**	**130**	**-**	**438**	**3,144**
Expected timing of cash flows:							
- not later than one year;	-	-	2,572	130	-	**167**	**2,869**
- later than one year and not later than five years;	4	-	-	-	-	**55**	**59**
- later than five years.	-	-	-	-	-	**216**	**216**
Total	**4**	**-**	**2,572**	**130**	**-**	**438**	**3,144**

Provisions included within the accounts of Lincolnshire Community Health Services NHS Trust as at 31 March 2020:

Pensions: these represent costs associated with departures where pension has been taken early as an alternative to ordinary termination. The Trust provides for the additional cost associated.
Legal: the Trust has provided against ongoing legal cases which may incur settlement costs at a future date. Further information can be found at Note 35. Restructuring: are estimated costs relating to organisational restructuring and associated potential exit packages required.
Other: provisions categorised here relate to provisions estimated associated with leased buildings and dilapidations clauses within these leases

Note 34.2 Clinical negligence liabilities

At 31 March 2020, £801k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Lincolnshire Community Health Services NHS Trust (31 March 2019: £1,007k).

Note 35 Contingent assets and liabilities

During 2019/20, Lincolnshire Community Health Services NHS Trust has continued to engage in discussions with HM Revenue and Customs with regards to liabilities due in respect of pay-as-you-earn tax and national insurance. These liabilities relate to individuals engaged by the Trust in the delivery of its services (specifically the GP out-of-hours services), since the Trust's inception in 2011

The arrangements were inherited from the Trust's predecessor organisation (Lincolnshire Primary Care Trust). Discussions with HMRC to date have included explanation of the detail of the arrangement involved and complying with requests for additional information.

Depending on the outcome of this issue, there is a potential for a liability to arise. The Trust has included an estimate within its 2019/20 financial position as a provision (refer to note 34.1). The Trust continues to discuss with HMRC and legal advisors.

Note 36 Contractual capital commitments

	31 March 2020 £000	31 March 2019 £000
Property, plant and equipment	224	10
Intangible assets	-	-
Total	**224**	**10**

Note 37 Other financial commitments

The trust is committed to making payments under non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangement), analysed by the period during which the payment is made:

	31 March 2020 £000	31 March 2019 £000
not later than 1 year	-	-
after 1 year and not later than 5 years	-	-
paid thereafter	-	-
Total	**-**	**-**

Note 38 On-SoFP PFI, LIFT or other service concession arrangements

Lincolnshire Community Health Services NHS Trust does not hold any On-SoFP PFI, LIFT or other service concessions and thus incurred no income or expenditure in relation to this (2018/19: £nil)

Note 39 Off-SoFP PFI, LIFT and other service concession arrangements

Lincolnshire Community Health Services NHS Trust does not hold any On-SoFP PFI, LIFT or other service concessions and thus incurred no income or expenditure in relation to this (2018/19: £nil)

Note 40 Financial instruments

Note 40.1 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 Clinical Commissioning Groups (CCGs) and the way those CCGs 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. Lincolnshire Community Health Services 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 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. Lincolnshire Community Health Services NHS Trust treasury activity is subject to review by the Trust's internal auditors.

Interest rate risk

NHS Trusts are eligible to borrow from government for capital expenditure purposes, subject to affordability assessments as confirmed by NHS Improvement. 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. Lincolnshire Community Health Services NHS Trust currently has no borrowings.

The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2020 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 Clinical Commissioning Groups (CCGs), Local Authorities or NHS England, 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.

Note 40.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	5,763	-	-	**5,763**
Other investments / financial assets	-	-	-	**-**
Cash and cash equivalents	29,532	-	-	**29,532**
Total at 31 March 2020	**35,295**	**-**	**-**	**35,295**

Carrying values of financial assets as at 31 March 2019	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	6,424	-	-	**6,424**
Other investments / financial assets	-	-	-	**-**
Cash and cash equivalents	24,968	-	-	**24,968**
Total at 31 March 2019	**31,392**	**-**	**-**	**31,392**

