Lincolnshire Partnership NHS
NHS Trust

Lincolnshire Partnership NHS Trust

Six Months' Report
1 April 2007 – 30 September 2007

Contents

1. Chairman and Chief Executive's Foreword

We have great pleasure in providing this introduction to the final annual report for Lincolnshire Partnership NHS Trust. The report marks the culmination of six and a half years of extremely hard work by all our staff and partner agencies which has enabled the Trust to be awarded NHS Foundation Trust status.

The Trust Board has long held the view that our service users deserve the very best mental healthcare and the recent award by the Healthcare Commission of "excellent" for the quality of our clinical services demonstrates that we have moved a long way into ensuring that this happens. We know that there remains much for us to do as we approach a new era in our development, with the ambition of leading our organisation to become a top 5 Mental Health Foundation Trust. We are confident that the additional freedoms and flexibilities that Foundation Trust status brings will support us in meeting this challenging ambition.

May we encourage you to review the highlights of our services performance during the last six months as there are many examples of clear evidence where we are truly putting the needs of our service users and carers at the heart of everything we do. It is only by ensuring that we match the expectations of the people who use our services that can we continue to be their provider of choice as new providers of services are encouraged to enter the local health and social care market.

The Trust is able to offer the complete range of health and social care tailored to the needs of our service users. This level of continuity of care is not matched by any other mental health provider locally. With our increasing levels of specialist expertise and our strong social care ethos, the Trust is able to provide supportive services that are focussed on achieving the best outcomes for the individual and their Carers.

Alison Healey
Chairman

Chris Slavin
Chief Executive

2. The Trust

Lincolnshire Partnership NHS Trust was established on 1 April 2001 as a countywide provider of specialist mental health, substance misuse and learning disability services. On 1 June 2002 adult mental health and substance misuse services were integrated with social care.

Lincolnshire Partnership NHS Trust is a service user-centred organisation.

The Trust provides the following county-wide specialist mental health services for the people of Lincolnshire:

- Primary care mental health services
- Adult mental health and social care services
- Older adult mental health services
- Child and adolescent mental health services (CAMHS)
- Learning disabilities – assessment and treatment services
- Substance misuse health and social care services
- Psychological therapies services
- Pharmacy services
- Occupational therapy

Our services are provided in hospital, residential and community settings.

The Trust has a budget of £87 million and employs approximately 2000 staff.

A review carried out in 2006 by the National Treatment Agency scored the Trust as 'good' for the provision of substance misuse services, and a further review by the Healthcare Commission rated the provision of community adult mental health services as 'good'.

The Trust was also rated highly in the National Patient Survey, coming in the top 20 per cent of organisations for the second year running.

The various ratings, combined with a track record of consistently meeting all financial targets and breaking even, are all powerful indicators of a robust platform from which the Trust can develop its range of services according to service user demand and the requirements of our commissioners.

Foundation Trust Status

The development of NHS Foundation Trusts is a key part of the Government's modernisation and reform agenda for the NHS, focusing on the creation of patient-led services.

The Trust was invited to apply to be an NHS Foundation Trust because of its record of achievement in the delivery of high quality patient care. This was evidenced by the Trust's rating by the Healthcare Commission as 'good' for the quality of services and also the excellent track record of meeting its statutory financial duties. Over the last 12 months the Trust consistently outperformed all of the other mental health providers in the East Midlands Strategic Health Authority area.

Vision

The Trust's vision is to be:

- The specialist provider of choice for high quality mental health and social care services for all people within the communities it serves.
- In the top five mental health trusts in the country.

Values

- The needs and aspirations of its service users and carers are at the heart of everything the Trust does.
- The Trust supports recovery and independence through the use of safe and effective interventions.
- The Trust values the contribution of its staff and provides a supportive and flexible working environment.
- The Trust works in partnership with other organisations to deliver integrated health and social care services.
- The Trust manages its business with integrity by upholding the highest professional, ethical and governance standards.
- The Trust strives to achieve excellence through performance and innovation.

Strategic goals

The Trust's core business is the provision of specialist mental health services for adults (both working age and older adults) and children.

For adults and older adults this includes services in relation to:

- Common mental health problems (e.g. mild/moderate depression, anxiety, etc).
- Complex psychological problems.
- Severe and enduring mental illness – both functional (e.g. schizophrenia, bipolar) and organic (e.g. dementia) illnesses.

For adults only:

- Mental health social care
- Substance misuse
- Learning disabilities

For children this includes specialist community and inpatient services.

In order to achieve the vision of being the provider of choice, we will continue to adopt an innovative approach to the delivery of services while ensuring that they are clinically safe and effective, financially viable and focussed on the needs of our customers and sensitive to their aspirations.

The key strategic goals are:

- Customer focus – delivering services that are tailored to the needs of our service users and carers and our commissioners (including the PCT, Practice-Based Commissioners and the County Council).
- Operational excellence in terms of clinical effectiveness, accessibility and profitability.
- Business development, through expanding existing services and developing new services profitably.

To support the achievement of the strategic goals the Trust will focus on the following objectives:

Customer focus

- Ensure services are clinically effective and efficient and deliver improved outcomes for service users through the establishment of Integrated Care Pathways which match clinical skill and intervention to assessed need.
- Work with service users and carers to develop services that meet their needs and focus on outcomes and the choice agenda.
- Ensure that services are non-discriminatory as well as being gender and culturally sensitive.
- Work collaboratively across the local community to reduce the stigma and discrimination associated with mental illness.

Operational excellence

- Meet, and strive to exceed, the standards set by the Healthcare Commission and Commission for Social Care Inspectorate by 2009.
- Provide interventions and treatments which adhere to the best available evidence, NICE guidance and agreed outcomes.
- Reduce waiting times for assessment and treatment ensuring that, as a minimum, national targets are met.
- Provide services in premises which are fit for purpose and meet national standards.
- Ensure the rights of individuals are respected and reflect both current and future legal requirements.

Business development

- The Trust will remain financially viable and develop business opportunities by being a flexible organisation with the ability to respond to new commissioning models.
- It will seek to secure a competitive advantage by working constructively with commissioners to both inform the commissioning of effective pathways and define its role in these pathways.
- The Trust will work with commissioners to ensure that future contractual agreements reflect the changing demographics of the local population such that increased activity is appropriately funded.
- The Trust will seek to grow through both geographic expansion of its existing services and through the development of new services.

Service quality

The Trust has a strong record in delivering high quality services receiving ratings of:

- Good for service quality and ‘fair’ for use of resources from the Health Care Commission
- Good for Adult Community Services from the Healthcare Commission’s themed review
- Good from the National Treatment Agency for the Trust’s Substance Misuse Service

In addition, it has high levels of patient satisfaction featuring in the top 20% of Trusts for the last two years and has achieved financial balance in every year of the Trust’s existence.

In 2006, the Trust performed above the national average in relation to:

- Access and waiting
- Safe, high quality co-ordinated care
- Better information, more choice
- Building relationships

3. Service Developments to 30 September 2007

Child and Family Services

Significant developments and successes have included the successful delivery of the Child and Adolescent Mental Health Services (CAMHS) waiting times target agreed with Lincolnshire teaching Primary Care Trust. This required that all children and young people would be seen within 18 weeks of referral.

Lincolnshire continues to meet all other targets set for CAMHS by the government. These include the provision of 24 hour cover and services for 16 and 17- year-olds.

A new Child and Family Services division has been established which includes CAMHS as well as child psychological therapies. New management arrangements have been set up to continue the implementation of the national policy requirement to develop a 'comprehensive CAMHS'.

Following successful recruitment to a new consultant psychiatrist post, a seventh community team has been established in the Sleaford area. This team also includes specialist posts to lead on improving services to meet the mental health needs of children with learning disabilities.

A new care pathway (Choice & Partnership Approach) is now being introduced throughout the service following pilots in Lincoln and West Lindsey areas. This will be complete by January 2008. As well as helping to improve access to the service, this will improve how the service monitors its performance.

Lincolnshire is one of nine national pilot sites for CAMHS workforce development. This programme is now well advanced, supported by the Health and Social Care Advisory Service. The strategy will be completed in January 2008 and be used as the basis of the Trust's productivity project which will ensure the skills of the workforce are developed in direct response to the needs of children, young people and their families.

The key issues being progressed during 2007-08 are:

- Further improvements in access to child and family services, including establishing arrangements for integrating the single care pathway with the wider common assessment framework which have now been agreed
- Expanding the range of service provision, such as the continued phased implementation of the seventh Community Team; the further development of the primary care mental health service; improving the range of highly specialist (Tier 4) CAMHS; and complex care needs, including a range of forensic services. The Primary Care Trust has allocated additional funds to further expand the Primary Mental Health Service.
- Completing an agreement with Lincolnshire County Council to establish a fully integrated service under Section 75 of the NHS Act 2006 which is on course to be completed by the target of 31 December 2007.
- Implementing the workforce development and staff care plan within the productivity project due to start in January 2008.
- Further extending the range of opportunities for service user and carer participation.
- Delivering Race Equality in CAMHS.
- Continuing improvements in management information.

Adult Services

Acute Inpatient Care

Over the past 2 years the adult service has undergone significant service changes which have been driven by the acute care service strategy.

The focus for acute care teams has been the local implementation of the strategy; to date the teams have overseen the developments of:

- The one team approach to acute care which will ensure that service users can expect consistency and continuity of care from the same team of staff.
- Daily community meetings.
- Structured therapeutic group work.
- Protected patient/service user time.
- Rotational staffing posts.
- Gender-specific sitting rooms
- Daily ward rounds involving inpatient teams, crisis teams and medical team.
- Meaningful admissions.
- Working towards a single inpatient consultant across acute care.

The teams have undergone the above transformation by the development of a refocusing programme. The refocusing programme was launched throughout the adult inpatient services in May 2006 running until July 2007. The key aims of refocusing are to improve the standard of healthcare and service user satisfaction.

The programme provides the support to staff to develop the means to provide high levels of staff and patient engagement. Patient/service user surveys have demonstrated that the refocusing programme has significantly improved patient satisfaction with the level of care and treatment received.

Community Care Teams

Our community care teams have not stood idle over the past 12 months; the impact of the refocusing programme upon all adult service provision has been significant and is challenging the way our community teams deliver care.

The community teams have now embarked upon a similar process which will transform community service delivery over the coming months. The changes will ensure an integrated acute service which will allow service users to receive care much faster and more efficiently.

Adult mental health services continue to be at the forefront of improving the patient/service user experience. Through the refocusing agenda new groundbreaking initiatives are taking place. This is leading to significant improvements in the care that the trust provides to service users with equality and equity issues relating to care and treatment being addressed.

Older Adults Services

This service has continued to develop and is now recognised as one of the most innovative and forward thinking in the provision of services for older adults with mental health needs.

As a consequence, Lincolnshire has benefited from an extensive piece of work commissioned by the National Audit Office (NAO). The NAO was requested by ministers to establish nationally the levels of services provided across health and social care for people with dementia and whether these were value for money and met patient and carer needs. Due to its national reputation the Trust was chosen to host this significant piece of work and Lincolnshire was the only county used for field visit purposes.

This involved a snapshot evaluation across all older adult beds in the Trust, and beds within United Lincolnshire Hospitals NHS Trust and the Primary Care Trust. In total 189 assessments were carried out by staff across health and social care in a range of settings.

The work has led to the development of a patient journey pathway and enabled greater access to services for people with dementia. (The NAO is planning a national conference in July to share its findings and the main focus of this is around its visit to Lincolnshire.)

Internally, services have begun to review two distinct healthcare groups. These are:

- Functional – where work has begun across older adult and adult services to remove the age barrier, and
- Dementia/organic – where older adult services support dementias in all ages.

The in-reach service at Louth that was developed to integrate care for people who have physical care needs but also have a dementia associated behaviour, received a commendation from the Care Standards Improvement Partnership (CSIP). This was for innovative practice and continues to draw national interest – as does the award winning community service in Spalding.

The whole of older adult services in the Lincoln and Gainsborough area have embarked on their accreditation to become a Practice Development Unit (PDU). This has seen the development of care pathways as well as a host of other benefits.

The older adult services management team has been restructured which it believes will maximise resources and enable it to meet challenges both now and in the future. It is equally engaged with commissioners to establish consistent and equitable services across Lincolnshire in line with growth predictions.

Specialist Services

Substance Misuse

Substance Misuse services have continued to make progress on last year's success, consolidating and strengthening all modalities: central prescribing, shared care services and alcohol provision.

Prescribing Services
Activity and workload levels between the two teams of central prescribing and shared care are now equitable and the service has continued to strengthen partnership working with GP's, providing an additional clinic in the Spalding area.

The service has also grown, having secured a contract within Moreton Hall Prison to provide drug and alcohol services. The service is hopeful that its involvement in a scoping exercise at North Sea Camp, will potentially lead to providing further services within Lincolnshire's prisons.

On the whole the prescribing modality has gone from strength to strength, including exploring the benefits of Non Medical prescribing and the Shared Care Coordinator has completed the training and will be practising from January 2008.Performance continues to be maintained at an excellent level.

Waiting times:
99% of service users received a prescribing appointment within three weeks against a DAAT target of 85%.

Retention rates (those in treatment over 12 weeks):
The modality achieved an overall 90% retention rate.

Alcohol

Increased levels of investment in the alcohol service are now confirmed and the service is working with commissioners and partners to shape the model of service delivery and interventions available. The service appointed a new alcohol co-ordinator, who has re-invigorated the alcohol modality, developing new ways of working, new ideas and consolidation of quality and evidenced based practice.

Forensic Services

Over this year, forensic services have seen the introduction and implementation of the Community Forensic Team which links with both Prison In Reach and the Francis Willis Unit (FWU) and consists of care co-ordination, diversion at the point of arrest and Court diversion, providing an enhanced service for mentally disordered offenders.

The team works closely with other agencies and mainstream mental health services to manage and reduce the risk posed by this group of service users.

The Prison In Reach service to HMP Lincoln has continued to deliver a high quality service to prisoners who require mental health care under Enhanced CPA. The prison population has increased by over 40% with the re-opening of A Wing which has led to an increase in referrals and this has meant the occasional wait for assessment, but these are a maximum of around three weeks.

FWU has consistently achieved good feedback from the various audits and visits that have taken place. The unit is currently awaiting confirmation that it has achieved 'Preferred Provider' status. They have had nine admissions and nine transfers/discharges from April 2007 to October 2007.

Rehabilitation Services

The Trust has embarked on a significant project to modernise and develop Rehabilitation Services for people in Lincolnshire. Building work is currently being carried out in Lincoln, Grantham and Boston to improve accommodation.

The Department of Health awarded £900,000 to Lincolnshire Partnership NHS Foundation Trust to enable it to provide single –sex accommodation in its Rehabilitation Units in Boston and Grantham.

In line with Government guidelines for providing patients with privacy and dignity the Trust is using the money to carry out the building works in Grantham and Boston to provide women only wings with private en-suite bedrooms.

Learning Disabilities

The in-patient unit gained its first year accreditation in its aim of becoming a Practice Development Unit (PDU) and developed four 'paid beds' for use by patients from out of the county. Staff within the unit attended an international learning disability conference in Ireland to present a good practice initiative. This was based around the work that the Trust's epilepsy nurse forum is undertaking to enhance care for people with learning disabilities and complex or refractory epilepsy.

The service has developed a teaching package for colleagues within an acute hospital setting addressing the needs of patients with a learning disability.

The service carried out its own audit as part of the national programme being led by the Healthcare Commission. The service's Matron has been appointed to work with the Healthcare Commission as an auditor in the national audit programme.

In July 07 the unit gained full accreditation on the PDU scheme, using the assessment day to show case the work done by the unit throughout the process and celebrate the success with the patient group, families and colleagues through out the Trust.

A presentation was given at the East Midlands Valuing People regional meeting, explaining the work of the unit and how the PDU process developed practice.

Training is now supplied via the Unit Manager and the Lecturer/practitioner to outside providers and social service colleagues and covers areas such as autism, epilepsy and challenging behaviours.

Complex Case Department

The department has continued to manage a number of complex cases placed outside of the county and has set up multi-disciplinary arrangements to improve communication.

Other Services

STEP (support and treatment in early psychosis), assertive outreach and eating disorder services all continue to provide good quality services, meeting their expected performance targets.

Eating Disorders Services have received additional investment, to support the implementation of NICE guidelines, which will allow the service to support Bulimia Nervosa.

Psychological Therapies

The Psychological Therapies and Primary Care Division came into being in February 2007. From then on until September, the Primary Care Mental Health service was engaged on the roll out of the model of service previously developed in the south west of the county, and over twenty staff were appointed as part of this work.

