NHS
Countess of Chester Hospital
NHS Foundation Trust

Annual Report & Accounts

2017/2018

Presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.

The Countess of Chester Hospital NHS Foundation Trust

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1. The Performance Report

1.1 Performance Overview

Statement from the Chairman & Chief Executive

Welcome to the 2017/18 Annual Report of the Countess of Chester Hospital NHS Foundation Trust. Our vision is to deliver NHS care locally that makes our staff and our community proud by being Safe, Kind and Effective in everything that we do. Looking back on our highlights from the year, we have much to reflect on in terms of our achievements during a challenging 12 months for ourselves and the rest of the NHS.

Being safe

This year we have seen the highest levels of patient demand on our services for many years. This has impacted in a number of areas, our Emergency Department, our inpatient beds and bed occupancy, thereby reducing our capacity to treat planned elective patients, and shortfalls in residential and nursing care home beds reducing the opportunity to discharge medically fit patients. Despite this, our staff have risen to the challenge, and the pride they take in their hospital and their work is obvious to see. We are therefore continuing to build on our current Care Quality Commission rating of 'Good', with the aim of improving to 'Outstanding' at the time of our next inspection.

The challenges are very real however, with a combination of increasing numbers of more elderly patients with significant clinical needs, together with the pressure of our income being insufficient to cover our costs resulting in stretching financial efficiency targets. Last year we delivered a 4.6% efficiency saving across the Trust, with a similar level needed for 2018/19.

In October we opened our new GP Urgent Treatment Centre with an acute geriatrician at the front door of our Emergency Department to help assess and streamline the flow of the emergency patients that come to us.

Despite this additional capacity, our ability to meet the national target of 95% of patients seen within four hours of arriving in the Emergency Department, has been compromised again in 2017/18. Related measures of performance that have been impacted upon by the sustained levels of demand include our infection control targets (C. diff), mixed sex accommodation breaches, elective cancellations and referral to treatment targets. The detail of our 2017/18 performance, including quality, can be viewed in both the Performance Analysis section that follows and in the Quality Report.

Being kind

Everything we do in our hospital is dependent on our staff doing the right thing, being caring and kind, and supporting our patients in the best way they can. Our staff are our greatest asset – from talented doctors, surgeons, nurses, midwives, therapists, pharmacists, healthcare assistants, domestics and porters as well as the vast range of highly experienced support staff in corporate or administrative roles. We want our patients to have the best possible experience they can whilst they are under our care, and to do so we recognise that the wellbeing of our staff is principal in supporting this.

Last year, the Trust launched its People and Organisational Development Strategy & Delivery Plan, including new staff behavioural standards. These behavioural standards are helping to create the right organisational culture for clinical engagement and continuous improvement, which in turn will achieve our values of Safe, Kind & Effective to deliver the Trust's strategic work programmes and vision.

In August 2017 we were honoured to help organise the wedding of patient Bill Sansby and his partner Maggie on Ward 45. Having spent 6 months in hospital Bill asked Maggie to marry him, and the ward staff were more than happy to help make the arrangements for the wedding on the ward two weeks later. The wedding was a great success, and we wish Bill and Maggie all the best in the future.

In November we honoured our staff at our yearly Celebration of Achievement Awards, with staff from all areas being recognised for their care and hard work during what was a truly inspiring evening filled with optimism, pride and excellence. Congratulations and thank you again to all the winners and nominees for all of your outstanding efforts over the past 12 months.

Our Stroke Unit recently picked up an award at the North West Coast Research and Innovation Awards 2018, acknowledging their fantastic work achieving a world first in the MEDIS trial. The Stroke team have also been recognised as a Hyper-acute Stroke Research Centre, supported by colleagues at the Walton Centre, because of MEDIS and other studies demonstrating their long-standing commitment to innovation. To put this achievement into context, we are one of only a handful of Trusts in the UK to be granted this status. This has only been possible due to the ambition, dedication and positive approach taken by everyone on the unit, along with the invaluable support they receive from other areas such as the Emergency Department and Radiology.

Being effective

During 2017/18 we have generated savings of nearly £11.4m and met our financial plans and with national Sustainability & Transformation Fund incentive monies received, and an agreed transfer of the BabyGro Appeal funds, our final position was a £1.8m surplus before the reversal of previous year impairments which we will be reinvesting. We therefore continue to manage our finances and our estates to the best of our ability, with capital funds limited also.

This year as part of our Model Hospital efficiency programme, we implemented our Care Co-ordination Centre based on our Teletracking system. To do this we installed more than 4,000 infra-red sensors above hospital beds and doorways that read from small devices carried by our patients, staff and equipment. This provides real time information to the live ward electronic bed boards, and to the Care Coordination Centre that supports staff in getting patients to the right beds more efficiently. The technology also automates workflows, certain domestic duties and discharge processes to allow NHS staff to

spend more time with patients instead of on administrative tasks. It is a flagship project in turning around our approach to patient flow and providing faster, safer care by increasing the responsiveness of our NHS workforce.