Note 40.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	-	-	**-**
Obligations under finance leases	-	-	**-**
Obligations under PFI, LIFT and other service concession contracts	-	-	**-**
Other borrowings	-	-	**-**
Trade and other payables excluding non financial liabilities	10,820	-	**10,820**
Other financial liabilities	-	-	**-**
Provisions under contract	-	-	**-**
Total at 31 March 2020	**10,820**	**-**	**10,820**

Carrying values of financial liabilities as at 31 March 2019	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	-	-	**-**
Obligations under finance leases	-	-	**-**
Obligations under PFI, LIFT and other service concession contracts	-	-	**-**
Other borrowings	-	-	**-**
Trade and other payables excluding non financial liabilities	9,041	-	**9,041**
Other financial liabilities	-	-	**-**
Provisions under contract	-	-	**-**
Total at 31 March 2019	**9,041**	**-**	**9,041**

Note 40.4 Maturity of financial liabilities

	31 March 2020 £000	31 March 2019 £000
In one year or less	10,820	9,041
In more than one year but not more than two years	-	-
In more than two years but not more than five years	-	-
In more than five years	-	-
Total	**10,820**	**9,041**

Note 40.5 Fair values of financial assets and liabilities

The majority of the Trust's financial assets relate either to cash or money due from other NHS organisations. Other NHS organisations are extremely unlikely to default on payments, and the Trust is only permitted to invest cash deposits within strict guidelines. Lincolnshire Community Health Services NHS Trust does not undertake any transactions involving hedging, foreign currency or other investments prone to market fluctuations. There is therefore, no material exposure to credit, market or liquidity risks.

The Trust's financial liabilities are generally of a short-term and uncomplicated nature which are not particularly influenced by external factors. The Trust updates a long term financial plan each year, which includes a detailed cash flow forecast, and has no reason to assume it will be unable to meet its obligations to suppliers, employees and financing costs. There are therefore not any material liquidity risks.

Note 41 Losses and special payments

	2019/20		2018/19	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	12	1	3	-
Fruitless payments	1	-	1	11
Bad debts and claims abandoned	12	2	2	-
Stores losses and damage to property	-	-	-	-
Total losses	**25**	**3**	**6**	**11**
Special payments				
Compensation under court order or legally binding arbitration award	3	22	1	4
Extra-contractual payments	-	-	1	6
Ex-gratia payments	4	1	-	-
Special severance payments	-	-	-	-
Extra-statutory and extra-regulatory payments	-	-	-	-
Total special payments	**7**	**23**	**2**	**10**
Total losses and special payments	**32**	**26**	**8**	**21**
Compensation payments received		-		-

Note 42 Gifts

Lincolnshire Community Health Services NHS Trust did not expend on gifts during 2019/20 (2018/19: £nil)

Note 43 Related parties

Details of related party transactions with individuals are as follows:	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£	£	£	£
E Baylis, Chair, Lincolnshire Community Health Services NHS Trust				
1. Chair, United Lincolnshire Hospitals NHS Trust	2,234,782	2,468,085	776,170	767,920
E Libiszewski, Non- Executive Director, Lincolnshire Community Health Services NHS Trust				
1. Non Executive Director, United Lincolnshire Hospitals NHS Trust	2,234,782	2,468,085	776,170	767,920
2. Via Relation - St Barnabas Hospice - Registered Charity No: 1053814	1,940	32,007	720	-
S Ombler, Interim Director of Nursing and Operations (to 29/04/19), Lincolnshire Community Health Services NHS Trust				
1.Via Relation- North East Lincolnshire Clinical Commissioning Group	-	68,785	-	2,427
Dr Y Owen, Medical Director, Lincolnshire Community Health Services NHS Trust				
1. Trustee - Lincolnshire Integrated Voluntary Emergency Service (LIVES)	12,475	-	-	-
2. East Lindsay Medical Group - GP Partner	17,685	1,170	-	-
3. Private Contractor providing OOH GP provision in Trust Services	5,877	-	-	-
S Wilde, Director of Finance and Business Intelligence, Lincolnshire Community Health Services NHS Trust				
1. Member of the HFMA Costing for Value Institute Council	2,400	-	-	-

The Department of Health is regarded as a related party. During the year 2019/20, the 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. For example :