The two Adult Mental Health Psychological therapies specialties merged in August to become one county wide service, and work continued between Primary Care, Psychodynamic Psychotherapy and this service, on service improvement aimed at closer working.

Two Cognitive Behaviour therapist posts were funded from the NICE uplift, one in sever mental illness, and one in adult mental health. In addition a group of staff was accepted onto the Derby university CBT course.

Occupational Therapy (OT) Service

'The Occupational Therapy Service supports individuals to develop a healthy and satisfying lifestyle by enabling their participation in everyday occupations'

OT service mission statement (2006)

Service Developments

- Part countywide establishment of OT service provision to Primary care services
- Improved customer relationships and partnership working with higher educational institutes at Derby, Lincoln and Sheffield Universities, Lincoln College and NACRO
- Improved access for service users to community equipment and
- Establishment of OT service provision to CFS/ME services
- Establishment of an OT drama technician post and subsequent delivery of theatre/drama focused groupwork.
- Implementation of the Trust's OT strategy, which is based on the College of Occupational Therapists' National Strategy for Mental Health
- Establishment of OT's as vocational/employment leads across relevant Trust teams as identified in the Trust's Paid Employment Strategy

Workforce

- Completion of Lincolnshire's first work based learning OT degree with Trust seconded graduates (formerly unregistered OT staff) gaining employment in the Trust
- APPLE accreditation secured by a third of the registered OT workforce (enhances quality of practice placements)
- Establishment of a social inclusion lead OT post
- An increase in the retention rates of the OT workforce
- Development of practitioner/lecturer and specialist visiting lecturer roles
- Development of an OT preceptorship programme
- Quality monitor of OT student placements through an OT developed audit tool
- Delivery of a comprehensive post graduate programme of education, with an increase in

the number of occupational therapists who have gained or are working towards a Masters degree
- OT practitioner/lecturer secondment to Sheffield Hallam University
- Structural redesign of workforce aimed to enhance the engagement of clinical OT's in Trust clinical and corporate business
- Development and successful implementation of two 'role emerging' placements for OT students in Lincolnshire

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Social Inclusion

The last year has seen an increase in the number of links with partner agencies and with service users or people with experience of living with mental ill health and carers/supporters.

The team works closely with Lincolnshire teaching Primary Care Trust and is linked in with the countywide Mental Health Promotion and Social Inclusion network. This is a large network of people interested in mental health promotion and in reducing the stigma of mental ill health.

Robust links have also been made with the Care Services Improvement Partnership (CSIP) Social Inclusion lead. Work is underway as part of the partnership with CSIP and with Lincolnshire County Council Social Services to increase the ability of people who use services to choose how they want their support provided.

The Social Inclusion team was established to provide a focus for ensuring that the services we provide meet individual needs and support people to achieve their full potential and lead fulfilling lives.

The team aims to ensure that:

- People can access mainstream activities.
- People are not discriminated against on the basis of their diverse backgrounds.
- People's needs for housing, employment, leisure, education and spirituality are addressed by teams providing services.
- People have a say in the support they receive.
- Carers'/supporters' needs are recognised and addressed.
- The role of the voluntary sector is recognised.

The team also works to ensure that staff are given advice and support concerning these issues.

Diversity

With new communities settling in the county, the Trust will need to respond positively to changing needs. The Trust has a Race Equality and Diversity Group which has contributed to a 'Delivering Race Equality' action plan.

Black and minority ethnic community mental health development workers have been appointed to work alongside the Trust in making links with diverse communities.

Social Care

A well-attended social care conference was held, which focussed on the value of social care.

The Trust is continuing to work with the University of Lincoln to provide opportunities and support staff interested in training to become a qualified social worker. The number of applicants this year was lower than expected and further work is underway to improve this position.

It is expected that the vacant post of social care adviser will be appointed to shortly since the previous post-holder took up a full time position at the University.

Support time recovery workers and non-professionally qualified, but highly skilled, staff continue to provide an important service. This is highly valued by people using services.

Direct Payments

The number of people choosing to receive 'direct payments' – giving them greater choice in how their care is delivered – has steadily increased and continues to be promoted and encouraged.

Individual Budgets

Teams in East Lindsey are awaiting the result of their involvement in one of only 13 national pilots to introduce individual budgets – a step on from direct payments.

Early findings would appear to indicate that this option provides more choice to service users and carers.

Employment

The Trust approved the paid employment strategy that was devised with service users and carers to develop a strategy for paid employment. This will provide a framework, based on best practice. The Trust will:

- Ensure that every service user has a comprehensive assessment of their vocational needs as part of their care plan and is supported to access, retain and/or experience volunteering, lifelong learning and paid employment opportunities.
- Build new partnerships with employment, lifelong learning and relevant voluntary organisations across Lincolnshire to provide opportunities for service users in their care.

Carers

A Carers' Strategy Group is now established and growing. As a result a new leaflet for carers has been introduced.

4. Service Planning

Key Service Developments completed in 2007

- Child and family service - the initial phase of a seventh community team.
- Adult crisis resolution and home treatment service – increased resources in the former South West Lincolnshire PCT area.
- Additional primary care mental health workers in the former East and West Lincolnshire PCT areas.
- Reconfiguration of assertive outreach service to provide a new community forensic service.
- Reduced waiting times for Child and Family services – now meeting national target

It is also expected that by the end of 2007 the Trust will have:

- Completed the first phase of the improvements to inpatient rehabilitation wards.
- Established a Section 75 agreement with Lincolnshire County Council for the provision of social care for its Child and Family service.

Business Plan 2007-13

The Trust has developed a five year Integrated Business Plan. This has been achieved through a thorough analysis of the current and future market conditions which the Trust will be operating in.

The Integrated Business Plan outlines the Trust's future service development plans and includes supporting strategies related to the development of its workforce, information and IT systems and estates. These are all brought together into a comprehensive five year financial plan.

The key issues the Trust will need to address in the next five years include:

- Increased demand for the Trust's services as a result of changes in the age profile of residents. Demand in the five year plan period will be particularly strong in relation to services for older adults (predominantly dementia/organic mental illnesses) as a result of the growth in the number of people over 65 years old.
- The forecast growth in the prevalence of dementia will place increased demands on the whole of the county's health and social care services and as such the Trust will continue to work with partner organisations to develop integrated models of care.
- The impact of the national policy to provide greater choice to people in terms of how services are provided and by encouraging new providers of care (plurality of provision) to enter the market.
- The need to meet national standards for the quality of care and continually improve the efficiency and effectiveness of services.
- The need to ensure services meet the expectations and aspirations of the Trust's service users.

The Trust will also need to be mindful of the recent increase in immigrants from the new European Union countries and will need to ensure it works with partner organisations to deliver culturally sensitive services.

5. Involvement and Development

Overview

The Involvement and Development (ID) project began on 1 April 2005 and is a three year project. It is funded by the Trust and is based at the Community Council of Lincolnshire, which is a Lincolnshire-based charity offering support to people in rural areas.

The ID Project aims broadly to support mental health service users, carers and members of the wider community to get involved in having their say about local service delivery, design and planning. It also aims to support individuals to run, attend and make sustainable peer supports and self help groups in the county.

Developing policy change

The ID Project has been responsible for supporting the evolution in Lincolnshire of the service user and carer involvement movement.

The project developed the Linking Voices website, strategy group and database and has continued to support the mental health forums.

This has led to policy development and change within the statutory and voluntary mental health sectors.

Mental health forums

There are approximately 100 people in Lincolnshire accessing the service user and carer-run forums. The forums meet in a total of 13 locations around the county in an effort to ensure access to as many people as possible in rural areas. The forums meet in all areas of the county from the West, East and South West divisions.

Self help groups

The Involvement and Development project has supported four new drop-in groups to start up. These are:

- Drop in group in Billingborough
- Migrant worker group in Spalding
- Mother and toddler group in Spalding
- Bi-Polar group in Grantham

The project continues to support a number of groups and held a very successful support, learning and self help fayre in Stamford in April. Over 130 people attended and the feedback was very positive. The project has been approached to run another four fayres in different areas of the county.

The project has supported two self help groups to apply for funding to external charitable bodies, and the Linking Voices newsletter continues to expand and prove a valuable resource to many groups and individuals across the county, with a mailing list of over 530.

Involvement of service users and carers

The ID Project manager is supporting Linking Voices to become a social enterprise and has applied to Comic Relief for funding. In addition, £40,000 of start up funding from Choosing Health and the County Council has been secured. Linking Voices is working towards becoming a not for profit company limited by guarantee by the end of this year.

The User Focussed Monitoring Group continues to be trained by Lincoln University as part of the Government's Take Part agenda. This group is also supporting the work of the Mental Health Research Hub around Crisis Resolution Home Treatment Teams.

WRAP (wellness recovery action planning) training continues to be rolled out across Lincolnshire.

Grants

Grants have been awarded to:

- A new support group in Billingborough
- Lincoln MDF Bi-Polar group
- World Mental Health Day concert
- Linking Voices Involvement Awards
- Sunshine Club away day
- Meetings and How They Work and Minute Taking Skills courses for forum members

Other projects

Other work supported by the ID project includes:

- The Active Citizenship programme with Goldsmith and Lincoln Universities, which continues to progress well. The group has begun work on a Toolkit for Participatory Evaluation which can be used by them and other community groups in the future to evaluate services.

- Members of Linking Voices were supported by the project manager to plan and run a training session for Approved Social Worker students. The training session was run at Riseholme in May and was a great success. The same members are now working towards training and course work appraisal for the Re-Accreditation of Approved Social Workers in October.

- The ID Project manager has joined a working group for the police to help set up a SARC – Sexual Assault Recovery Centre. This is a collaboration project for Lincolnshire with statutory and voluntary sector providers.

- Members of Linking Voices have been supported by the project manager to develop a questionnaire for physical health needs appraisal of people in Lincolnshire with mental health problems. This work is being run in conjunction with the Mental Health Promotion and Social Inclusion meeting chaired by Lincolnshire PCT.

6. Human Resources

Workforce Strategy

In January 2007 the Trust developed a Workforce Strategy and associated action plan to support its application for Foundation Trust status.

The Strategy followed the guidance provided by Monitor and was developed following consultation with staff through a variety of forums. It was recognised that following a successful FT application the Workforce Strategy would be further refined to support HR Management, Workforce Development and Education and Training in the new business environment.

Human Resources

E-recruitment

The Recruitment Department has successfully launched the implementation of e-recruitment within the Trust through a free national website, NHS jobs. This has led to a more responsive, paperless and streamlined recruitment process to managers, staff and the public. The use of e-recruitment and advertisement on NHS jobs has also saved the Trust approx £50,000 in external advertising costs.

Electronic Staff Record (ESR)

On 1 June 2007 the Trust introduced a new payroll and workforce information system called ESR, which is a national computer system for all NHS trusts for holding employee information. The Recruitment Department ensured that it was fully conversant with the system by 1 June 2007 this ensured that successful applicants for posts via NHS jobs could be transferred to ESR without the need for dual input, thus further streamlining the recruitment and appointment process.

Staff Survey

The Trust embarked on the 2007 staff survey, which resulted in a very high response rate of 59%. Results will be known later in the year. They will be used to develop an action plan of work to address issues that staff have identified as being important to them.

Staff involvement

The Joint Consultative and Negotiating Committee (JCNC), comprising managers and staff representatives, has met on a bi-monthly basis to develop and agree workforce policies and to debate and discuss issues directly affecting staff and also wider service issues. Members of the group have ensured that appropriate HR policies are developed and implemented in a timely fashion.

Modernising Medical Careers

The recruitment of Junior Doctors in August 2007 brought significant challenges to the Trust with Doctors leaving and joining the Trust at very short notice. However despite the difficult

circumstances the process was effectively managed by Human Resources. There were no major issues with Junior Doctor service provision.

Occupational Health

The Trust developed a revised Occupational Health service specification and following a tendering process the contract was awarded to Team Prevent. The Trust has experienced a significant improvement in the time taken for staff to be seen following referral.

7. Training

In December 2006 the Training Department moved into a purpose built modern training centre, which has proved to be excellent accommodation to work in and has received very positive feedback from all staff who have attended training. This has been particularly successful relating to the purpose built Violence and Aggression suite, which provides a safe and pleasant environment to undertake this training.

During 2006/07 the Trust's training team delivered 43 courses at the Training Centre and the Violence and Aggression Instructors delivered over 60 courses. A further 24 courses were delivered by external providers or other staff employed within the Trust.

Members of staff attended more than 3,883 training courses during the year, including mandatory training.

During this year the Training Department has been able to build the capacity to deliver basic life support training by the in-service training team, rather than commissioning external contractors. This is cost effective and provides more flexibility to meet Trust requirements. The capacity for training has also increased with the appointment of a full time training post in the Violence and Aggression team which provides the ability to train specific units in specialised techniques when required.

In 2007 the Training Department was pleased to have been assessed as an accredited centre by the Open Learning Network. This means we are able to accredit many of our in-house personal development courses.

During 2007 the Training Department have taken over the responsibility of managing the Display Screen Equipment (DSE) database. A system has been implemented with twelve administrators in departments across the Trust who are responsible for ensuring the staff in their area of responsibility are completing the DSE training and assessment. This ensures staff are using equipment safely and have the correct workstations to be able to function effectively in their role.

Course Development

A new team-building day has been designed by the training department and presented around the county during 2007. This has received excellent reviews from attendees. This full day's training is particularly suitable for newly formed teams or when groups of new staff are being integrated into an established team.

The training day uses interactive fun exercises to enable delegates to work together in teams and to discover their strengths and areas for development in a supportive environment. The afternoon session draws the whole team together to consider the way forward for the department, based on the principles in the Trust's objectives and values.

Service User Involvement

The Trust continues to pilot an exciting new training course designed to support service users and carers in becoming more involved in the work of the Trust.

The programme 'Making a Difference Not Just a Noise' was designed by South

Tyneside Council and Northumberland, Tyne & Wear NHS Trust. The 10 module programme incorporates topics such as: Meetings and How They Work; Leadership, How to Represent Others as well as Yourself. The course is run by the training team, representatives from Linking Voices and other staff from the Trust. Two pilot sessions have been run in Skegness, both receiving very positive evaluations As a result the course has been accredited with the Open College Network and a full programme will be delivered in various sites around the county during 2008.

Training Methods

The Training Department continues to develop and commission courses using the e-learning medium, this allows for choice for different learning styles and supports the challenges of releasing staff to attend face-to- face training. The following training is available by e-learning and CDROMS:

E-learning

- Diversity
- Infection Control
- Fire Safety
- Display Screen Equipment (DSE)

CDROMS

- Care Programme Approach.
- Care Programme Approach awareness raising.
- Direct Payments pre-training.
- Health & Safety.
- Introduction to Mental Health.
- Mental Capacity Act 2005.
- Managing Medicines.
- Patient Group Directions Assessment.
- Rapid Tranquilisation.
- Child Protection
- Moving and handling

Open University

The first cohort of Open University Students complete their nurse training during 2008. These students are employees of the Trust and have been seconded and supported through practice

based learning, together with their academic study. The Training Department continues to work with the Open University to ensure this training offers a quality learning experience for students.

8. Performance

Performance Data

The Trust has invested heavily in improving its data quality which is fundamental to understanding its true position in terms of its performance. It has done this by giving managers greater access to their data in order for them to make it easier to use and to address any inaccuracies and incompleteness. This has created a significant improvement in data quality and completeness.

Service Line Management

The Trust is moving towards service line management and has developed its reporting with this in mind. It now produces a report with a "quick view" dashboard with traffic lights, assurance grading and direction of travel. Behind this managers receive more detailed data to support the dashboard view.

Monitoring processes

The Trust continues to meet the requirements of its authorisation. A process has been developed with commissioners to monitor the Trust's performance on a monthly basis. The Trust continues to provide senior managers and the Board of Directors with regular performance reports on a monthly basis.