Our new electronic rostering system is helping ward managers and their teams plan rotas weeks in advance, in an automated way that reduces dependency on paper based systems and frees up more time for patient care. This information is being enhanced with use of real time data of patient acuity on the ward. It supports the allocation of staffing based on the complexity of the patient conditions on a ward at any given time, and can inform decision making around whether staff are distributed appropriately across all areas.

Looking ahead

We are looking forward to 2018/19. It is the 70th anniversary of the NHS this year and we will be celebrating accordingly. The Trust is committed to serving the needs of its population and patients, and we have embarked on our plan to re-develop our neonatal facilities following the successful closure of the Babygrow Appeal. This will re-provide 16 neonatal cots in a new state of the art unit. We are also starting along the journey of replacing our current patient information system (Meditech) this year as part of the Global Digital Exemplar Fast Follower programme. When complete this will give us a new flagship digital information system, which together with our current Care Coordination System will provide us with class leading real-time information supporting the safe delivery of care for our patients.

We are also working hard with our local health and care system partners across Western Cheshire to develop a new Integrated Care Provider (ICP), which will bring together acute, community, GP and mental health services to offer a much greater streamlined and co-ordinated care offer for our population. The Countess of Chester Hospital NHS Foundation Trust with host the ICP which will initially focus on frail elderly patients, those with respiratory conditions, and the coordination of care across our locality.

It is vital that we engage with our partners more widely also, and we will undertake a joint clinical services review this year with Wirral Hospital Foundation Trust, and participate in a number of programmes across Cheshire and Merseyside as part of its developing Health and Care Partnership.

There is much to keep us busy and focused. We all look forward to contributing to the continued success of our hospitals for the people of Cheshire and North Wales who depend on our care, treatment and services. We want the NHS to prosper during the next 70 years also, and we are committed to doing so.

Sir Duncan Nichol CBE
Chairman
22nd May 2018

Tony Chambers
Chief Executive
22nd May 2018

Stroke unit celebrates world first with new trial

A stroke patient at the Countess became the first person to take part in a global study of a pioneering new treatment in 2017.The procedure, called Magnetically Enhanced Diffusion for Acute Ischaemic Stroke (MEDIS), can potentially push life-saving drugs through the bloodstream 30 times faster than they travel normally and significantly decrease the risk of long-term disability.

(left to right) Stroke research assistant Samantha Seagrave, consultant Mr Kausik Chatterjee, consultant Mr Nallasivan, consultant Tim Webster, radiographer Victoria Barnett, radiographer Naomi Leadbetter, consultant Mr Chakraborty and stroke research nurse Sandra Leason.

"In research we need to keep an open mind, but MEDIS is a very simple idea and that's the beauty of it," Stroke consultant Mr Kausik Chatterjee said. "It can work and if it does work it will change the whole treatment pathway for strokes."

MEDIS involves microscopic iron beads being injected via the arm, before a rotating magnet causes them to spin in the blood vessel and force clot-busting drugs through the circulatory system more quickly.

The Countess is one of four research centres in the UK taking part in the trial, but the Countess was the first in the world to recruit a patient to take part.

Mr Chatterjee, who is also the stroke lead for the Clinical Research Network, Northwest Coast, said: "This is a rare event and a great achievement for my team. Our record for research, although we are a small centre, is really good and that's why we were chosen to take part in this ground-breaking study."

He added: "The support we get from our radiology department here is unique. Our studies are very dependent on radiology helping us and they are very much part of our extended family, but I'd like to thank everyone at the Countess for their support."

About the Countess of Chester Hospital NHS Foundation Trust

The Trust comprises the Countess of Chester Hospital, a 600 bed hospital, providing the full range of acute and a number of specialist services, and also Ellesmere Port Hospital, a rehabilitation, intermediate care and outpatient facility. The Trust was authorised as a Foundation Trust by Monitor in 2004.

The Trust employs over 3,600 whole time equivalent staff and provides acute emergency and elective services, primary care direct access services and obstetric services to a population of approximately 264,000 residents mainly in Chester and surrounding rural areas, Ellesmere Port and Neston and also to patients from the Deeside area of Flintshire which has a population of approximately 152,000. There are more than 500,000 patient attendances at the hospital every year, ranging from a simple outpatient appointment to major cancer surgery.

We are the main Trust serving West Cheshire and provide services to Welsh patients covered by Betsi Cadwaladr University Local Health Board. Welsh patients represent approximately one fifth of the workload of the Trust.

Foundation trusts are established as public benefit corporations and operate as independent public institutions which are not subject to direction by the Secretary of State for Health or the performance management requirements of the Department of Health. As a Foundation Trust we set our own strategy within the framework of contracts with our commissioners and other regulatory regimes to continually improve the quality and safety of patient care. Our Trust provides acute emergency and elective services, primary care direct access services and obstetric services to our local population. The Trust works closely with our local health system partners in the Wirral and Cheshire area and our local communities.