- Clinical Commissioning Groups (primarily with NHS Lincolnshire East CCG, NHS Lincolnshire West CCG, NHS South West Lincolnshire CCG and NHS South Lincolnshire CCG)
- NHS England (for the commissioning of specialised health services)
- NHS Foundation Trusts (particularly North Lincolnshire and Goole NHS Foundation Trust and Lincolnshire Partnership NHS Foundation trust)
- NHS Trusts (particularly with United Lincolnshire Hospitals NHS Trusts)
- NHS Resolution (in respect of Clinical Negligence contributions)
- NHS Property Services (in respect of buildings, rentals and service charges)
- 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 Lincolnshire County Council in respect of services commissioned by the local authority.
The Trust has also received revenue payments from a number of charitable funds, mainly from the Lincolnshire NHS Charity. Lincolnshire Community Health Services is the corporate trustee of the Lincolnshire NHS Charity. Lincolnshire NHS Charity is an independent and dedicated charity that plays a vital role in supporting both Lincolnshire Community Health Services NHS Trust and Lincolnshire Partnership Foundation NHS Trust to make a difference to service user care.

Note 44 Events after the reporting date

At the time of preparation, the Trust had not been notified or become aware of any significant events which require disclosure. During March 2020, Covid-19 was declared a pandemic on 12 March 2020 and the UK government made announcements about how the population should act as a result before the end of March 2020. These accounts include known costs incurred and reimbursed income resultant upto 31st March 2020.

As part of the NHS response and to enable focus upon supporting clinical delivery, standard inter-NHS contractual arrangements for 2020/21 were postponed and replaced with block payment arrangements based on 2019/20 in-year performance and monitoring.

Note 45 Better Payment Practice code

	2019/20	2019/20	2018/19	2018/19
Non-NHS Payables	**Number**	**£000**	**Number**	**£000**
Total non-NHS trade invoices paid in the year	12,312	27,541	14,590	34,257
Total non-NHS trade invoices paid within target	10,107	22,987	11,502	28,278
Percentage of non-NHS trade invoices paid within target	82.1%	83.5%	78.8%	82.5%
NHS Payables				
Total NHS trade invoices paid in the year	1,239	10,809	1,450	15,456
Total NHS trade invoices paid within target	684	7,068	968	11,364
Percentage of NHS trade invoices paid within target	55.2%	65.4%	66.8%	73.5%

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

Note 46 External financing limit

The trust is given an external financing limit against which it is permitted to underspend

	2019/20	2018/19
	£000	**£000**
Cash flow financing	(5,021)	(3,569)
Finance leases taken out in year	-	-
Other capital receipts	-	-
External financing requirement	**(5,021)**	**(3,569)**
External financing limit (EFL)	949	3,115
Under / (over) spend against EFL	**5,970**	**6,684**

Note 47 Capital Resource Limit

	2019/20	2018/19
	£000	**£000**
Gross capital expenditure	1,918	2,112
Less: Disposals	(2)	-
Less: Donated and granted capital additions	-	(239)
Plus: Loss on disposal from capital grants in kind	-	-
Charge against Capital Resource Limit	**1,916**	**1,873**
Capital Resource Limit	2,074	2,033
Under / (over) spend against CRL	**158**	**160**

Note 48 Breakeven duty financial performance

	2019/20
	£000
Adjusted financial performance surplus / (deficit) (control total basis)	3,410
Remove impairments scoring to Departmental Expenditure Limit	-
Add back income for impact of 2018/19 post-accounts PSF reallocation	-
Add back non-cash element of On-SoFP pension scheme charges	-
IFRIC 12 breakeven adjustment	-
Breakeven duty financial performance surplus / (deficit)	**3,410**

Note 49 Breakeven duty rolling assessment

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	1,081	1,473	1,825	1,274	569	3,940	4,903	4,607	3,410
Breakeven duty cumulative position	1,081	2,554	4,379	5,653	6,222	10,162	15,065	19,672	23,082
Operating income	108,738	108,773	109,612	110,487	105,943	109,336	104,457	102,217	108,347
Cumulative breakeven position as a percentage of operating income	1.0%	2.3%	4.0%	5.1%	5.9%	9.3%	14.4%	19.2%	21.3%