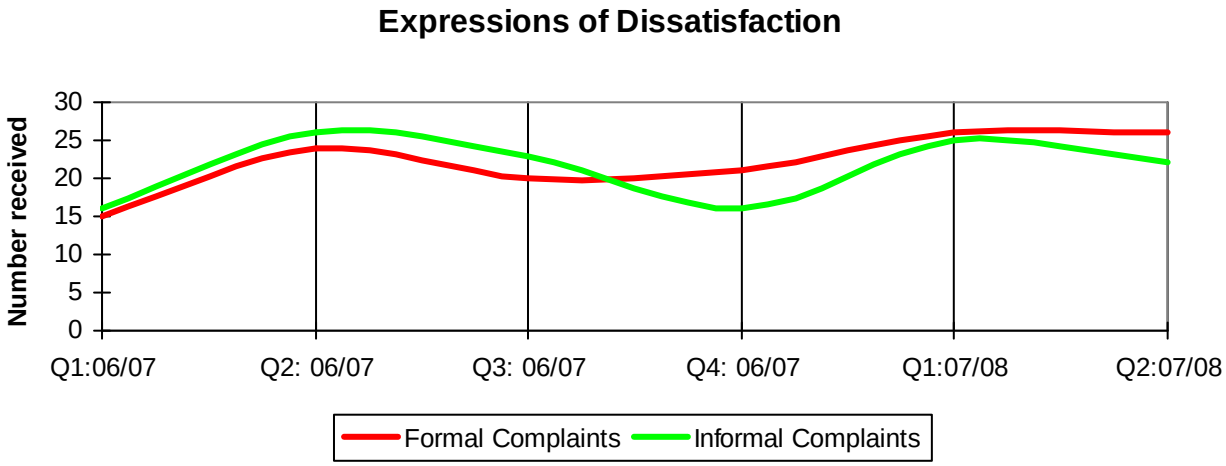
9. Handling Comments and Complaints

The Trust has an effective policy and procedure in relation to the handling of comments and complaints and adheres to these key principles:

- People who complain have their concerns resolved swiftly and wherever possible, by the people who provide the service locally
- Complaints are a positive aid to inform and influence service improvements, not a negative process to apportion blame.
- The Trust has developed a listening and learning culture where learning is fed back to service users and fed into internal systems for service improvement.
- People who use the service are treated with dignity and respect and are not afraid to make a complaint and have their concerns taken seriously

Managers are encouraged to resolve complaints at the most informal level possible. Time spent dealing with a complaint informally at local level may help prevent considerably more time and resources being spent dealing with a complaint at a formal level.

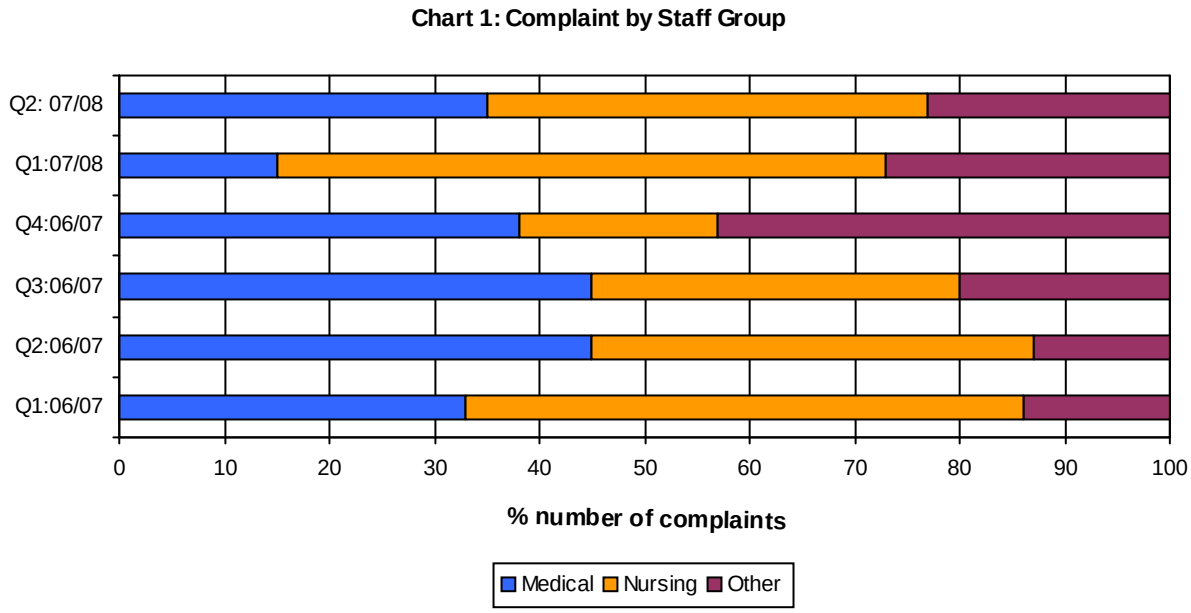
Often complaints are enquiries that can be addressed more appropriately outside of the formal procedure. Informal complaints provide a more positive outcome for patients, carers and relatives raising concerns informally, using the problem solving approach.



The Trust's standard is to acknowledge all formal complaints within two working days of receipt. The Chief Executive will send a final response within 25 working days of receipt of the complaint unless it has been formally agreed with the complainant for an extension for the complaint to be fully investigated. This will normally apply to complex complaints.

96% of all formal complaints were acknowledged within two working days and 79% of all formal complaints received were provided with a response from the Chief Executive within the 25 working standard.

Complaints received cover all areas of service delivery within the specialist Mental Health and Social Care Trust.



Comments and expressions of satisfaction by service users and carers are valuable measures of the quality of services provided and identify areas of good practice. During the period 01 April and 30 September 2007, there were 47 informal complaints resolved at service level, 52 formal complaints responded to by the Chief Executive, however, there were 380 expressions of satisfaction.

Achievements

- New protocol for complaints against medical staff
- Additional resources ensuring an enhanced role for the Complaints and Service User Feedback Manager
- Improved performance over the past four years against the Performance Standards for responding to formal complaints (from 57% to 94%)
- Improved investigations using National Patient Safety Root Cause Analysis tools and techniques
- Reduction in the number of referrals for independent review to the Healthcare Commission, three cases referred in 2006/2007 compared to 19 in the previous two years.

Developments for 2007/2008

Customer care training

A Customer Care Training course has been developed by the Training Department and Modern Matron for Older Adult Services This will address some of the issues relating to complaints attributed to the attitude of staff which are really about how we are able to communicate with our service users and carers.

Raising awareness and providing tools and techniques to frontline staff in handling comments and complaints is essential and this course, whilst developed for Older Adult Services, is anticipated to be rolled out across the Trust for all services if it has the necessary support. Currently not mandatory in Lincolnshire Partnership NHS Trust, Managers are required to support their staff, including training, in the handling of comments and complaints and ensure Service Users and Carers are able to raise concerns at local level.

Responding to Internal Audit report "Lessons Learnt from Incidents and Complaints"

- Implementation of the action plan published in May 2007 by the East Midlands NHS Internal Audit Service to ensure that the Trust is required to demonstrate areas of service improvement through complaints to satisfy the Trust's Assurance Framework

- Ensuring there is a robust system in place to capture all feedback from service users and carers through patient surveys

10 Clinical Governance

Clinical governance is described as 'a framework through which NHS organisations are accountable for continuously improving the quality of their services and safeguarding high standards of care by creating an environment in which excellence in clinical care will flourish' (NHS Executive).

In reality, this means that clinical governance is a framework which helps clinicians and practitioners recognise high quality care, and also gives a structure for improvements.

There are different ways of defining the different parts of clinical governance, but they all include the following:

- Evidence based practice.
- Risk management.
- Audit of services and practice.
- Supervision and appraisal.
- User and carer involvement.
- Research.
- Education and training.

The following is a brief summary of some of the developments in the first half of 2007.

Serious Untoward Incidents

In the first two quarters of 2007, a total of 170 Serious and Untoward Incidents were reported. Thos compares with a total of 285 in the same period of 2006. Currently theses incidents make up about 6% of all reported incidents, which is a big improvement on previous quarters, and shows that incidents are being graded more appropriately.

Suicide Rates

The number of suicides known to LPFT has dropped between quarters 1 and 2 of 2007 by 40%. The Trust is meeting its targets to reduce the suicide rate by 20% by 2010 – a national target.

Educational Issues and Service Development

The Trust now has an agreed programme of Accredited Practice Development Unit roll-out, and has recently met with Leeds University to discuss the progression of this. Practice Development Unit Status recognises good practice, and allows Units to demonstrate that care is being delivered to a high standard.

NICE Implementation

The Trust has developed systems and processes (see the Trust's NICE policy) in line with recommendations from the National Institute for Health and Clinical Excellence (NICE) to ensure that all implementation has clear processes.

In the second quarter of 2007, the Trust has reported 25 NICE Clinical Guidelines for implementation.

Audit

The 2007/8 Audit Plan has approximately 84 planned audits for the year. Of these, 15 have been completed within the first two quarters.

11. Emergency Planning

This year much of the emergency planning work undertaken by the Trust has been in formulating detailed business continuity plans. These plans support the Trust Emergency plan by providing an assurance that the operating Divisions have assessed the various risks that might interfere with their ability to provide their services and outline what they would do to maintain safe services in the event of an emergency arising.

As well as written plans, the Trust also has an Emergency Planning Committee which meets bi-monthly. This group reviews the state of Trust preparedness for a major incident and was active in support of the flooding emergencies this summer although no Trust services were directly affected.

12. Support Services

Lincolnshire NHS Shared Services (LSS) is an arm's-length organisation of the Trust, providing a wide range of non-clinical support services to the NHS in Lincolnshire and a small number of other care sector clients.

Facilities

Housekeeping management, catering management and advice, facilities health and safety and security management, waste management advice, fire safety training and advice, site services, back care advice and manual handling specialist training.

LSS led Patient Environment Action Team (PEAT) inspections to identify where resources needed to be prioritised. This resulted in targeting improvements in decoration, cleanliness and a general attention to detail that has increased the quality of the patient environment.

The review of hotel services concentrated on patient catering services and updating cleanliness auditing in line with the NHS Standards of Cleanliness and improvements were implemented. New catering services were planned for introduction in the autumn.

Estates Management

Estates maintenance, land and property management, capital planning, utilities management, landlord and tenant advice and environmental management.

The Trust plans to invest £2.24 million on Capital Projects to upgrade various premises over 2007 - 2008. This included improving fire detection and alarms, redecoration, the replacement of floor coverings and other aspects relating to the patient environment including security. Major projects to refurbish wards and improve the patient environment were started in the spring and summer.

The programme to modernise Trust records and drawings to support statutory health and safety requirements continued and these included the requirements for asbestos, legionella prevention, thermostatic mixing valves safety and electrical installation test registers.

Work was carried out to reduce the backlog maintenance on various properties such as the replacement of water heaters/boilers, windows, repairs to generators and where necessary the safe removal of asbestos and upgrading of telephone systems.

The introduction of a Trust environmental policy has strengthened the particular effort made to reduce energy consumption and categorisation and disposal of waste. Significant improvements in the management of waste have reduced costs and streamlined waste handling for Lincolnshire Partnership Trust and other NHS premises across the county.

Finance and Procurement

General Medical Services/Personal Medical Services, Ophthalmic, Creditor/Debtor Management, Treasury Management, Control Accounts, Fixed Assets, Charitable Funds, VAT, Integra Support and Documents Scanning, providing professional and technical procurement advice, contracting services, developing policies and procedures, e-procurement systems support and training, operational purchasing, gateway to East Midlands Procurement Hub and Office of Government Commerce contracts.

The roll-out of electronic business systems, contributed to the streamlining of processes and increased efficiency and Trust managers now have the ability to electronically receipt goods and track progress against requisitions through to payments, and training to introduce this was started during the year.

A similar roll-out exercise for Logistics On-Line (for capturing stock order demand), has improved the 'purchase to pay' process and released operational purchasing staff for more value-added work.

Informatics

Information analysis, clinical systems support, patient allocation, cytology and immunisation reminders. IT skills and clinical systems training. Wide ranging information technology support, development and maintenance.

Information Governance, IT security, policy advice and registration authority:
The McKesson Mental Health system is now in use throughout all Trust services and the prescribing module of the substance misuse system, Information Governance operated a county-wide service including the Registration Authority (RA) including some Lincolnshire County Council employees.

The IT Training Department retained the Gold Standard Accreditation from the Institute of IT Training (IITT) for the third year. Training on the recently introduced clinical systems was extremely successful including Primary Care System One for GP practice staff.

NVQ Assessment Centre

Providing accredited national vocational qualifications, facilitation of learning accounts and assessment for skills for life.

Trust and PCT staff continued to access NVQs including Administration, Customer Service, Care, Health and Social Care, Diagnostic and Therapeutic Support, Promoting Independence and Learning and Development. Workshops and support sessions have been delivered throughout the county to meet the demands of individual staff members and teams as well as the overall organisation's needs.

Evaluation of the courses has highlighted an improvement in the level of the NVQ candidates' confidence and an increase in how they see their job role and its responsibilities.

Pay and Workforce Services

Payroll for 13,000 employees, workforce information for five Trusts, childcare co-ordination, NHS Pension Scheme administration, travel expenses and training administration.

LSS Pay and Workforce Services completed the project to standardised integrated Human Resources and Payroll systems by implementing the national project of Electronic Staff Records (ESR) in June.

Childcare Co-ordination

On behalf of stakeholders, the Lincolnshire NHS Childcare Team utilised the Carers Survey to shape the Carer Strategy for the Lincolnshire Health Community. Access to Childcare and Carer solutions continue to be developed in partnership with providers and specialist organisations, particular solutions for school holiday activities for under 18s are a priority.

13. The Trust Board

The Trust Board, whose key role is to set the strategic direction of the Trust and to ensure high standards of corporate governance, manages the business of the Trust.

The Board has, in addition to the Chairman and Chief Executive, four executive directors and six non-executive directors. Together they share corporate responsibility for the decisions of the Board.

Trust Board meetings

The Trust Board in 2007 held a meeting in public on the last Thursday of the month, except August.

During the year, the Board committee structure was revised in line with the integrated governance approach, with a reduced number of committees. The new committee structure comprises:

- Audit and Assurance Committee.
- Remuneration and Terms of Service Committee.
- Mental Health Act Managers Committee.
- Lincolnshire NHS Shared Services Board.

The Trust's Board of Governors meets regularly and members of the public are welcome to attend their meetings. Please visit www.lpt.nhs.uk for details or contact the Membership Office on 01522 515356.

Audit and Assurance Committee

The Committee is authorised by the Trust Board to oversee the maintenance of an effective system of internal control and management reporting and provide assurance on the effective operation and use of Internal Audit. The Committee also encourages and enhances the effectiveness of the relationship with External Audit and oversees the corporate governance aspects that cover the public service values of accountability, probity and openness.

Remuneration and Terms of Service Committee

The committee, comprising the Chairman and all non-executive directors, is authorised by the Trust Board to advise the Board about appropriate remuneration and terms of service for the Chief Executive and all board directors, other than the non-executive directors. The committee is required to meet a minimum of once in each calendar year.

Mental Health Act Managers Committee

The Mental Health Act Managers Committee is a Committee formally constituted by the Trust Board. The Board has delegated to the Committee the function of 'hospital managers' in relation to the statutory powers, responsibilities and duties concerning detained patients as defined within the Mental Health Act 1983.

Non-Executive Directors

Chairman
Mrs Alison Healey
Trust champion for older adults

Dr Val Stanton
Vice Chairman
Chairman of Lincolnshire NHS Shared Services Board
Chairman of the Finance and Investment Committee
Member of the Audit and Assurance Committee

Councillor Lesley Koumi
Trust Champion for Improving Working Lives
Chairman of the Mental Health Act Managers Committee
Member of the Finance and Investment Committee

Ms Eileen Ziemer
Lead for Hospital Cleaning and Estates Management
Member of the Audit and Assurance Committee

Mr John Maltby
Champion for The Green Group

Mr David Finch
Chairman of the Audit and Assurance Committee

Mr Robert Hall
Member of the Audit and Assurance Committee
Member of Finance and Investment Committee

Mrs Alison Healey
Chairman

Dr Val Stanton
Non Executive Director
(Vice Chairman)

Mr Robert Hall
Non Executive Director

Mrs Eileen Ziemer
Non Executive Director

Mr David Finch
Non Executive Director

Mr John Maltby
Non Executive Director

Cllr Leslie Koumi
Non Executive Director

Mr Chris Slavin
Chief Executive

Mr Chris Sands
Director of Finance and Assurance

Mrs Kate Truscott
Director of Human Resources and Workforce Development (until June 2007)

Dr Mostafa Mohanna
Medical Director

Mrs Ann Hunt
Director of Performance and Information

Ms Kay Darby
Director of Nursing and Service Design

Register of Directors' Interests

The declared interests of the Board Members are detailed below:

Mrs Alison Healey
Member of Mid Lincolnshire Local Access Forum (statutory body administered by, but independent of, Lincolnshire County Council) - expenses only

Mr Robert Hall - Nil

Mr David Finch - Nil

Councillor Lesley Koumi

- Member of Louth Wholefood Co-operative Ltd
- Supply teacher employed by Lincolnshire County Council/North East Lincolnshire Council
- Member of East Lindsey District Council
- Member of the Labour Party, Campaign for State Education, Campaign for Nuclear Disarmament, NUT, Lincoln Co-op, Co-op Society
- Partner is an opposition member of Lincolnshire County Council
- Secretary of Labour Party Rural Revival
- Trustee of Louth and District Help for Homeless

Ms Eileen Ziemer

- Officer, Corporate Estates, Hertfordshire County Council
- Mental Health Act Manager, Nottinghamshire NHS Trust

Mr John Maltby - Nil

Dr Val Stanton

- Director and Shareholder of PJ Wilkinson & Sons Ltd
- Director and Shareholder of Field House Farming Co Ltd
- The declared interests of Board Members who left the Trust during 2006-07 are:

Chief Executive
Mr Chris Slavin

- Elected as Executive Board Member of National Mental Health Partnerships - a national representative body of UK mental health trusts.