The Trust is arranged into three clinical Divisions: Urgent Care, Planned Care and Diagnostics and Pharmacy, plus support services which include Estates and Facilities.

Strategic Context

Our vision at The Countess of Chester Hospital NHS Foundation Trust is to deliver NHS care locally that makes our staff and our community proud by being *Safe, Kind* and *Effective*.

We cannot do this in isolation however, and we are we are engaging in a number of programmes of work internally and externally which are described below -

Model Hospital – The Model Hospital aims to show how good clinical practice, workforce management and careful spending will lead to measurable efficiency improvements, while retaining and improving quality. This programme of change aims to –

- Re-imagine what services could look like
- Be Safe, Kind and Effective in everything that we do
- Finding faster, better, cheaper ways of doing things
- Making change easier and working as one team
- Focusing on how we spend what we have differently
- Knowing how we are doing to help us understand how we can be better
- All staff understanding how they can contribute to improve

The Model Hospital is driven through four main principles –

1. Accountability
2. Reliability
3. Operational Transparency
4. Value

Two years into the programme there has been significant progress to meet our aims. This includes the implementation of the Trust Coordination Centre and the continued roll out of our acuity-based staff rostering system, both of which are providing greater operational transparency and a central location for managing the hospital. This greater use of technology will support our clinical teams in driving and improving our operational efficiencies, and releasing more clinical time to care.

Our early priorities were to embed a high performance culture by laying the foundations for the coming years. Our investment in medical leadership is now complete and a significant number of our staff have attended the High Performance workshops based on our developed behavioural standards. This will affect everyone at all levels of the organisation. As well as expectations around behaviour, the goals we are working towards and our role in delivery will be even clearer.

We have made good progress and have focussed heavily on improving our processes to become more efficient and improve ways of working in our outpatient departments, theatres and across the wards. This will continue into next year.

The Model Hospital Programme has continued to evolve over the last year into the following key work streams -

Patient Flow / Model Ward – This coming year we will be launching the Model Ward programme that aims to re-imagine what the safest, kindest and most effective inpatient ward looks like. The focus is on the leadership, workforce, culture, processes and clinical variation within all of our wards.

In addition, we are focusing on our emergency medicine pathways, older person's assessment pathway and working with the wider West Cheshire system to explore different models of care within our inpatient settings, and build on our successful transformation this year.

Theatre Efficiency – Improving inpatient and daycase theatre session utilisation remains a key priority in line with national benchmarking, in order to reduce costs. This year we have seen improvements in our pre-operative assessment and scheduling processes. Over the coming year we will see continued focus on start times, cancellations, endoscopy and an increase in day case rates. The implementation of the Teletracking system this year will allow us to understand our processes in a much greater level of detail to enable to us to improve further.

Outpatient Efficiency – This year we have seen significant improvements in booking processes to reduce DNA rates and maximise clinic capacity. This continues into next year with a focus on how technology can support patient scheduling, and progress specialty performance reviews, in order to review different ways of working to reduce the need for face-to-face follow up appointments, in line with patient need and based on national benchmarking.

Coordination Centre – We are the first acute trust in the UK to implement a patient and asset tracking system in full which has completely changed the way in which we all work to match our workforce to patient need, and manage flow through the hospital. The system provides real time information about our patients' status and our operational position at any given time. Over the coming year our focus is to develop the system further to ensure the Trust maximises the benefits this technology can offer.

Acuity Based Workforce – Our acuity based e-rostering system is one-of-a-kind and is now fully operational across all of nursing and midwifery. This is now using real-time patient acuity to support decision making. As well as releasing more time for nursing care through switching from paper to electronic systems, it is improving how we plan our workforce to meet our patients need. Over the coming year this will be rolled out across other staff groups such as therapies.

Workforce (Pay & Variable Pay) – Through a new Medical Workforce Board we have continued our efforts to minimise spend in this area and ensure control specifically within variable pay. Continued focus remains on locum payments, overtime and medical agency spend.

Get It Right First Time (GIRFT) – As an organization we have engaged with the national programme of GIRFT to understand and benchmark how we perform in terms of clinical variation and practices. A number of reviews and action plans have been developed over a number of specialties and this will continue over the coming year. This benchmarking is being used in triangulation with other national data points such as the national Model Hospital Portal.

Quality Improvement – We have been working on developing our Quality Improvement (QI) Strategy which aims to create capacity and capability across the Trust to further the development of Safe, Kind and Effective clinical and non-clinical pathways that are fit for the future. The intention is to work across the organisation to ensure that QI is applied in all areas and a strategic approach is taken to ensure that QI efforts are targeted intelligently, and that successful measurable outcomes are delivered.