Mrs Kate Truscott (in post until June 2007)

- Chairman of charity - Children's Links

Mr Chris Sands - Nil

Dr Mostafa Mohanna - Nil

Mrs Kay Darby

- Husband's business - Phil Prior Transport

Mrs Ann Hunt - Nil

The Register of Directors' Interests is available for inspection at the Trust's Headquarters. Please contact:

Mrs A Hunt
Director of Performance and Information
Lincolnshire Partnership NHS Foundation Trust
Cross O'Cliff
Bracebridge Heath
Lincoln. LN4 2HN

Telephone: 01522 515346 Fax: 01522 515372
E-mail: ann.hunt@lpt.nhs.uk

Access to Information

In accordance with the Code of Practice on Openness in the NHS and the Freedom of Information Act 2000, the public has a right to information about local services and future plans.

If you would like to comment on the document or receive further information, please contact:

Mr C Slavin
Chief Executive
Lincolnshire Partnership NHS Foundation Trust
Cross O'Cliff
Bracebridge Heath
Lincoln. LN4 2HN

Telephone: 01522 515391 Fax: 01522 515372

Charitable Funds

The members of the Trust Board are also the Trustees of the Charitable Funds. The Trustees are obliged to produce a separate Annual Report explaining the charity's main activities. Copies of the report for 2006/07 are available from:

Mr C Sands
Director of Finance and Assurance
Lincolnshire Partnership NHS Foundation Trust
Cross O'Cliff
Bracebridge Heath
Lincoln. LN4 2HN

Telephone: 01522 515338 Fax: 01522 515372

14. Remuneration Report

Table 1: Salaries and allowances – 6 months to 30th September 2007

		Dates	Salary (bands of £5000) £000	Other remuneration (bands of £5000) £000	Benefits in kind (Rounded to the nearest £'00) £00
Mr C Slavin	Chief Executive	6 months	50-55		10
Mr C Sands	Director of finance	6 months	35-40		11
Mrs K Truscott	Director of Workforce & Organisation Development	1.4.07-29.6.07	15-20		5
Ms Kay Darby	Director of Nursing & Service Design	6 months	30-35		13
Dr M Mohanna	Medical Director	6 months	10-15	55-60	
Mrs A Hunt	Director of Organisational Development	6 months	30-35		10
Mrs A Healey	Chairman	6 months	10-15		
Dr V Stanton	Non-Executive Director	6 months	0-5		
Councillor L Koumi	Non-Executive Director	6 months	0-5		
Mrs E Ziemer	Non-Executive Director	6 months	0-5		
Mr J Maltby	Non-Executive Director	6 months	0-5		
Mr R Hall	Non-Executive Director	6 months	0-5		
Mr D Finch	Non-Executive Director	6 months	0-5		

Table 2: Pension Benefits

Name	Title	Real increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at aged 60 (bands of £2,500)	Total accrued pension at age 60 at 30 September 2007 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 30 September 2007 (bands of £5,000)	Cash Equivalent Transfer Value at 30 September 2007	Cash Equivalent Transfer Value at 31 March 2007	Real increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Mr C Slavin	Chief Executive	0-2.5	0-2.5	35-40	110-115	559	525	27	
Mr C Sands	Director of Finance	0-2.5	0-2.5	10-15	35-40	121	116	4	
Mrs K Truscott	Director of Workforce & Organisation Development	0-2.5	0-2.5	10-15	40-45	242	238	1	
Ms Kay Darby	Director of Nursing & Service Design	0-2.5	0-2.5	10-15	35-40	141	131	8	
Dr M Mohanna	Medical Director	5-7.5	20-22.5	40-45	130-135	783	632	143	
Mrs A Hunt	Director of Organisational Development	0-2.5	0-2.5	15-20	55-60				

15. Report of the Director of Finance and Summary Financial Statements

Introduction

These are the summary financial statements produced for Lincolnshire Partnership NHS Trust.

Financial Duties

Trusts have a number of financial duties that they are required to meet. These are set out in Table 1 together with the performance achieved. The Trust met all of its statutory financial duties.

Table 1: Financial Duties

Financial Duty	Performance	Duty Achieved
To break even on the income and expenditure account within the year.	Surplus £922,000	√
To manage within a limit on external financing of £365,000. This is a mechanism for controlling the total cash drawings of the Trust in order to provide an agreed capital programme.	Additional Public Dividend Capital of £365,000	√
To achieve a capital cost absorption rate of between 3.0% and 4.0%. This is calculated on the percentage that interest and dividends paid to the government bear to the average net relevant assets.	Rate of 3.6%	√

Income and expenditure account

The Trust's incomes and expenditure account for the year is summarised in table 2 below.

Table 2: Summarised income and expenditure account

	6 Months to 30 September 2007	2006/07
	£000	£000
Income from activities	**40,677**	75,907
Other operating income	**4,924**	11,095
Operating expenses	**(44,040)**	(85,383)
OPERATING SURPLUS/(DEFICIT)	**1,561**	1,619
Profit/(loss) on disposal of fixed assets	**0**	102
SURPLUS/(DEFICIT) BEFORE INTEREST	**1,659**	1,721
Interest receivable	**139**	133
Interest payable	**0**	0
Other finance costs - unwinding of discount	**(7)**	(14)
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR	**1,693**	1,840
Public Dividend Capital dividends payable	**(771)**	(1,378)
RETAINED SURPLUS/(DEFICIT) FOR THE YEAR	**922**	462

Income

The Trust receives the majority of its income (over £61 million) from Primary Care Trusts (PCTs).

Following the reconfiguration of PCTs in year, the Trust now receives the majority of its health income from the newly established Lincolnshire Teaching PCT. In addition, the Trust receives over £14 million from Local Authorities. This is for the provision of adult social care and learning disability services. Table 3 details the sources of income from activities.

Other operating income principally relates to training income, income for the provision of corporate services to other organisations through Lincolnshire Shared Services and income for the running costs of the East Midlands Development Centre of the Care Services Improvement Partnership (CSIP).

Table 3: Income from activities

	6 Months to 30 September 2007 £000	2006/07 £000
Strategic Health Authorities	-	-
NHS Trusts	26	27
Primary Care Trusts	33,239	61,145
Foundation Trusts	-	-
Local Authorities	7,067	14,051
Department of Health	-	-
NHS Other	-	-
Non NHS:		
- Private patients	-	-
- Overseas patients (non-reciprocal)	-	-
- Road Traffic Act	-	-
- Injury cost recovery	-	-
- Other	345	684
	40,677	75,907

Table 3.1: Other operating income

	6 Months to 30 September 2007 £000	2006/07 £000
Patient transport services	0	0
Education, training and research	728	1,409
Charitable and other contributions to expenditure	0	0
Transfers from donated asset reserve	1	7
Transfers from government grant reserve	0	0
Non-patient care services to other bodies	2,213	5,770
Income Generation	0	0
Other income	1,982	3,909
	4,924	11,095

Expenditure

In 2006/07 operating expenses were nearly £86 million.

Salaries and wages expenditure of £58,887,000 accounted for 69 pence in every pound. Of this sum, £478,000 related to board directors' remuneration. A dividend of £1,378,000 was paid to the Department of Health.

The Trust's external auditors are the Audit Commission. The work undertaken related to statutory activities under the Code of Practice. The cost for the financial year was £114,000. The Trust did not ask the Audit Commission to undertake any other services outside the Code of Practice.

Balance sheet

The Trust's balance sheet as at 31 March 2007 is shown in Table 4. There were no material post balance sheet events. The Trust's assets are predominantly funded through public dividend capital (PDC). This is a form of long term government finance on which the Trust pays a dividend to the Exchequer. It carries an expected return of 3.5%. This percentage figure is generally regarded as the long term cost of capital in the public sector.

Future changes to PDC are determined by the Trust's authorised External Financing Limit (EFL). In 2006/07 the Trust received additional PDC of £620,000. Included in the fixed assets at 31 March 2007 were £820,379 related to land valued at open market value, £1,929,621, related to buildings valued at open market value and £0 related to dwellings valued at open market value.

Financial plans for the next five financial years have demonstrated that the Trust has sufficient working capital to be a going concern over this period.

Table 4: Balance Sheet

	30 September 2007	31 March 2007
	£000	£000
FIXED ASSETS	48,103	47,381
CURRENT ASSETS	10,769	5,873
CREDITORS: Amounts falling due within one year	(10,216)	(7,053)
PROVISIONS FOR LIABILITIES AND CHARGES	(897)	(811)
	47,759	45,390
FINANCED BY:		
Public dividend capital	23,895	23,895
Revaluation reserve	20,789	19,546
Donated asset reserve	56	54
Government grant reserve	0	0
Other reserves	0	0
Income and expenditure reserve	3,019	1,895
	47,759	45,390

Major capital expenditure

The major areas of capital expenditure are shown in Table 5.

A capital programme has been developed for 2007/08 that will ensure statutory and imperative requirements are met, services are maintained, to provide premises for agreed service developments, to continue to modernise the infrastructure and to address the priorities in Strategic Outline Cases for each division.

Table 5: Major capital expenditure

	6 months to 30 September 2007 £'000
IM&T schemes	75
Development of service provision	236
Statutory requirements	52

Cashflow statement

Table 6 shows how the Trust generated and utilised cash in the six months to 30 September 2007. In order to remain financially viable it is essential that funds are available to meet commitments throughout the year.

Table 6: Cash inflow and outflow

	6 months to 30 September 2007 £000	2006/07 £000
OPERATING ACTIVITIES		
Operating surplus	1561	1619
Non-cash adjustments and movements in working capital balances	5434	400
Net cash inflow from operating activities	6999	2019
Interest received	118	123
Interest paid	0	0
Capital payments	-363	-1972
Capital receipts	0	588
Dividends paid	-771	-1378
Net cash inflow before financing	5983	-620
FINANCING		
Additional Public Dividend	0	620
Governmant loans repaid	0	0
Net cash inflow from financing	0	620
Increase/(decrease) in cash	5983	0

Gains and losses

The Trust's Treasury policies are devised based upon the requirement to remain within its External Financing Limit as set by the Department of Health. This is a limit on external cash into the organisation. This financing regime will continue until the Trust is successful in obtaining Foundation Trust status, when it will operate under a different financial regime.

Table 7: Gains and losses

	6 months to 30 September 2007 £000	2006/07 £000
Surplus/(deficit) for the period before dividend payments	1693	1840
Fixed asset impairment losses	-296	-346
Unrealised surplus/(deficit) on fixed asset revaluations/indexation	1744	3605
Increases in the donated asset and government grant reserve due to receipt of donated and government grant financed assets	0	0
Defined benefit scheme actuarial gains/(losses)	0	0
Additions/(reductions) in "other reserves"	0	0
Total recognised gains and losses for the financial year	3141	5099
Prior period adjustment	0	0
Total gains and losses recognised in the financial period	3141	5099

Management costs

Table 8 shows the Trust's expenditure on management costs as defined by the Department of Health.

Table 8: Management costs

	6 Months to 30th September 2007 £000	2006/07 £000
Income	41,562	77,546
Management costs	2,029	3,705

The Late Payment of Commercial Debts (Interest) Act 1998 gives effect to the Government's commitment to introduce a statutory right for businesses to claim interest on the late payment of commercial debts. In the first stage, which began on 1 November 1998, the right is exercisable by small businesses.
In accordance with the Act, the Trust aims to ensure that:

- A clear, consistent policy of paying bills in accordance with contract exists and that finance and purchasing divisions are aware of this policy.
- Payment terms are agreed at the outset of a contract and are adhered to.
- Payment terms are not altered without prior agreement with the supplier.
- Suppliers are given clear guidance on payment procedures.
- A system exists for dealing quickly with disputes and complaints.
- Bills are paid within 30 days, unless covered by other agreed payment terms.

Performance against the code is shown in Table 9.

Table 9: Prompt payment code performance

6 Months to 30th September 2007

	Number	£000s
Total Non-NHS trade invoices paid in the year	8,915	10,988
Total Non-NHS trade invoices paid within target	6,764	7,692
Percentage of Non-NHS trade invoices paid within target	76%	70%
Total NHS trade invoices paid in the year	525	3,690
Total NHS trade invoices paid within target	355	2,869
Percentage of NHS trade invoices paid within target	68%	78%

Certification of Summary Financial Statements

We certify that the summary financial statements set out on pages 35 to 41 are consistent with the Trust's full financial statements for the six month period ended 30th September 2007.

Chief Executive

Director of Finance and Assurance

Auditor's Report on Summary Financial Statements

I have examined the summary financial statements set out on pages 35 to 41.

This report is made solely to the board of Lincolnshire Partnership NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 54 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission.

Respective responsibilities of Directors and Auditors
The directors are responsible for preparing the Annual Report. My responsibility is to report to you my opinion on the consistency of the summary financial statements with the statutory financial statements. I also read the other information contained in the Annual Report and consider the implications for my report if I become aware of any misstatements or material inconsistencies with the summary financial statements.

Basis of opinion
I conducted my work in accordance with Bulletin 1999/6 'The auditor's statement on the summary financial statements' issued by the Auditing Practices Board for use in the United Kingdom.

Opinion
In my opinion the summary financial statements are consistent with the statutory financial statements of the Trust for the six months ended 30th September 2007 on which I have issued an unqualified opinion.

Signature: Date:

David Brumhead, District Auditor

Audit Commission, Littlemoor House, Littlemoor, Eckington, Sheffield. S21 4EF

16. Director's Responsibilities in Respect of Internal Control

STATEMENT ON INTERNAL CONTROL 1 APRIL 2007 – 30 SEPTEMBER 2007

ORGANISATION NAME: LINCOLNSHIRE PARTNERSHIP NHS TRUST

1. Scope of responsibility

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

Lincolnshire Partnership NHS Trust (the Trust) is an active member of the Lincolnshire and East Midlands health and social care communities. The Trust works closely with partner organisations, through local and regional structures and processes, to ensure clarity of roles and responsibilities, effective and efficient delivery of services and partnership working. Core accountabilities are to the Primary Care Trust, the Strategic Health Authority, Lincolnshire County Council, staff, service users and their carers.

As Chief Executive, I have overall responsibility for management within the Trust. The Director of Nursing and Service Design has responsibility for ensuring the implementation of risk management arrangements in the Trust. The Director of Finance and Assurance has responsibility for ensuring that a Board Assurance process is in place. Individual director leads have been identified for each of the Trust's strategic and principal objectives and are responsible for ensuring that systems are in place to manage risks and provide assurance for all areas within their sphere of responsibility

The Risk Management Strategy outlines the responsibilities of the Chief Executive, Directors, General Managers, Heads of Service, the Risk Control Manager and staff. It also sets out the responsibilities of the Trust Board, Audit and Assurance Committee, Risk Control Group and other Executive Committees across the Trust.

2. 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 Trust's policies, aims and objectives,
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the Trust for the whole six months ended 30 September 2007 and up to the date of approval of the annual report and accounts. The assurance framework required by the Department of Health has been in place for the same period.

3. Capacity to handle risk

Leadership is displayed through a Risk Management Strategy approved by the Trust Board and a framework within which managers and staff can operate effectively. The risk management strategy is reviewed annually. The last update of the strategy was approved by the Trust Board in March 2007.

The Trust has developed a system of integrated governance which ensures that the strands of governance such as finance, clinical, research and risk management are brought together in a coherent way.