Business As Usual – The traditional way of departments finding their own internal efficiencies.

We do not underestimate the amount of change required to continue to deliver Safe, Kind and Effective services within challenging financial constraints. We do, however, believe the work we have done over the last year within our Model Hospital Programme has set us up to be in the best position to deliver these challenging, but achievable plans.

Model Hospital Showcase

More than 60 healthcare professionals from across the country visited the Countess in early December 2017 for the Trust's first Model Hospital Showcase.

The event gave NHS colleagues from outside the Trust a chance to see our Model Hospital Programme in action by finding out about the wide variety of projects being worked on to streamline processes and increase efficiencies whilst improving or maintaining high standards of care.

Guests were taken on tours of the new Co-ordination Centre and endoscopy, while there were talks about the switch to an acuity-based workforce, the new behavioural standards and the Intermediate Care Unit.

"The Model Hospital Showcase was a fantastic opportunity to share best practice with our visitors, giving us a chance to learn from one another," Director of Planning and Partnerships Ian Bett said. "It's important that we share our findings with NHS colleagues from elsewhere and vice versa. It only makes all of us stronger and more equipped to improve and provide the best possible service for our patients."

"It's about delivering a service to be proud of whilst making the best use of all the resources we have."

He added: "When people ask what the Model Hospital means I usually sum it up by saying one word: Value. It's about delivering a service to be proud of whilst making the best use of all the resources we have. The showcase demonstrated that we have a great deal to be proud of at the Countess and since the event we've been inundated with positive feedback. I'd like to say thank you to everyone who was involved with making it so successful.

Cheshire & Mersey Health & Care Partnership

Previously described as the STP, the Trust has participated in the continuing development of the Cheshire and Mersey (C&M) Health & Care Partnership (H&CP) as part of the implementation of the Five Year Forward View.

The Health and Care Partnership has developed a number of programmes of work, with both a local and regional emphasis. So called 'place based' models of care (9 across Cheshire and Mersey) are seen as the key to transform the integrated delivery of care for our patients, with acute, GP, community and mental health services working much more closely together. These will be supported by a number of wider cross cutting workstreams including the sustainability of acute services, how we develop widespread shared support services, mental health services, and the control of demand.

The Trust will engage and support all the relevant programmes and workstreams as they develop over the next 12 months, however, its main focus is on the West Cheshire (place) Integrated Care Partnership.

West Cheshire Integrated Care Partnership

Over the last 12 months, the Trust in association with its local health and care system partners has been developing our new Integrated Care Partnership (ICP). The aim of this is to bring together acute, community, GP and mental health services to offer a much greater streamlined and co-ordinated care offer for the population of West Cheshire and Vale Royal. It has been agreed that the Countess of Chester Hospital NHS Foundation Trust, as a Foundation Trust, will host the ICP, which will initially focus on frail elderly patients, those with respiratory conditions, and the coordination of care across our locality.

From September 2018 it is anticipated that a number of discrete services from the partner organisations will transfer into a shadow ICP as the first major step towards integration. We aim to constitute the ICP formally from April 2019.

Wirral & West Cheshire Acute Alliance

We continue to develop our joint working opportunities with our neighbour, Wirral University Hospital NHS Foundation Trust. Over the last year we have explored how our clinical services including Women & Children's and Urology can work more closely together to continue to deliver the best quality of care we can for our combined patients.

A key activity for both Trusts in the new financial year will be to undertake a clinical services strategy review which has been requested by our commissioners. This will explore the key risks and opportunities our respective clinical services are dealing with, and recommending future configuration options that we may explore.

We will continue to explore how our remaining non-clinical back office services will operate, to ensure we get best value from them, and the most efficient ways of working. This work will align with the Cheshire and Mersey 'Carter at Scale' Programme also, which is exploring options for more wide scale alignment opportunities.

Principal Risks Faced by the Trust –

The following table shows the Trust's 2017/18 strategic risks from our assurance framework -

Strategic Risk in 2017/18	Board Committee	Risk score at quarter 4*
Failure to maintain and enhance the quality and safety of the patient experience and ensure regulatory compliance	Quality, Safety and Patient Experience	4x3=12
Unable to meet demand for services within available resources	Finance and Integrated Governance	4x4=16
Failure to collaboratively innovate and transform the Trusts clinical services	Finance and Integrated Governance	4x3=12
Failure to implement People & organisational Development Strategy & Delivery Plan	People and Organisational Development	4x4=16
Failure to deliver in year financial plan and manage consequences of delivering a deficit budget	Finance and Integrated Governance	4x3=12
Failure to comply with Compliance Framework	Finance and Integrated Governance	4x4=16
Failure to maintain robust corporate governance and overall assurance	Finance and Integrated Governance	4x3=12
Failure to maintain Information Governance standards	Finance and Integrated Governance	3x4=12
Failure to provide appropriate informatics infrastructure, systems and services that affect high quality patient care in-line with the business	Finance and Integrated Governance	4x3=12

* The risk score is formed based on 'likelihood' and 'severity/impact rating' as follow -

- Severity/Impact: 5-Catastrophic, 4-Major, 3-Moderate, 2-Minor, 1-Insignificant
- Likelihood: 5-Almost certain, 4-Likely, 3-Possible, 2-Unlikely, 1-Rare
- The grading bands of risks are: 1-5 Very low, 6-8 Low, 9-15 Moderate, 16-25 High.