A Risk Register has been developed at corporate and operational service level. Director, organisational and technical leads, in conjunction with others, support the Risk Manager in delivering the Risk Management Strategy across the organisation. The Trust has populated an electronic corporate and operational risk register to unify processes across the organisation, and has plans to further embed this within the Trust in 2007/08.

The Risk Management Strategy and supporting procedures are distributed to all managers for inclusion in the Corporate and Risk Management and the operational policy and procedure manuals. Directors and Managers have a responsibility to ensure that their staff are aware of these policies and procedures.

Management of risk is a component of all clinical and non-clinical training. This is then supported by risk awareness training sessions as part of organisational development. Training provided includes:

- Risk Management Training for the Trust Board
- Risk Management Training for Senior Managers and clinicians
- Risk Assessor Training
- Root Cause Analysis Training
- Clinical Risk Training
- Clinical Risk Awareness Training
- Induction training, including : risk; health and safety; fire; infection control and prevention; management of violence and aggression and incident reporting
- Specific aspects related to risk are incorporated into various other training courses, for example, violence and aggression, health and safety, moving and handling, fire training, incident reporting, and cardio-pulmonary resuscitation.

The effectiveness of implementation of the Risk Management Strategy will be measured and monitored through various means, including development and monitoring of key indicators.

Significant risk issues that require immediate action are communicated to staff through the ‘SAB System’.

Lessons learned from both internally and externally identified risks are identified by the risk review group and communicated to staff through nominated officers for each divisional area of the Trust.

4. The risk and control framework

The system of internal control is based on an ongoing risk management process designed to identify the principal risks to the achievement of the organisation's objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. The system of internal control is underpinned by compliance with the requirements of the Standards for Better Health.

The key elements of the Risk Management Strategy are that:

- Risk is a key organisational responsibility
- All staff must accept the management of risks as one of their fundamental duties
- Every member of staff must be committed to identifying and reducing risks
- The management of risk is best achieved through an environment of honesty and openness, where mistakes and untoward incidents are identified quickly and dealt with in a positive and responsive way

The tools used to identify, evaluate and control risks are those outlined in the Australian/New Zealand AS/NZS 4360:1999 using the 5x5 matrix for consequence and likelihood. The use of this tool ensures consistency of risk assessment across the organisation.

Risks that are assessed as low indicate management by routine procedures. Moderate risks require specific management responsibility and action. High risks require senior management attention. Extreme risks require immediate action, including informing the Board.

The key ways in which risk management is embedded in the activity of the organisation are by inspections - such as, environmental, infection control, security, workplace and fire safety - and through the Health and Safety activities, which include display screen equipment awareness, CoSHH regulations, awareness raising of the management of Violence and Aggression, Clinical Risk Assessment, Moving and Handling training, Lone Working, Record Keeping Audits and Incident Reporting and reviews. This is supported through the Trust's induction programme, training updates and individual training needs assessments.

The Trust involves key stakeholders in management of risks. In 2006/07 this included:

- Health and Social Care Commissioners through performance management of Service Level Agreements
- Service User and Carer Involvement Strategy
- Patient Public Involvement (PPI) Forum
- The Staff and Management Joint Consultative Negotiation Committee
- Local Negotiating Committee (all Consultants)
- Mental Health Commissioning Board
- Strategic Health Authority Annual Review and Foundation trust Diagnostic Programme
- Application to the Department of Health for NHS Foundation Trust status
- Lincolnshire Health Scrutiny Committee
- The general public through consultations
- Health & Safety Committee

The Trust has developed an Assurance Framework to ensure that there are proper internal and independent assurances given on the soundness and effectiveness of the system and on the processes in place for meeting its objectives and delivering appropriate outcomes.

The Board determines the principal objectives of the Trust. Achievement of these principal objectives is performance managed through the Board committee structure. Principal risks, which threaten the achievement of the principal objectives, are identified and key controls put in place to manage these risks. The Board is provided with reports to enable it to monitor the effectiveness of each element of the Assurance Framework.

The Board has considered the key controls that are in place to identify risks, and has assessed whether these controls are adequate. Where gaps in controls have been identified, action plans have been put in place to address the weaknesses. These action plans are monitored through the integrated governance plan.

The Board has mapped out how assurances relate to principal objectives, and identified where gaps exist. Action plans are in place to ensure further assurance is given in these areas. Board committee structures have also been re-aligned to improve assurance. The Trust uses external bodies to provide assurance, where available, and targets the internal audit programme at specific areas where a gap is identified and no other source of assurance is available.

The Trust has developed its approach to integrated governance to promote a whole system review of risk and provision of assurance. In 2006/07, the Trust Board reviewed its committee structure and the changes have been embedded into the organisation.

The Trust has undertaken a self assessment against the Healthcare Standards as part of the Annual Health Check final declaration process for 2006/07. Comments have been received from the Health Scrutiny Committee, Patient and Public Involvement Forum and the East Midlands Strategic Health Authority. The Trust's declaration reports that all core standards have been met in 2006/07 and a rating of 'Fair' against the developmental criteria for D2 part a.

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

5. Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The head of internal audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Executive directors within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by the Healthcare Commission, Commission for Social Care Inspection (CSCI), Clinical Negligence Scheme for Trusts (CNST), Investors In People (IIP), Improving Working Lives (IWL), NHS Plan Audit, Internal Audit, the Audit Commission, Trent Multi Professional Deanery and the Annual Declaration against the Standards for Better Health.

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

The Trust Board oversees the effectiveness of the system of internal control. To assist the Trust Board in this process, the Board Committee Structure has been reviewed.

The Audit and Assurance Committee's main duty is to monitor compliance with the Trust's internal control systems, including liaison with internal and external audit, as appropriate. It approves accounting policies and reviews the draft annual financial statements before submission to the Trust Board.

The Remuneration and Terms of Service Committee reviews the salaries and other terms and conditions of the senior executive staff of the Trust.

These committees, as well as the Trust Board, receive reports from senior managers of the Trust as well as external agencies. These reports provide assurance to the Trust Board that effective systems of control exist. Where weaknesses, or gaps in control, are identified, action plans are put in place and a lead executive director is responsible for implementation.

To ensure effective management and to provide evidence to support the Statement of Internal Control (SIC), the Trust Board must assure itself about the effectiveness of the operation of controls they have put in place to manage the principal risks. The Trust Board has identified and mapped assurance needs. The Trust Board has developed an integrated governance approach to provide improved assurance in its governance control arrangements. The objectives for 2007/08 to improve internal control, approved by the Trust Board, are:

- To continue the development of the Trust's Assurance Framework.
- To improve the management review of incident analysis to provide evidence of management decisions and actions.
- To continue the delivery of Risk management training to all senior and department managers.
- To continue the delivery of clinical risk update training and provide basic clinical risk training.
- To increase the number of departments in the Trust who have completed comprehensive risk assessments.
- To integrate the Trust's approach to risk assessment into business and service development plans and project plans.
- To retain CNST Level 1.
- To develop the new integrated risk management software (Sentinel) and support its use across all functions in the Trust.
- To develop a systematic approach to the management of H&S at team level
- To develop an investment strategy and agree the reporting needs and requirements in relation to Trust investments

The Trust has provided assurance through completion of a declaration in March 2007 providing a position statement in respect of the Trust's compliance with the Core Healthcare Standards to the Healthcare Commission, this has been informed by key stakeholders, service users and carers, the PPI Forum and the Lincolnshire Health Scrutiny Committee.

The Trust will use the Assurance Framework to assure the Board and others that the Trust's key controls are being assessed and improved continuously.

Signed (on behalf of the Board)

Chief Executive Officer ……

Date

Further information

A full set of the Trust's annual accounts, which includes the Statement of Internal Control 2007/08, can be obtained from:

Chris Sands
Director of Finance and Assurance
Lincolnshire Partnership NHS Foundation Trust
Cross O'Cliff
Bracebridge Heath
Lincoln
LN4 2HN

Telephone: (01522) 515338

The Trust has followed the guidance contained in the NHS Finance Manual in respect of the Operating Financial Review, but has chosen not to include information on the Key Performance Indicators 2007/2008 that directors judge are effective in measuring the delivery of their strategies and managing their business.

Key Performance Indicators have been included on each of the key priorities for 2007/08.

This report in other formats

If you would like a copy of this Annual Report in a different format, such as another language, large print, Braille or audio, please contact:

The Communications Team
Lincolnshire Partnership NHS Foundation Trust
Cross O'Cliff Court
Bracebridge Heath
Lincoln
LN4 2HN

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www.lpt.nhs.uk

Lincolnshire Partnership NHS

NHS Trust

ACCOUNTS FOR THE PERIOD

1st April 2007 to 30th September 2007

Further copies may be obtained upon request from:

Mr C Sands
Director of Finance & Assurance
Lincolnshire Partnership NHS Trust
Cross O'Cliff
Bracebridge Heath
Lincoln
LN4 2HN

Telephone: Lincoln 01522 513355

CONTENTS

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE TRUST

The Secretary of State has directed that the Chief Executive should be the Accountable Officer to the Trust. The relevant responsibilities of Accountable Officers, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the Accountable Officers' Memorandum issued by the Department of Health.

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.

.....Date.....Chief Executive

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

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

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

By order of the Board

.....Date.....Chief Executive

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

DIRECTORS' RESPONSIBILITIES IN RESPECT OF INTERNAL CONTROL

ANNUAL GOVERNANCE STATEMENT – 1 APRIL 2007 – 30 SEPTEMBER 2007

ORGANISATION NAME: LINCOLNSHIRE PARTNERSHIP NHS TRUST

1 Scope of Responsibility

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

Lincolnshire Partnership NHS Trust (the Trust) is an active member of the Lincolnshire and East Midlands health and social care communities. The Trust works closely with partner organisations, through local and regional structures and processes, to ensure clarity of roles and responsibilities, effective and efficient delivery of services and partnership working. Core accountabilities are to the Primary Care Trust, the Strategic Health Authority, Lincolnshire County Council, staff, service users and their carers.

As Chief Executive, I have overall responsibility for management within the Trust. The Director of Nursing and Strategy has responsibility for ensuring the implementation of risk management arrangements in the Trust. The Director of Finance and Assurance has responsibility for ensuring that a board assurance process is in place. Individual director leads have been identified for each of the Trust's strategic and principal objectives and are responsible for ensuring that systems are in place to manage risks and provide assurance for all areas within their sphere of responsibility.

The risk management strategy outlines the responsibilities of the Chief Executive, Directors, General Managers, Heads of Service, the Risk Control Manager and staff. It also sets out the responsibilities of the Trust Board, Audit and Assurance Committee, Risk Control Group and other Executive Committees across the Trust.

2 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 Trust's policies, aims and objectives,
- Evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.

The Trust is required to produce part year accounts to cover the period it was an NHS Trust prior to authorisation as an NHS Foundation Trust. The system of internal control has been in place in the Trust for this 6 month period from 1 April 2007 until 30 September 2007 and up to the date of approval of the annual report and accounts. The assurance framework required by the Department of Health has been in place for the same period.

3 Capacity to Handle Risk

Leadership is displayed through a risk management strategy approved by the Trust Board and a framework within which managers and staff can operate effectively. The risk management strategy is reviewed annually. The last update of the strategy was approved by the Trust Board in March 2007.

The Trust has developed a system of integrated governance which ensures that the strands of governance such as finance, clinical, research and risk management are brought together in a coherent way.

A risk register has been developed at corporate and operational service level. Risk register reports are provided to the Board on a monthly basis. Director, organisational and technical leads, in conjunction with others; support the Risk Manager in delivering the risk management strategy across the organisation. The Trust has populated an electronic corporate and operational risk register to unify processes across the organisation, and has plans to further embed this within the Trust in 2007/08.

The risk management strategy and supporting procedures are distributed to all managers for inclusion in the operational policy and procedure manuals. Directors and managers have a responsibility to ensure that their staff are aware of these policies and procedures.

Management of risk is a component of all clinical and non-clinical training. This is then supported by risk awareness training sessions as part of organisational development. Training provided includes:

- Risk management training for the Trust Board
- Risk management training for senior managers and clinicians
- Risk assessor training
- Root cause analysis training
- Clinical risk training
- Clinical risk awareness training
- Induction training, including : risk; health and safety; fire; infection control and prevention; management of violence and aggression and incident reporting
- Specific aspects related to risk are incorporated into various other training courses, for example, violence and aggression, health and safety, moving and handling, fire training, incident reporting, and cardio-pulmonary resuscitation.
- Counter fraud presentations

The effectiveness of implementation of the risk management strategy will be measured and monitored through various means, including development and monitoring of key indicators.

Significant risk issues that require immediate action are communicated to staff through the ‘Safety Alert Bulletin (SAB) System’.

The recommendations of both internal and external reports are reviewed or followed up by the risk review group and communicated to staff through nominated officers for each divisional area of the Trust.

4 The Risk and Control Framework

The system of internal control is based on an ongoing risk management process designed to identify the principal risks to the achievement of the organisation's objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. The system of internal control is underpinned by compliance with the requirements of the Standards for Better Health.

The key elements of the risk management strategy are that :

- Risk is a key organisational responsibility
- All staff must accept the management of risks as one of their fundamental duties
- Every member of staff must be committed to identifying and reducing risks
- The management of risk is best achieved through an environment of honesty and openness, where mistakes and untoward incidents are identified quickly and dealt with in a positive and responsive way and lessons learnt are communicated throughout the organisation and best practice adopted

The tools used to identify, evaluate and control risks are those outlined in the Australian/New Zealand AS/NZS 4360:1999 using the 5x5 matrix for consequence and likelihood. The use of this tool ensures consistency of risk assessment across the organisation.

Risks that are assessed as low indicate management by routine procedures. Moderate risks require specific management responsibility and action. High risks require senior management attention. Extreme risks require immediate action, including informing the Board.

The key ways in which risk management is embedded in the activity of the organisation are by inspections - such as, environmental, infection control, security, workplace and fire safety - and through the health and safety **and clinical governance** activities, which include display screen equipment awareness, CoSHH regulations, awareness raising of the management of violence and aggression, clinical risk assessment, moving and handling training, lone working, record keeping audits and incident reporting and reviews, **infection control**, **safeguarding children, vulnerable adults**. This is supported through the Trust's induction programme, training updates and individual training needs assessments. **The Trust has introduced a performance management framework which includes the effective management of risk as a key element.**

The Trust involves key stakeholders in management of risks. This included:

- Health and social care commissioners through performance management of service level agreements
- Service user and carer involvement strategy
- Patient Public Involvement (PPI) Forum
- The staff and management Joint Consultative Negotiation Committee (JCNC)
- Local Negotiating Committee (LNC) for consultants
- Strategic Health Authority Annual Review
- **Application to the Monitor for NHS Foundation Trust status**
- Lincolnshire Health Scrutiny Committee
- Health & Safety Committee
- The general public through consultations

The Trust has developed an assurance framework to ensure that there are proper internal and independent assurances given on the soundness and effectiveness of the system and on the processes in place for meeting its objectives and delivering appropriate outcomes.

The Board determines the principal objectives of the Trust. Achievement of these principal objectives is performance managed through the Board committee structure. Principal risks, which threaten the achievement of the principal objectives, are identified and key controls put in place to manage these risks. The Board is provided with reports to enable it to monitor the effectiveness of each element of the Assurance Framework.
The Board has considered the key controls that are in place to identify risks, and has assessed whether these controls are adequate. Where gaps in controls have been identified, action plans have been put in place to address the weaknesses. These action plans are monitored through the integrated governance plan.

The Board has mapped out how assurances relate to principal objectives, and identified where gaps exist. Action plans are in place to ensure further assurance is given in these areas. Board committee structures have also been re-aligned to improve assurance. The Trust uses external bodies to provide assurance, where available, and targets the internal audit programme at specific areas where a gap is identified and no other external source of assurance is available.

The Trust has undertaken a self assessment against the Healthcare Standards as part of the Annual Health Check final declaration process for 2006/07. Comments were received from the Health Scrutiny Committee, Patient and Public Involvement Forum and the East Midlands Strategic Health Authority. The Trust's declaration reports that all core standards were met in 2006/07 and a rating of 'Fair' against the developmental criteria for D2 part a. The Trust received a score of "Good" for quality of services and "Good" for use of resources in the Healthcare Commission's Annual Health Check for 2006/07.
Processes for monitoring on-going compliance are in place and report to Board quarterly. There are no identified "significant lapses" against the standards up to quarter 2.

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

5 Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The head of internal audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Executive directors within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The assurance framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by the Healthcare Commission, Commission for Social Care Inspection (CSCI), Clinical Negligence Scheme for Trusts (CNST), Investors In People (IIP), Improving Working Lives (IWL), NHS Plan Audit, Internal Audit, the Audit Commission, Trent Multi Professional Deanery, Monitor and the Annual Declaration against the Standards for Better Health.

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

The Trust Board oversees the effectiveness of the system of internal control. To assist the Trust Board in this process, the Board committee structure has been reviewed.

The Audit and Assurance Committee's main duty is to monitor compliance with the Trust's internal control systems, including liaison with internal and external audit, as appropriate. It approves accounting policies and reviews the draft annual financial statements before submission to the Trust Board.

The Remuneration and Terms of Service Committee reviews the salaries and other terms and conditions of the senior executive staff of the Trust.

These committees, as well as the Trust Board, receive reports from senior managers of the Trust as well as external agencies. These reports provide assurance to the Trust Board that effective systems of control exist. Where weaknesses, or gaps in control, are identified, action plans are put in place and a lead executive director is responsible for implementation.

To ensure effective management and to provide evidence to support the Statement of Internal Control (SIC), the Trust Board must assure itself about the effectiveness of the operation of controls they have put in place to manage the principal risks. The Trust Board has identified and mapped assurance needs. The Trust Board has developed an integrated governance approach to provide improved assurance in its governance control arrangements. The objectives for 2007/08 to improve internal control, approved by the Trust Board, are:

- To continue the development of the Trust's assurance framework
- To improve the management review of incident analysis to provide evidence of management decisions and actions
- To continue the delivery of risk management training to all senior and department managers
- To continue the delivery of clinical risk update training and provide basic clinical risk training
- To increase the number of departments in the Trust that have completed comprehensive risk assessments
- To integrate the Trust's approach to risk assessment into business and service development plans and project plans
- To retain CNST Level 1
- To develop the new integrated risk management software (Sentinel) and support its use across all functions in the Trust
- To develop a systematic approach to the management of health and safety at team level
- To develop an investment strategy and agree the reporting needs and requirements in relation to Trust investments.

The Trust has provided assurance through completion of a declaration in March 2007 providing a position statement in respect of the Trust's compliance with the Core Healthcare Standards to the Healthcare Commission, this has been informed by key stakeholders, service users and carers, the PPI Forum and the Lincolnshire Health Scrutiny Committee.

The Trust will use the assurance framework to assure the Board and others that the Trust's key controls are being assessed and improved continuously.

Signed (on behalf of the Board)

Chief Executive Officer _____

Date _____

Independent auditor’s report to the Directors of the Board of Lincolnshire Partnership NHS Trust

I have examined the summary financial statements which comprises the Introduction, Income and Expenditure Account, Balance Sheet, Cash flow Statement, Statement of Recognised Gains and Losses and Management Costs.

This report is made solely to the Board of Lincolnshire Partnership NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Annual Report.

My responsibility is to report to you my opinion on the consistency of the summary financial statement within the Annual Report with the statutory financial statements.

I also read the other information contained in the Annual Report and consider the implications for my report if I become aware of any misstatement or material inconsistencies with the summary financial statement.

Basis of opinion

I conducted my work in accordance with Bulletin 1999/6 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board. My report on the statutory financial statements describes the basis of our audit opinion on those financial statements.

Opinion

In my opinion the summary financial statement is consistent with the statutory financial statements of the Trust for the period ended 30 September 2007.

David Brumhead
District Auditor
Littlemoor House
Littlemoor Lane
Eckington
Sheffield
S21 4EF

Date:

FOREWORD TO THE ACCOUNTS

LINCOLNSHIRE PARTNERSHIP NHS TRUST

These accounts for the six months ended 30 September 2007 have been prepared by the Lincolnshire Partnership NHS Trust under the National Health Service Act 2006 in the form which the Secretary of State has, with the approval of Treasury, directed.

INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD END 30 September 2007

	NOTE	2007/08 £000	2006/07 £000
Income from activities	3	**40,677**	75,907
Other operating income	4	**4,924**	11,095
Operating expenses	5	**(44,040)**	(85,383)
OPERATING SURPLUS/(DEFICIT)		**1,561**	1,619
Cost of fundamental reorganisation/restructuring*		**0**	0
Profit/(loss) on disposal of fixed assets	8	**0**	102
SURPLUS/(DEFICIT) BEFORE INTEREST		**1,561**	1,721
Interest receivable		**139**	133
Interest payable	9	**0**	0
Other finance costs - unwinding of discount	16	**(7)**	(14)
Other finance costs - change in discount rate on provisions		**0**	0
SURPLUS/(DEFICIT) FOR THE FINANCIAL PERIOD		**1,693**	1,840
Public Dividend Capital dividends payable		**(771)**	(1,378)
RETAINED SURPLUS/(DEFICIT) FOR THE FINANCIAL PERIOD		**922**	462

The notes on pages 1 to 40 form part of these accounts.
All income and expenditure is derived from continuing operations.

BALANCE SHEET AS AT 30 September 2007

	NOTE	30 September 2007 £000	31 March 2007 £000
FIXED ASSETS			
Intangible assets	10	**0**	0
Tangible assets	11	**48,103**	47,381
Investments	14.1	**0**	0
		48,103	47,381
CURRENT ASSETS			
Stocks and work in progress	12	**0**	0
Debtors	13	**4,686**	5,773
Investments	14.2	**0**	0
Cash at bank and in hand	18.3	**6,083**	100
		10,769	5,873
CREDITORS: Amounts falling due within one year	15	**(10,216)**	(7,053)
NET CURRENT ASSETS/(LIABILITIES)		**553**	(1,180)
TOTAL ASSETS LESS CURRENT LIABILITIES		**48,656**	46,201
CREDITORS: Amounts falling due after more than one year	15	**0**	0
PROVISIONS FOR LIABILITIES AND CHARGES	16	**(897)**	(811)
TOTAL ASSETS EMPLOYED		**47,759**	45,390
FINANCED BY:			
TAXPAYERS' EQUITY			
Public dividend capital	22	**23,895**	23,895
Revaluation reserve	17	**20,789**	19,546
Donated asset reserve	17	**56**	54
Government grant reserve	17	**0**	0
Other reserves	17	**0**	0
Income and expenditure reserve	17	**3,019**	1,895
TOTAL TAXPAYERS' EQUITY		**47,759**	45,390

The financial statements on pages 1 to 4 were approved by the Board on 13th June 2008 and signed on its behalf by:

Signed: ……(Chief Executive) Date: ……

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD END 30 September 2007

	2007/08	2006/07
	£000	£000
Surplus/(deficit) for the financial year before dividend payments	**1,693**	1,840
Fixed asset impairment losses	**(296)**	(346)
Unrealised surplus/(deficit) on fixed asset revaluations/indexation	**1,744**	3,605
Increases in the donated asset and government grant reserve due to receipt of donated and government grant financed assets	**0**	0
Defined benefit scheme actuarial gains/(losses)	**0**	0
Additions/(reductions) in "other reserves"	**0**	0
Total recognised gains and losses for the financial period	**3,141**	5,099
Prior period adjustment	**0**	0
Total gains and losses recognised in the financial period	**3,141**	5,099

CASH FLOW STATEMENT FOR THE PERIOD END 30 September 2007

	NOTE	2007/08 £000	2006/07 £000
OPERATING ACTIVITIES			
Net cash inflow/(outflow) from operating activities	18.1	**6,999**	2,019
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:			
Interest received		**118**	123
Interest paid		**0**	0
Interest element of finance leases		**0**	0
Net cash inflow/(outflow) from returns on investments and servicing of finance		**118**	123
CAPITAL EXPENDITURE			
(Payments) to acquire tangible fixed assets		**(363)**	(1,972)
Receipts from sale of tangible fixed assets		**0**	588
(Payments) to acquire intangible assets		**0**	0
Receipts from sale of intangible assets		**0**	0
(Payments to acquire)/receipts from sale of fixed asset investments		**0**	0
Net cash inflow/(outflow) from capital expenditure		**(363)**	(1,384)
DIVIDENDS PAID		**(771)**	(1,378)
Net cash inflow/(outflow) before management of liquid resources and financing		**5,983**	(620)
MANAGEMENT OF LIQUID RESOURCES			
(Purchase) of investments with DH		**0**	0
(Purchase) of other current asset investments		**0**	0
Sale of investments with DH		**0**	0
Sale of other current asset investments		**0**	0
Net cash inflow/(outflow) from management of liquid resources		**0**	0
Net cash inflow/(outflow) before financing		**5,983**	(620)
FINANCING			
Public dividend capital received		**0**	620
Public dividend capital repaid (not previously accrued)		**0**	0
Public dividend capital repaid (accrued in prior period)		**0**	0
Loans received from DH		**0**	0
Other loans received		**0**	0
Loans repaid to DH		**0**	0
Other loans repaid		**0**	0
Other capital receipts		**0**	0
Capital element of finance lease rental payments		**0**	0
Cash transferred (to)/from other NHS bodies*		**0**	0
Net cash inflow/(outflow) from financing		**0**	620
Increase/(decrease) in cash		**5,983**	0

* This line is only used by NHS Trusts that are dissolved mid-year.

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

The Secretary of State for Health has directed that the financial statements of NHS Trusts shall meet the accounting requirements of the NHS Trusts Manual for Accounts, which shall be agreed with HM Treasury. The accounting policies contained in that manual follow UK generally accepted accounting practice (UK GAAP) and HM Treasury's Financial Reporting Manual to the extent they are meaningful and appropriate to the NHS. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs. NHS Trusts are not required to provide a reconciliation between current cost and historical cost surpluses and deficits.

1.2 Acquisitions and discontinued operations

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

1.3 Income Recognition

Income is accounted for applying the accruals convention. The main source of income for the Trust is from commissioners in respect of healthcare services provided under local agreements. Income is recognised in the period in which services are provided. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

1.4 Intangible fixed assets

Intangible assets are capitalised when they are capable of being used in a Trust's activities for more than one year; they can be valued; and they have a cost of at least £5,000.

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis, except capitalised Research and Development which is revalued using an appropriate index figure. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic lives.

1.5 Tangible fixed assets

Capitalisation

Tangible assets are capitalised if they are capable of being used for a period which exceeds one year and they:

- individually have a cost of at least £5,000; or
- collectively have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

Expenditure on digital hearing aids in the year ended 31 March 2004 (but not in earlier years) was treated as capital expenditure, in accordance with the amendment to the Capital Accounting Manual issued in July 2003, giving rise to an increase in fixed assets regardless of the cost of the individual hearing aids. Subsequent purchases of digital hearing aids are capitalised only when the total value is greater than £5,000. Where small numbers of appliances are purchased the costs are expensed as incurred.

Valuation

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. They are restated to current value each year. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

All land and buildings are restated to current value using professional valuations in accordance with FRS15 every five years and in the intervening years by the use of indices. The buildings index is based on the All in Tender Price Index published by the Building Cost Information Service (BCIS). The land index is based on the residential building land values reported in the Property Market Report published by the Valuation Office.

Professional valuations are carried out by the District Valuers of the Revenue and Customs Government Department. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury. In accordance with the requirements of the Department of Health, the last asset valuations were undertaken in 2004 as at the prospective valuation date of 1 April 2005 and were applied on the 31 March 2005.

The valuations are carried out primarily on the basis of Depreciated Replacement Cost for specialised operational property and Existing Use Value for non-specialised operational property. The value of land for existing use purposes is assessed at Existing Use Value. For non-operational properties including surplus land, the valuations are carried out at Open Market Value.

Additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

All adjustments arising from indexation and five-yearly revaluations are taken to the Revaluation Reserve. All impairments resulting from price changes are charged to the Statement of Total Recognised Gains and Losses. Falls in value when newly constructed assets are brought into use are also charged there. These falls in value result from the adoption of ideal conditions as the basis for depreciated replacement cost valuations.

Assets in the course of construction are valued at current cost using the indexes as for land and buildings, as above. These assets include any existing land or buildings under the control of a contractor.

Residual interests in off-balance sheet Private Finance Initiative properties are included in tangible fixed assets as 'assets under construction and payments on account' where the PFI contract specifies the amount, or nil value at which the assets will be transferred to the Trust at the end of the contract. The residual interest is built up, on an actuarial basis, during the life of the contract by capitalising part of the unitary charge so that at the end of the contract the balance sheet value of the residual value plus the specified amount equal the expected fair value of the residual asset at the end of the contract. The estimated fair value of the asset on reversion is determined by the District Valuer based on Department of Health guidance. The District Valuer should provide an estimate of the anticipated fair value of the assets on the same basis as the District Valuer values the NHS Trust's estate.

Operational equipment other than IT equipment, which is considered to have nil inflation, is valued at net current replacement cost through annual uplift by the change in the value of the GDP deflator. Equipment surplus to requirements is valued at net recoverable amount.

Depreciation, amortisation and impairments

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. No depreciation is provided on freehold land and assets surplus to requirements.

Assets in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the District Valuer. Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life of the asset.

Impairment losses resulting from short-term changes in price that are considered to be recoverable in the longer term are taken in full to the revaluation reserve. These include impairments resulting from the revaluation of fixed assets from their cost to their value in existing use when they become operational. This may lead to a negative revaluation reserve in certain instances.

Where the useful economic life of an asset is reduced from that initially estimated due to the revaluation of an asset for sale, depreciation is charged to bring the value of the asset to its value at the point of sale.

Where, under Financial Reporting Standard 11, a fixed asset impairment is charged to the Income and Expenditure Account, offsetting income may be paid by the Trust's main commissioner using funding provided by the NHS Bank.

1.6 Donated fixed assets

Donated fixed assets are capitalised at their current value on receipt and this value is credited to the Donated Asset Reserve. Donated fixed assets are valued and depreciated as described above for purchased assets. Gains and losses on revaluations are taken to the Donated Asset Reserve and, each year, an amount equal to the depreciation charge on the asset is released from the Donated Asset Reserve to the Income and Expenditure account. Similarly, any impairment on donated assets charged to the Income and Expenditure Account is matched by a transfer from the Donated Asset Reserve. On sale of donated assets, the value of the sale proceeds is transferred from the Donated Asset Reserve to the Income and Expenditure Reserve.

1.7 Government Grants

Government grants are grants from government bodies other than funds from NHS bodies or funds awarded by Parliamentary Vote. Gains and losses on revaluations are also taken to the Government grant reserve and, each year, an amount equal to the depreciation charge on the asset is released from the Government grant reserve to the Income and Expenditure account. Similarly, any impairment on grant funded assets charged to the Income and Expenditure Account is matched by a transfer from the Reserve.

1.8 Private Finance Initiative (PFI) transactions

The NHS follows HM Treasury's Technical Note 1 (Revised) "How to Account for PFI transactions" which provides practical guidance for the application of the Application Note F to FRS 5 and the guidance 'Land and Buildings in PFI schemes Version 2'.
Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI obligations are recorded as an operating expense. Where the trust has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Income and Expenditure Account. Where, at the end of the PFI contract, a property reverts to the Trust, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year, as a tangible fixed asset.
Where the balance of risks and rewards of ownership of the PFI property are borne by the Trust, it is recognised as a fixed asset along with the liability to pay for it which is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

1.9 Stocks and work-in-progress

Stocks and work-in-progress are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to current cost due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

1.10 Research and development

Expenditure on research is not capitalised. Expenditure on development is capitalised if it meets the following criteria:

- there is a clearly defined project;
- the related expenditure is separately identifiable;
- the outcome of the project has been assessed with reasonable certainty as to:
  - its technical feasibility;
  - its resulting in a product or service which will eventually be brought into use;
- adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.

Expenditure so deferred is limited to the value of future benefits expected and is amortised through the income and expenditure account on a systematic basis over the period expected to benefit from the project. It is revalued on the basis of current cost. The amortisation charge is calculated on the same basis as used for depreciation i.e. on a quarterly basis. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. NHS Trusts are unable to disclose the total amount of research and development expenditure charged in the income and expenditure account because some research and development activity cannot be separated from patient care activity. Fixed assets acquired for use in research and development are amortised over the life of the associated project.

1.11 Provisions

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is material, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 2.2% in real terms.

Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS Trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 16.

Non-clinical risk pooling

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

1.12 Pension costs

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

The Scheme is subject to a full actuarial valuation every four years (until 2004,,based on a five year valuation cycle), and a FRS17 accounting valuation every year. An outline of these follows:

a) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the Scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such valuation,.which determined current contributions rates was undertaken as at 31March 2004 and covered the period from 1April 1999 to that date.