2017/18 has been a demanding year for the Trust, as we have operated below the emergency standards access measure of four hours. Acute patient flow, with slow development of capacity outside the hospital, continues to be a risk and concern into 2018/19. This is having an impact on a number of strategic risks. Financial plan risks along with financial and recovery plans have been a high risk in 2017/18 and will continue into 2018/19.

1.2 Going Concern Overview

International Accounting Standard (IAS) 1 requires management to assess, as part of the accounts preparation process, the NHS Foundation Trust's ability to continue as a going concern. In accordance with the Department of Health and Social Care Group Accounting Manual the financial statements have been prepared on a going concern basis as we do not either intend to apply to the Secretary of State for the dissolution of the NHS Foundation Trust without the transfer of the services to another entity, or consider that this course of action will be necessary.

The Trust's performance in-year showed a pre-impairment reversal surplus of £1.8m after the receipt of £4.9m additional 'incentive' Sustainability and Transformation (STF) funding which is a favourable variance (to the original plan submitted to NHS Improvement at the start of the year.

During the year, the Trust required £6.7m interim revenue loans from the Department of Health and Social Care to support the revenue cash position.

The current 2018/19 forecasts show a (pre-impairments) planned surplus of £3.0m including £7.3m of STF funding. To achieve this, the Trust will need to meet its performance targets and deliver cost reductions of £10.8m (equivalent to 4.3% of expenditure), which includes £4.5m which currently has been classified as high risk.

In addition, the Trust will apply for an interim capital loan to finance its 2018/19 capital program. The Trust finished the year with £9.1m cash and the £4.9m Incentive STF available to support the £3.9m of outstanding capital creditors and ongoing revenue position. The latest operating and cash flow forecasts currently show that the Trust should be able to finance its revenue requirements from internal sources, although this is dependent on the successful delivery of its financial plan and there may potentially be a revenue cash requirement due to phasing of cost reduction schemes. Further capital financing will be required for 2019/20.

Due to the significant reduction in capital funding available to the sector, NHS Improvement will review the interim capital loan application, to ensure that it meets its requirements of being 'urgent and necessary' only. It is possible that not all of the required capital loan will be approved, in which case the relevant capital expenditure would need to be deferred until a later date, when funding would be re-applied for.

Contracts for 2018/19 have been agreed with all English Commissioners, securing over 80% of our clinical income. Our contract with Betsi Cadwaladr LHB remains outstanding; we anticipate agreement will be reached by the end of June 2018.

1.3 Performance Analysis

The Board receives the Integrated Performance Report each month, structured round Safe, Kind and Effective care which include detailed exception reports, and performance against key quality indicators. This includes actions being undertaken to address any risks and uncertainties. The Board receives quarterly updates on cancer performance, a winter resilience plan during quarter three and ad hoc reports pertaining to specific areas of operational risk.

Key Performance Indicators, by Quarter, 2017/18

	Target	Q1	Q2	Q3	Q4
Infection Control Targets					
Clostridium Difficile	24	6	7	7	9
MRSA	0	0	0	1	0
Waiting Times					
Total time in A&E	95%	85.5%	85.4%	81.5%	77.8%
Diagnostic 6 week target	99%	98.0%	98.7%	98.2%	97.0%
% RTT incomplete Pathway	92%	91.0%	91.0%	91.0%	89.2%
Cancer Targets					
14 days – all cancers	93%	95.9%	96.9%	96.1%	98.4%
14 days-breast symptomatic	93%	84.4%	93.0%	90.9%	97.3%
31 day – decision to treat to treatment	96%	100%	100%	100%	100%
31 days – subsequent surgical treatment	94%	90.4%	98.36%	91.3%	100%
31 days - subsequent non-surgical treatment	98%	100%	100%	100%	100%
62 days – first treatment from urgent GP referral	85%	82.0%	80.1%	81.8%	74.3%
62 days – first treatment from screening referral	90%	97.3%	87.8%	89.7%	95.5%

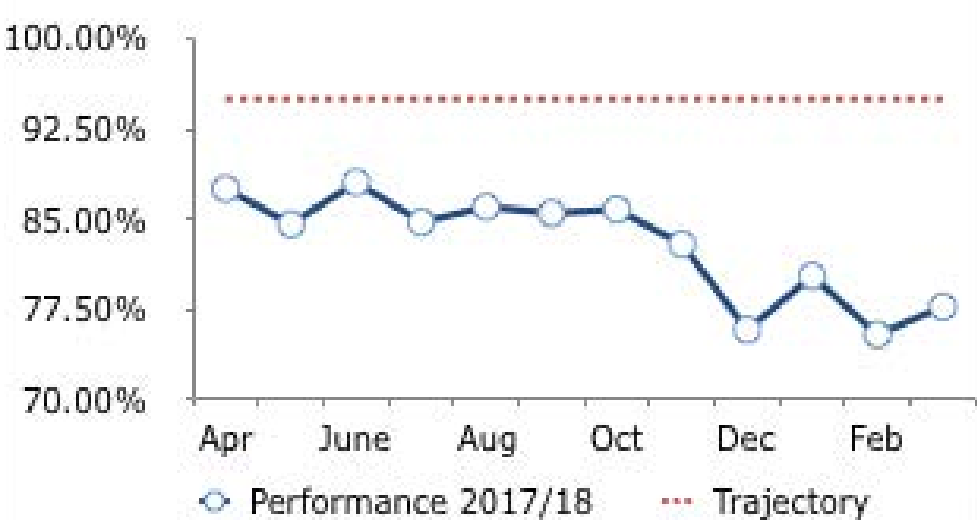
Infection Control

The Trust did not achieve the Clostridium difficile infection objective of no more than 24 cases within the year. 29 cases of Clostridium difficile infection were reported during 2017/18. There was a single case of avoidable MRSA bacteraemia infection in December 2017.

Emergency Department/A&E Access Measure

This access measure is to achieve a maximum wait time of four hours in A&E from patient arrival to admission, transfer or discharge. Performance has remained below the 95% target this year. Along with other trusts nationally, we have found this a challenging time, despite the use of escalation beds throughout the year. The Trust has been working with the Emergency Care Improvement programme since November 2017 building on our own improvement workstreams with the aim of improving performance against this measure. The number of medically optimised patients and Delayed Transfers of Care remains higher than expected leading to very high levels of bed occupancy and significant escalation to our external partners. The Trust delivered a primary care streaming service and co-located Urgent Treatment Centre, in line with national expectations, through partnership with Cheshire and Wirral Partnership Trust.

A&E 4 Hour Wait Performance

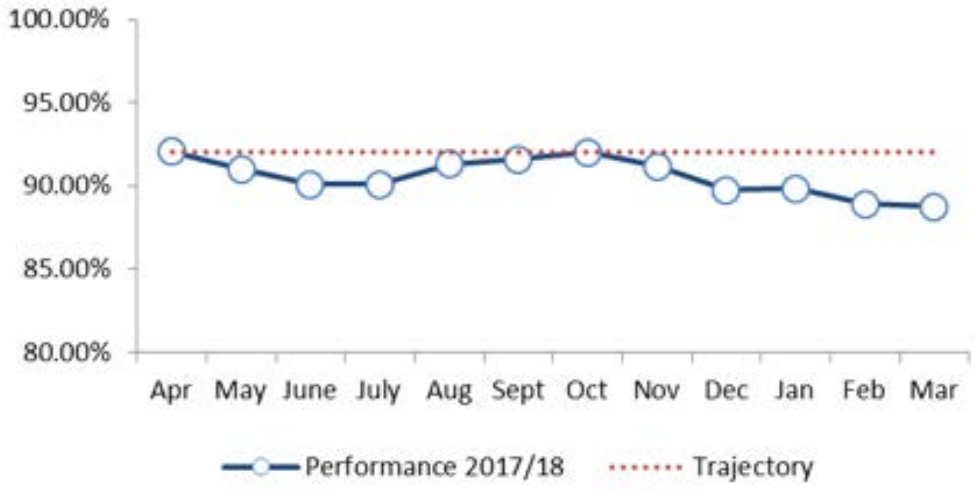


18 Weeks Referral to Treatment (RTT)

The threshold for this target is 92% and monitors the percentage of incomplete pathways for English patients within 18 weeks of referral to treatment. With the exception of April and October, we did not achieve this threshold during 2017/18. Increases in demand, coupled with high bed occupancy from pressures in urgent and emergency pathways, have required close monitoring and intervention throughout the year. From December to April the elective programme of work was repeatedly reduced due to capacity constraints. Rigorous data validation work has been undertaken, along with updates to our booking processes and referral management systems. The Trust is working to reduce the number of cancelled or missed appointments to improve utilisation and continue to improve the productivity in theatres through improved patient communication via text messaging services.