The conclusion of the 2004 investigation was that the scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004.However,after taking into account the changes in the benefits and contribution structure effective from 1 April 2008,the Scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay. On advice from the Scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities. Up to 30 September 2007, the vast majority of employees contributions at the rate of 6% of pensionable pay. From 1 April 2008, employees contributions are on a tiered scale from 5% to 8.5% of their pensionable pay depending on total earnings.

b) FRS 17 Accounting valuation

In accordance with FRS17, a valuation of the Scheme liability is carried out annually by the Scheme Actuary as at the balance sheet date by updating the results of the full actuarial valuation.

Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the Scheme Actuary. At this point the assumptions regarding the composition of the Scheme membership are updated to allow the Scheme liability to be valued.

The valuation of the Scheme liability as at 30 September 2007,is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2008 with summary global member and accounting data.

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

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of the last 3 years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

Early payment of a pension, with enhancement, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final years pensionable pay for death in service, and five times their annual pension for death after retirement, less pensions already paid, subject to a maximum amount equal to twice the member's final years pensionable pay less their retirement lump sum for those who die after retirement is payable.

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

The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee/member can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.

1.13 Liquid resources

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement. The Trust does not hold any investments with maturity dates exceeding one year from the date of purchase.

1.14 Value Added Tax

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

1.15 Foreign Exchange

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the Income and Expenditure Account.

1.16 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in Note 28 to the accounts.

1.17 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS Trust, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Income and Expenditure Account over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Income and Expenditure Account on a straight-line basis over the term of the lease.

1.18 Public Dividend Capital (PDC) and PDC Dividend

Public Dividend Capital represents the outstanding public debt of an NHS Trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the NHS Trust.

A charge, reflecting the forecast cost of capital utilised by the NHS Trust, is paid over as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the forecast average carrying amount of all assets less liabilities, except for donated assets and cash with the Office of the Paymaster General. The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets. A note to the accounts discloses the rate that the dividend represents as a percentage of the actual average carrying amount of assets less liabilities in the year.

1.19 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 each individual case is handled.

Losses and Special Payments are charged to the relevant functional headings in the Income and Expenditure Account on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). Note 30 is compiled directly from the losses and compensations register which is prepared on a cash basis.

2 SEGMENTAL ANALYSIS

No segmental analysis is shown as the sole activity of Lincolnshire Partnership NHS Trust in 2007/08 was the provision of specialist health services for the people in Lincolnshire with a learning disability, mental health or substance misuse problem.

For adults of working age with a mental health or substance misuse problem, the specialist services includes social care.

3. Income from Activities

	2007/08	2006/07
	£000	£000
Strategic Health Authorities	**0**	0
NHS Trusts	**26**	27
Primary Care Trusts	**33,239**	61,145
Foundation Trusts	**0**	0
Local Authorities	**7,067**	14,051
Department of Health	**0**	0
NHS Other	**0**	0
Non NHS:		
- Private patients	**0**	0
- Overseas patients (non-reciprocal)	**0**	0
- Road Traffic Act	**0**	0
- Injury cost recovery	**0**	0
- Other	**345**	684
	40,677	75,907

4. Other Operating Income

	2007/08	2006/07
	£000	£000
Patient transport services	**0**	0
Education, training and research	**728**	1,409
Charitable and other contributions to expenditure	**0**	0
Transfers from donated asset reserve	**1**	7
Transfers from government grant reserve	**0**	0
Non-patient care services to other bodies	**2,213**	5,770
Income Generation	**0**	0
Other income	**1,982**	3,909
	4,924	11,095

5. Operating Expenses

5.1 Operating expenses comprise:

	2007/08	2006/07
	£000	£000
Services from other NHS Trusts	**393**	787
Services from other NHS bodies	**148**	256
Services from Foundation Trusts	**0**	4
Purchase of healthcare from non NHS bodies	**2,635**	4,085
Directors' costs	**222**	478
Staff costs	**29,700**	58,408
Supplies and services - clinical	**582**	1,204
Supplies and services - general	**1,004**	1,705
Establishment	**1,752**	3,664
Transport	**199**	453
Premises	**1,972**	3,976
Bad debts	**0**	10
Depreciation	**1,179**	1,689
Amortisation	**0**	0
Fixed asset impairments and reversals	**0**	0
Audit fees	**67**	114
Other auditor's remuneration	**0**	1
Clinical negligence	**53**	105
Redundancy costs	**35**	165
Consultancy Services	**121**	0
Other	**3,978**	8,279
	44,040	85,383

Other expenditure for 2007/08 includes £3.1 million (£6.0 million for 2006/07) for the purchase of various social care services from non-NHS providers.

5.2 Operating leases

5.2/1 Operating expenses include:

	2007/08	2006/07
	£000	£000
Hire of plant and machinery	**0**	0
Other operating lease rentals	**864**	1,755
	864	1,755

5.2/2 Annual commitments under non - cancellable operating leases are:

	Land and buildings		**Other leases**	
	2007/08	2006/07	**2007/08**	2006/07
	£000	£000	**£000**	£000
Operating leases which expire:				
Within 1 year	**0**	6	**0**	0
Between 1 and 5 years	**130**	117	**298**	355
After 5 years	**941**	897	**0**	0
	1,071	1,020	**298**	355

6. Staff costs and numbers

6.1 Staff costs

	2007/08			2006/07
	Total	**Permanently Employed**	**Other**	
	£000	**£000**	**£000**	£000
Salaries and wages	**25,079**	24,100	979	49,231
Social Security Costs	**1,872**	1,852	20	3,766
Employer contributions to NHS Pension Scheme	**2,940**	2,932	8	5,795
Other pension costs	**0**	0	0	37
	29,891	**28,884**	**1,007**	58,829

6.2 Average number of persons employed

	2007/08			2006/07
	Total	**Permanently Employed**	**Other**	
	Number	**Number**	**Number**	Number
Medical and dental	**94**	85	9	90
Ambulance staff	**0**	0	0	0
Administration and estates	**499**	474	25	513
Healthcare assistants and other support staff	**66**	65	1	63
Nursing, midwifery and health visiting staff	**774**	767	7	779
Nursing, midwifery and health visiting learners	**8**	0	8	14
Scientific, therapeutic and technical staff	**153**	152	1	145
Social care staff	**130**	130	0	131
Other	**0**	0	0	0
Total	**1,724**	**1,673**	**51**	**1,735**

6.3 Employee benefits

	2007/08	2006/07
	£000	£000
Nil	**0**	0
	0	0

6.4 Management costs

	2007/08	2006/07
	£000	£000
Management costs	**2,029**	3,705
Income	**41,566**	77,546

6.5 Retirements due to ill-health

In 2007/08 there were no early ill-health retirements (2006/07 : 2) and the estimated additional pension liabilities of these will be nil (2006/07 : £7,106). The cost of these ill-health retirements will be borne by the NHS Business Services Authority Pensions Division.

7. Better Payment Practice Code

7.1 Better Payment Practice Code - measure of compliance

	April to September 2007 Number	April to September 2007 £000
Total Non-NHS trade invoices paid in the year	**8,915**	**10,988**
Total Non NHS trade invoices paid within target	**6,764**	**7,692**
Percentage of Non-NHS trade invoices paid within target	**76%**	**70%**
Total NHS trade invoices paid in the year	**525**	**3,690**
Total NHS trade invoices paid within target	**355**	**2,869**
Percentage of NHS trade invoices paid within target	**68%**	**78%**

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

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

	April to September 2007 £000	2006/07 £000
Amounts included within Interest Payable (Note 9) arising from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**0**	0

8. Profit/(Loss) on Disposal of Fixed Assets

Profit/(loss) on the disposal of fixed assets is made up as follows:

	April to September 2007 £000	2006/07 £000
Profit on disposal of fixed asset investments	**0**	0
(Loss) on disposal of fixed asset investments	**0**	0
Profit on disposal of intangible fixed assets	**0**	0
(Loss) on disposal of intangible fixed assets	**0**	0
Profit on disposal of land and buildings	**0**	102
(Loss) on disposal of land and buildings	**0**	0
Profits on disposal of plant and equipment	**0**	0
(Loss) on disposal of plant and equipment	**0**	0
	0	102

9. Interest Payable

	2007/08 £000	2006/07 £000
Finance leases	**0**	0
Late payment of commercial debt	**0**	0
Loans	**0**	0
Other	**0**	0
	0	0

10. Intangible Fixed Assets

	Software licences £000	Licenses and trademarks £000	Patents £000	Development expenditure £000	Total £000
Gross cost at 1 April 2007	0	0	0	0	0
Indexation				0	0
Impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
Additions purchased	0	0	0	0	0
Additions donated	0	0	0	0	0
Additions government granted	0	0	0	0	0
Disposals	0	0	0	0	0
Gross cost at 30 September 2007	**0**	**0**	**0**	**0**	**0**
Amortisation at 1 April 2007	0	0	0	0	0
Indexation				0	0
Impairments	0	0	0	0	0
Reversal of impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
Charged during the year	0	0	0	0	0
Disposals	0	0	0	0	0
Amortisation at 30 September 2007	**0**	**0**	**0**	**0**	**0**
Net book value					
- Purchased at 1 April 2007	0	0	0	0	0
- Donated at 1 April 2007	0	0	0	0	0
- Government granted at 1 April 2007	0	0	0	0	0
- Total at 1 April 2007	**0**	**0**	**0**	**0**	**0**
- Purchased at 30 September 2007	0	0	0	0	0
- Donated at 30 September 2007	0	0	0	0	0
- Government granted at 30 September 2007	0	0	0	0	0
- Total at 30 September 2007	**0**	**0**	**0**	**0**	**0**

11. Tangible Fixed Assets

11.1 Tangible Fixed Assets

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2007	13,743	30,829	394	96	1,744	122	2,896	481	50,305
Additions purchased	0	16	0	437	0	0	0	0	453
Additions donated	0	0	0	0	0	0	0	0	0
Additions government granted	0	0	0	0	0	0	0	0	0
Impairments	(114)	(182)	0	0	0	0	0	0	(296)
Reclassifications	0	86	0	(86)	0	0	0	0	0
Indexation	743	2,771	36	0	27	0	0	2	3,579
Other in year revaluation	(403)	(1,299)	(18)	0	(13)	0	0	(1)	(1,734)
Disposals	0	0	0	0	(24)	0	0	0	(24)
Cost or Valuation at 30 September 2007	**13,969**	**32,221**	**412**	**447**	**1,734**	**122**	**2,896**	**482**	**52,283**
Depreciation at 1 April 2007					930	120	1,444	430	2,924
Charged during the year	0	807	81		61	1	225	4	1,179
Impairments	0	0	0	0	0	0	0	0	0
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0		0	0	0	0	0
Indexation	0	195	3		5	0		0	203
Other in year revaluation		(98)	(2)		(2)	0	0	0	(102)
Disposals	0	0	0		(24)	0	0	0	(24)
Depreciation at 30 September 2007	**0**	**904**	**82**	**0**	**970**	**121**	**1,669**	**434**	**4,180**
Net book value									
- Purchased at 1 April 2007	13,743	30,775	394	96	814	2	1,452	51	47,327
- Donated at 1 April 2007	0	54	0	0	0	0	0	0	54
- Government granted at 1 April 2007	0	0	0	0	0	0	0	0	0
- Total at 1 April 2007	**13,743**	**30,829**	**394**	**96**	**814**	**2**	**1,452**	**51**	**47,381**
- Purchased at 30 September 2007	13,969	31,261	330	447	764	1	1,227	48	48,047
- Donated at 30 September 2007	0	56	0	0	0	0	0	0	56
- Government granted at 30 September 2007	0	0	0	0	0	0	0	0	0
- Total at 30 September 2007	**13,969**	**31,317**	**330**	**447**	**764**	**1**	**1,227**	**48**	**48,103**

11.1 Tangible Fixed Assets (contd)

Of the totals at 30 September 2007, £403,000 related to land valued at open market value and £597,000 related to buildings valued at open market value and £0 related to dwellings valued at open market value.

The net book value of assets held under finance leases and hire purchase contracts at the balance sheet date are as follows:

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 30 September 2007	0	0	0	0	0	0	0	0	**0**
At 31 March 2007	0	0	0	0	0	0	0	0	**0**

The total amount of depreciation charged to the income and expenditure in respect of assets held under finance leases and hire purchase contracts:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Depreciation 30 September 2007	0	0	0	0	0	0	0	0	**0**
Depreciation 31 March 2007	0	0	0	0	0	0	0	0	**0**

11.2 The net book value of land, buildings and dwellings at 30 September 2007 comprises:

	30 September 2007	31 March 2007
	£000	£000
Freehold	**38,603**	42,407
Long leasehold	**7,013**	2,559
Short leasehold	**0**	0
TOTAL	**45,616**	44,966

11.3 Economic Lives of Fixed Assets

	Minimum Number of Years	**Maximum Number of Years**
Software Licences	**-**	-
Licences and trademarks	**-**	-
Patents	**-**	-
Development Expenditure	**-**	-
Buildings, excluding dwellings	**7**	79
Dwellings	**7**	41
Plant and Machinery	**5**	16
Transport Equipment	**8**	8
Information Technology	**4**	10
Furniture and Fittings	**7**	11

12. Stocks and Work in Progress

	30 September 2007	31 March 2007
	£000	£000
Raw materials and consumables	**0**	0
Work-in-progress	**0**	0
Finished goods	**0**	0
TOTAL	**0**	0

13. Debtors

	30 September 2007	31 March 2007
	£000	£000
Amounts falling due within one year:		
NHS debtors	**2,646**	4,591
Provision for irrecoverable debts	**0**	0
Other prepayments and accrued income	**1,277**	292
Other debtors	**624**	757
Sub Total	**4,547**	5,640
Amounts falling due after more than one year:		
NHS debtors	**139**	133
Provision for irrecoverable debts	**0**	0
Other prepayments and accrued income	**0**	0
Other debtors	**0**	0
Sub Total	**139**	133
TOTAL	**4,686**	5,773

Other Debtors include £0 prepaid pension contributions at 30 September 2007 (£0 at 31 March 2007)

14. Investments

14.1 Fixed Asset Investments

	£000	£000	£000	**Total £000**
Balance at 1 April 2007	0	0	0	**0**
Additions	0	0	0	**0**
Disposals	0	0	0	**0**
Revaluations	0	0	0	**0**
Balance at 30 September 2007	**0**	**0**	**0**	**0**

14.2 Current Asset Investments

	£000	£000	£000	**Total £000**
Balance at 1 April 2007	0	0	0	**0**
Additions	0	0	0	**0**
Disposals	0	0	0	**0**
Revaluations	0	0	0	**0**
Balance at 30 September 2007	**0**	**0**	**0**	**0**

15. Creditors

15.1 Creditors at the balance sheet date are made up of:

	30 September 2007 £000	31 March 2007 £000
Amounts falling due within one year:		
Bank overdrafts	**0**	0
Current instalments due on loans	**0**	0
Interest payable	**0**	0
Payments received on account	**0**	0
NHS creditors	**508**	1,125
Non - NHS trade creditors - revenue	**1,437**	2,668
Non - NHS trade creditors - capital	**410**	321
Tax	**1,279**	128
Social security costs	**0**	0
Obligations under finance leases and hire purchase contracts	**0**	0
Other creditors	**1,597**	1,510
Accruals and deferred income	**4,985**	1,301
Sub Total	**10,216**	7,053
Amounts falling due after more than one year:		
Long - term loans	**0**	0
Obligations under finance leases and hire purchase contracts	**0**	0
NHS creditors	**0**	0
Other	**0**	0
Sub Total	**0**	0
TOTAL	**10,216**	7,053

Other creditors include;

£0 for payments due in future years under arrangements to buy out the liability for 0 early retirements over 5 years; and

£719,784 outstanding pensions contributions at 30 September 2007 (31 March 2007 £710,062).

15.2 Loans [and other long-term financial liabilities]

	30 September 2007	31 March 2007
	£000	£000
Amounts falling due:		
In one year or less	**0**	0
Between one and two years	**0**	0
Between two and five years	**0**	0
Over 5 years	**0**	0
TOTAL	**0**	0

	30 September 2007	31 March 2007
	£000	£000
Wholly repayable within five years	**0**	0
Wholly repayable after five years, not by instalments	**0**	0
Wholly or partially repayable after five years, by instalments	**0**	0
TOTAL	**0**	0

15.3 Finance lease obligations

	30 September 2007	31 March 2007
	£000	£000
Payable:		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
	0	0
Less finance charges allocated to future periods	**0**	0
	0	0

15.4 Finance Lease Commitments

Lincolnshire Partnership NHS Trust has no finance lease commitments at the balance sheet date.

16. Provisions for liabilities and charges

	Pensions relating to former directors	Pensions relating to other staff	Legal claims	Restructurings	Other	**Total**
	£000	£000	£000	£000	£000	**£000**
At 1 April 2007	0	518	84	69	140	**811**
Arising during the year	0	0	111	0	0	**111**
Utilised during the year	0	(21)	(9)	0	(2)	**(32)**
Reversed unused	0	0	0	0	0	**0**
Unwinding of discount	0	5	0	0	2	**7**
At 30 September 2007	**0**	**502**	**186**	**69**	**140**	**897**
Expected timing of cashflows:						
Within one year	0	41	186	69	4	**300**
Between one and five years	0	156	0	0	16	**172**
After five years	0	305	0	0	120	425

Pensions relating to other staff refers to early retirements previously agreed, for which the amount and timing of the provision is reasonably certain.

Legal claims are based upon estimates provided by the Trust's Solicitors. These claims are expected to be settled in the 12 months following 30th September 2007.

Other provisions consist of a sum for injury benefits. This is a back to back provision with commissioners. The opposite entry is in NHS debtors.

£231,180 is included in the provisions of the NHS Litigation Authority at 30 September 2007 in respect of clinical negligence liabilities of the NHS Trust (31 March 2007 £824,907).

17. Movements on Reserves

Movements on reserves in the year comprised the following:

	Revaluation Reserve	Donated Asset Reserve	Government Grant Reserve	Other Reserves	Income and Expenditure Reserve	**Total**
	£000	£000	£000	£000	£000	**£000**
At 1 April 2007 as previously stated	19,546	54	0	0	1,895	**21,495**
Prior Period Adjustments	0	0	0	0	0	**0**
At 1 April 2007 as restated	19,546	54	0	0	1,895	**21,495**
Transfer from the income and expenditure account					922	**922**
Fixed asset impairments	(296)	0	0			**(296)**
Surplus/(defict) on other revaluations/indexation of fixed/current assets	1,741	3	0			**1,744**
Transfer of realised profits/(losses) to the income and expenditure reserve	(54)	0	0		54	**0**
Receipt of donated/government granted assets		0	0			**0**
Transfers to the income and expenditure account		(1)	0			**(1)**
Other transfers between reserves	(148)	0	0	0	148	**0**
Other movements on reserves				0		**0**
Reserves eliminated on dissolution	0	0	0	0	0	**0**
At 30 September 2007	**20,789**	**56**	**0**	**0**	**3,019**	**23,864**

18. Notes to the cash flow Statement

18. 1 Reconciliation of operating surplus to net cash flow from operating activities:

	2007/08	2006/07
	£000	£000
Total operating surplus/(deficit)	**1,561**	1,619
Depreciation and amortisation charge	**1,179**	1,689
Fixed asset impairments and reversals	**0**	0
Transfer from donated asset reserve	**(1)**	(7)
Transfer from the government grant reserve	**0**	0
(Increase)/decrease in stocks	**0**	0
(Increase)/decrease in debtors	**1,107**	(1,017)
Increase/(decrease) in creditors	**3,074**	(271)
Increase/(decrease) in provisions	**79**	6
Net cash inflow/(outflow) from operating activities before restructuring costs	**6,999**	2,019
Payments in respect of fundamental reorganisation/restructuring	**0**	0
Net cash inflow from operating activities	**6,999**	2,019

18.2 Reconciliation of net cash flow to movement in net debt

	2007/08	2006/07
	£000	£000
Increase/(decrease) in cash in the period	**5,983**	0
Cash (inflow) from new debt	**0**	0
Cash outflow from debt repaid and finance lease capital payments	**0**	0
Cash (inflow)/outflow from (decrease)/increase in liquid resources	**0**	0
Change in net debt resulting from cash flows	**5,983**	0
Non - cash changes in debt	**0**	0
Net debt at 1 April 2007	**100**	100
Net debt at 30 September 2007	**6,083**	100

18.3 Analysis of changes in net debt

	At 1 April 2007	Cash Transferred (to)/from other NHS bodies	Other cash changes in year	Non-cash changes in year	**At 30 September 2007**
	£000	£000	£000	£000	**£000**
OPG cash at bank	65	0	5,993		**6,058**
Commercial cash at bank and in hand	35	0	(10)		**25**
Bank overdraft	0	0	0		**0**
Loan from DH due within one year		0	0	0	**0**
Other debt due within one year	0	0	0	0	**0**
Loan from DH due after one year		0	0	0	**0**
Other debt due after one year	0	0	0	0	**0**
Finance leases	0	0	0	0	**0**
Current asset investments	0	0	0		**0**
	100	**0**	**5,983**	**0**	**6,083**

19. Capital Commitments

Commitments under capital expenditure contracts at 30 September 2007 were £868,855 (31 March 2007 £6,143)

20. Post Balance Sheet Events

Lincolnshire Partnership NHS Trust made an application to the Regulator, Monitor, to become an NHS Foundation Trust. Authorisation was granted on 1st October 2007 and the Trust ceased to be an NHS Trust from that date.This event has no material effect on the accounts to 30 September 2007. There are no other post balance sheet events that have a material effect on the accounts.

21. Contingencies

	2007/08	2006/07
	£000	£000
Contingent liabilities	**0**	0
Amounts recoverable against contingent liabilities	**0**	0
Net value of contingent liabiliies	**0**	0
Contingent Assets	**0**	0

* The contingencies disclosed above relate to legal claims against the Trust. Provisions have been made for these claims, as advised by the NHS Litigation Authority, and are included in note 16.

There are a large number of equal pay claims across the NHS nationally being co-ordinated by the Employment Tribunal. Of these, 23 have been lodged against Lincolnshire Partnership NHS Trust. The Tribunal is in the process of setting timetables for the provision of further information by the Claimants followed by responses by the employers to the information sought and provided. Until this information has been exchanged it is not possible to estimate the Trust's liability (if any) but it is possible that a liability may crystallise in the future.

22. Movement in Public Dividend Capital

	2007/08	2006/07
	£000	£000
Public Dividend Capital as at 1 April 2007	**23,895**	23,275
New Public Dividend Capital received (including transfers from dissolved NHS Trusts)	**0**	620
Public Dividend Capital repaid in year	**0**	0
Public Dividend Capital written off	**0**	0
Public Dividend Capital transferred to Foundation Trust	**0**	0
Other movements in Public Dividend Capital in year	**0**	0
Public Dividend Capital as at 30 September 2007	**23,895**	**23,895**

23. Financial Performance Targets

23.1 Breakeven Performance

The Trust's breakeven performance for 2007/08 is as follows:

	Cumulative opening balance brought forward from 1997 to 2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
	£000	£000	£000	£000	£000	£000
Turnover	131,275	69,244	78,025	82,934	87,002	45,601
Retained surplus/(deficit) for the year	8	9	11	3	462	922
Adjustment for:						
- Timing/non-cash impacting distortions						
- Use of pre - 1.4.97 surpluses [FDL(97)24 Agreements]	0	0	0	0	0	0
- 1999/00 Prior Period Adjustment (relating to 1997/98 and 1998/99)						
- 2000/01 Prior Period Adjustment (relating to 1997/98 to 1999/00)						
- 2001/02 Prior Period Adjustment (relating to 1997/98 to 2000/01)						
- 2002/03 Prior Period adjustment (relating to 1997/98 to 2001/02)						
- 2003/04 Prior Period Adjustment (relating to 1997/98 to 2002/03)	0					
- 2004/05 Prior Period Adjustment (relating to 1997/98 to 2003/04)	0	0				
- 2005/06 Prior Period Adjustment (relating to 1997/98 to 2004/05)	0	0	0			
- 2006/07 Prior Period Adjustment (relating to 1997/98 to 2005/06)	0	0	0	0		
- 2007/08 Prior Period Adjustment (relating to 1997/98 to 2006/07)	0	0	0	0	0	
- Other agreed adjustments	0	0	0	0	0	0
Break-even in-year position	8	9	11	3	462	922
Break-even cumulative position	8	17	28	31	493	1,415
The Trust's recovery plan, approved by the SHA aims to achieve break-even at the agreed breakeven date. This should be the date of the financial year end e.g. 2008.					0	0
If anticipated financial year of recovery is more than two years state the period agreed with SHA					0	0
Materiality test (I.e. is it equal to or less than 0.5%):						
- Break-even in-year position as a percentage of turnover	0.01%	0.01%	0.01%	0.00%	0.53%	2.02%
- Break-even cumulative position as a percentage of turnover	0.01%	0.02%	0.04%	0.04%	0.57%	3.10%

23.2 Capital cost absorption rate

The Trust is required to absorb the cost of capital at a rate of 3.5% of average relevant net assets. The rate is calculated as the percentage that dividends paid on public dividend capital, totalling £771,000, bears to the average relevant net assets of £43,629,000, that is 1.8% for 6 months (equivalent to 3.5% annualised).

The variance from 3.5% for the annualised figure is within the Department of Health's materiality range of 3.0% to 4.0%.

23.3 External financing

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

	£000	**2007/08 £000**	2006/07 £000
External financing limit		**(5,983)**	620
Cash flow financing	(5,983)		0
Finance leases taken out in the year	0		0
Other capital receipts	0		0
External financing requirement		**(5,983)**	620
Undershoot		**0**	0

23.4 Capital Resource Limit

The Trust is given a capital resource limit which it is not permitted to overspend

	2007/08 £000	2006/07 £000
Gross capital expenditure	**453**	1,899
Less: book value of assets disposed of	**0**	(487)
Plus: loss on disposal of donated assets	**0**	0
Less: capital grants	**0**	0
Less: donations towards the acquisition of fixed assets	**0**	0
Charge against the capital resource limit	**453**	1,412
Capital resource limit	**453**	2,133
Underspend against the capital resource limit	**0**	721

24. Related Party Transactions

Lincolnshire Partnership NHS Trust is a body corporate established by order of the Secretary of State for Health.

During the six months none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Lincolnshire Partnership NHS Trust.

The Department of Health is regarded as a related party. During the six months Lincolnshire Partnership NHS Trust has had a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent Department. These entities are listed below:

	2007/08 £000's	2006/07 £000's
Income derived for the provision of health services from Lincolnshire Teaching PCT	32,627	60,248
Income derived from the Department of Health for medical and nurse training	577	1,125
Expenditure on services from United Lincolnshire Hospitals NHS Trust	1,261	2,654
Superannuation payable to the Department of Health	4,302	8,461

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 adult mental health social care income (£5.3 million 2007/08, £10.3 million 2006/07) and adult learning disability services income (£1.8 million 2007/08, £3.7 million 2006/07).

The Trust has also received revenue payments from a number of charitable funds, certain of the Trustees for which are also members of the NHS Trust Board.

The audited accounts of the Funds Held on Trust can be obtained from the Director of Finance and Assurance.

25. Private Finance Transactions

25.1 PFI schemes deemed to be off-balance sheet

	2007/08	2006/07
	£000	£000
Amounts included within operating expenses in respect of PFI transactions deemed to be off-balance sheet - gross	**0**	0
Amortisation of PFI deferred asset	**0**	0
Net charge to operating expenses	**0**	0

The Trust is committed to making no payments during the next year.

25.2 'Service' element of PFI schemes deemed to be on-balance sheet

	2007/08	2006/07
	£000	£000
Amounts included within operating expenses in respect of the 'service' element of PFI schemes deemed to be on-balance sheet	**0**	0
Amortisation of PFI deferred asset	**0**	0
Net charge to operating expenses	**0**	0

The Trust is committed to making no payments during the next year.

26 Pooled Budget

The Trust is not part of a formal pooled budget arrangement as defined in the NHS Finance Manual.

The Trust is working with health and social care partners to agree a formal pooled budget arrangement for adult mental health and social care services.

27 Financial Instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Trust has with local Primary Care Trusts and the way those Primary Care Trusts are financed, the NHS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The NHS Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Trust in undertaking its activities.

As allowed by FRS 13, debtors and creditors that are due to mature or become payable within 12 months from the balance sheet date have been omitted from all disclosures other than the currency profile.

Liquidity risk

The NHS Trust's net operating costs are incurred under annual service agreements with local Primary Care Trusts, which are financed from resources voted annually by Parliament. The NHS Trust also largely finances its capital expenditure from funds made available from Government under an agreed borrowing limit. Lincolnshire Partnership NHS Trust is not, therefore, exposed to significant liquidity risks.

Interest-Rate Risk

100% of the Trust's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. Lincolnshire Partnership NHS Trust is not, therefore, exposed to significant interest-rate risk. The following two tables show the interest rate profiles of the Trust's financial assets and liabilities:

27.1 Financial Assets

Currency	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate: Weighted average interest rate	Fixed rate: Weighted average period for which fixed	Non-interest bearing: Weighted average term
	£000	£000	£000	£000	%	Years	Years
At 30 September 2007							
Sterling	6,222	6,058	139	25	2.20%	0	0
Other	0	0	0	0	0.00%	0	0
Gross financial assets	**6,222**	**6,058**	**139**	**25**			
At 31 March 2007							
Sterling	233	76	133	24	2.20%	0	0
Other	0	0	0	0	0.00%	0	0
Gross financial assets	**233**	**76**	**133**	**24**			

27.2 Financial Liabilities

Currency	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate: Weighted average interest rate	Fixed rate: Weighted average period for which fixed	Non-interest bearing: Weighted average term
	£000	£000	£000	£000	%	Years	Years
At 30 September 2007							
Sterling	(139)	0	(139)	0	2.20%	0	0
Other	0	0	0	0	0.00%	0	0
Gross financial liabilities	**(139)**	**0**	**(139)**	**0**			
At 31 March 2007							
Sterling	(133)	0	(133)	0	2.20%	0	0
Other	0	0	0	0	0.00%	0	0
Gross financial liabilities	**(133)**	**0**	**(133)**	**0**			

Note: The non-interest bearing liability is public dividend capital and is of unlimited term.

Foreign Currency Risk

The Trust has no foreign currency income or expenditure.

27.3 Fair Values

Set out below is a comparison, by category, of book values and fair values of the Trust's financial assets and liabilities as at 30 September 2007.

	Book Value	Fair Value	Basis of fair valuation
	£000	£000	
Financial assets			
Cash	6,083	6,083	
Debtors over 1 year:			
- Agreements with commissioners to cover creditors and provisions	139	139	Note a
Investments	0	0	
Total	6,222	6,222	
Financial liabilities			
Overdraft	0	0	
Creditors over 1 year:			
- Early retirements	0	0	
- Finance leases	0	0	
Provisions under contract	(139)	(139)	Note b
Loans	0	0	
Public dividend capital	0	0	Note c
Total	(139)	(139)	

Notes

a These debtors reflect agreement with commissioners to cover creditors over 1 year for early retirements and provisions under contract, and their related interest charge/unwinding of discount. In line with notes b and c,

b To obtain fair value, cash flows have been discounted at prevailing market interest rates for finance leases for a similar term .

c Fair value is not significantly different from book value since, in the calculation of book value, the expected cash flows have been discounted by the Treasury discount rate of 2.2% (2006-07 2.2%) in real terms.

28 Third Party Assets

The Trust held £15,889 cash at bank and in hand at 30 September 2007 (£29,290 at 31 March 2007) which relates to monies held by the NHS Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the accounts.

29 Intra-Government and Other Balances

	Debtors: amounts falling due within one year	Debtors: amounts falling due after more than one year	Creditors: amounts falling due within one year	Creditors: amounts falling due after more than one year
	£000	**£000**	**£000**	**£000**
Balances with other Central Government Bodies	2,080	139	2,945	0
Balances with Local Authorities	1,079	0	42	0
Balances with NHS Trusts and Foundation Trusts	48	0	747	0
Balances with Public Corporations and Trading Funds	0	0	24	0
Balances with bodies external to government	1,340	0	6,458	0
At 30 September 2007	**4,547**	**139**	**10,216**	**0**
Balances with other Central Government Bodies	4,605	133	1,319	0
Balances with Local Authorities	193	0	58	0
Balances with NHS Trusts and Foundation Trusts	136	0	628	0
Balances with Public Corporations and Trading Funds	0	0	16	0
Balances with bodies external to government	706	0	5,032	0
At 31 March 2007	5,640	133	7,053	0

30 Losses and Special Payments

There were 11 cases of losses and special payments totalling £17,629 paid during April to September 2007 (2006/07: 16 cases £3,987).

The total costs included in this note are on a cash basis and will not reconcile to the amounts in the notes to the accounts which are prepared on an accruals basis.