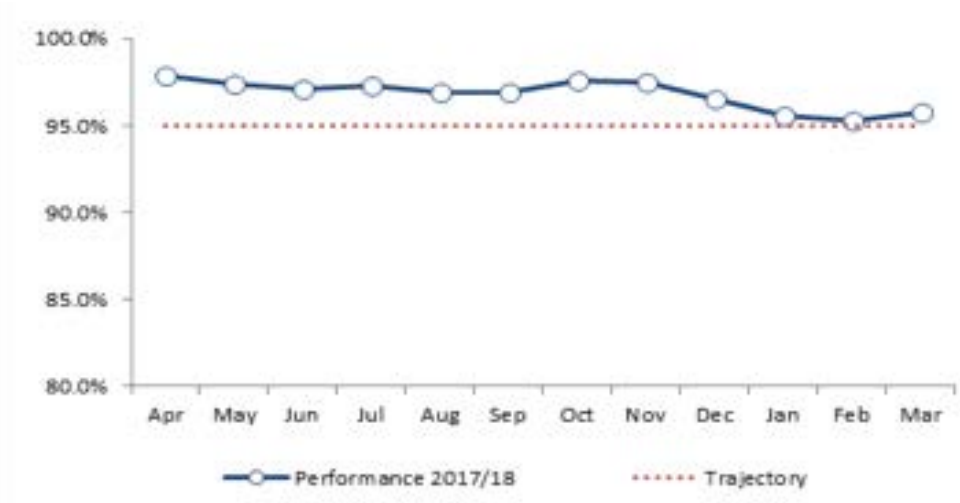
The following graph shows the English referral to treatment performance by month.

English 18 Weeks RTT - Incomplete



The RTT target in Wales of 26 weeks is different to the English target and Welsh patients are normally seen within the contractual target. The graphs showing the Welsh target performance for admitted and non-admitted patients, by month, can be seen as follows.

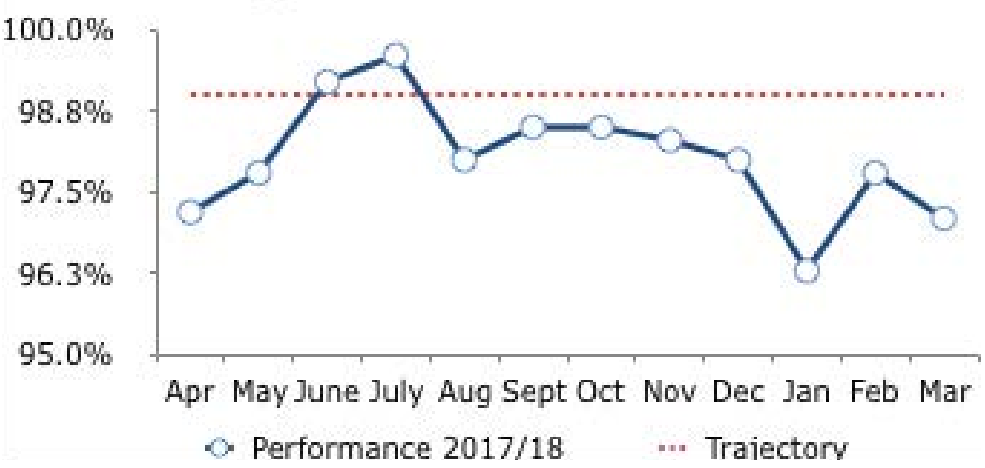
Welsh 18 Weeks RTT - Incomplete



Diagnostics Six Week Standard

This standard is for diagnostic tests to be carried out within six weeks of the request being received. We achieved the 99% target in June and July but did not achieve the threshold for the remainder of 2017/18. We have seen a significant improvement within echocardiography and work has been undertaken this year to improve data quality, with future work planned to undertake a full capacity and demand review. From August the Trust included vascular scanning within the standard return which reduced performance. Demand for imaging services continues to grow. Despite this growth the Trust has again achieved the six week standard within the radiology modalities of CT, MRI and non-obstetric ultrasound. Increased demand for endoscopy services, specifically colonoscopy, requires further capacity within the service.

Diagnostics within 6 Weeks



Cancer 62 Day Standard

The 62 Day Cancer standard continues to be a challenge, although the Trust is working collaboratively with primary care to improve patient pathways. Certain specialities have been prioritised and we are monitoring outcomes against agreed actions. A new national/network reallocation policy came into effect on the 1st April 2017. The Trust Board received an in-depth review of cancer services, risks to delivery of the target and ongoing service improvement work in February 2017.

2017/18 has seen a further increase in A&E attendances. Whilst non-elective admissions did not significantly increase, a more complex case-mix was seen in this activity. Outpatient activity is reducing in line with overall West Cheshire commissioning plans to move activity closer to home.

Activity	2015-16	2016-17	2017-18	% change
Elective inpatients	4,900	4,905	4,328	-11.8%
Elective day case patients (Same day)	32,834	32,902	32,804	-0.3%
Non-elective (urgent) inpatients	31,916	31,991	31,939	-0.2%
Outpatients - first attendance	69,243	67,767	68,725	1.4%
A&E	69,254	70,743	74,491	5.3%

Summary Hospital Mortality Indicator (SHMI)

The SHMI quarterly values for 2017/18 were -

Year	COCH SHMI	Best Trust	Worst Trust	Outlier Alert Level
Apr 16 - Mar 17	1.13	0.72	1.24	Red
July 16-Jun 17	1.14	0.74	1.24	Red
Oct 16-Sep 17	1.09	0.72	1.25	Amber
Jan 16-Dec 17	1.04	0.71	1.19	Green

These figures are based on the latest HSCIC SHMI model, updated 22 March 2018. At the beginning of the year the SHMI was an outlier with a 'Red' alert. Improvements to mortality coding have taken place during the year and the SHMI is now no longer an outlier.

The most recent available Hospital Standardised Mortality Ratios (HSMR) is for the period February 2017 – January 2018 and is 98. Within this, the HSMR for weekday admissions was 95.57 and for weekend admissions 105.41. There have been no HSMR mortality outlier alerts in the past year.

Equality, Diversity and Human Rights

We have a well-developed and award winning equality governance framework, which includes patients and third sector organisations from across the full range of protected characteristics.

We undertake a significant number of inclusion and engagement activities with protected groups which are overseen by our Equality, Diversity and Human Rights Strategy Group and the equality sub groups that report into it.

The following achievements in 2017/18 are a consequence of our transparent, inclusive and engaging equality, diversity and human rights agenda and we are proud to have achieved the following -

- Delivered system changes and reasonable adjustments to meet the ***Accessible Information Standard for Health and Social Care*** (AIS).
- NHS Equality Delivery System 2 (EDS2) rating in 2017/18 scored the Trust at ***Achieving*** status across fourteen of the eighteen EDS2 outcomes, the remaining four being rated as ***Excelling*** following assessment by stakeholder groups from the protected characteristics and Health Watch.
- Successfully awarded Partner Alumni status in 2017, after completing the ***NHS Employers Diversity and Inclusion Partners programme*** that year.
- Published our third annual ***NHS Workforce Race Equality Standard*** (WRES) submission for the year 2017/18.
- Facilitated forum and consultation events to for Staff who are disabled or have a long term condition, in preparation for the NHS England Workforce Disability Equality Standard (WDES) launch in April 2018.
- Retained the ***Navajo Charter Mark*** in May 2017 for commitments to Staff and Patients who identify as Lesbian, Gay Bisexual, Trans and Intersexed, which stands for the period 2017-19.
- Attained ***Disability Confident Employer*** (Level 2) Status accreditation in February 2018, for policies, support and development opportunities for disabled employees.

- Co-facilitated ***multi-agency health and wellbeing forums*** with stakeholder groups representing the protected characteristics, including an event for people with mental health problems and those who face economic and health inequalities.
- Continued to facilitate stakeholders from across the protected characteristics to be involved and in some cases, chair, the Trust's equality groups, the ***equality governance framework*** and joint working initiatives.
- Co-facilitated events in partnership with statutory and 3rd sector organisations e.g. One World Week and ***Chester LGBT Pride***.
- Enhanced the governance and accessibility of the ***Health Passport and Reasonable Adjustments*** for disabled people and Carers.
- Set in place preparations for the new NHS Sexual Orientation Monitoring Standard, as an NHS Employer Pilot site, which is due to be launched in April 2018.

Looking ahead, the Trust will look to develop even further its engagement and collaboration with stakeholder groups within our community and across our members of staff representing the protected characteristics.

Health & Safety

A full review of the Trust's Health and Safety Policies has been undertaken and approved by the Health & Safety Committee in 2017. Training and risk assessment has also been refreshed in year.

Modern Slavery Statement

The Trust is committed to ensuring there is no modern slavery or human trafficking in any part of our business activity. Our commitment to social and environmental responsibility is covered by our approach to modern slavery and human trafficking, which is part of our safeguarding strategy and arrangements.

Safeguarding

Our commitment to ensure no modern slavery is reflected in a number of our policies and procedures. These include our ***Safeguarding and Promoting the Welfare of Children***, ***Safeguarding Adults Policy*** and ***Safeguarding Strategy***, which have been developed and maintained within the national and local safeguarding children governance and accountabilities frameworks. It includes guidance on initial contact with a suspected human trafficking victim and the National Referral Mechanism.

Training and Promotion

Our safeguarding training includes role relevant modern slavery awareness and resources to promote understanding of the Department of Health's project around Provider Responses, Treatment and Care for Trafficked People (PROTECT).

1.4 Progress against our Sustainable Development Plan

Introduction

As an NHS organisation, and as a spender of public funds, we have an obligation to work in a way that has a positive effect on the communities we serve. Sustainability means spending public money well, the smart and efficient use of natural resources and building healthy, resilient communities. By making the most of social, environmental and economic assets we will continue to improve health both in the immediate and long term. We will do this even in the context of the rising cost of natural resources. The Trust ensured that the social and environmental impacts embedded in the legal requirements of the Public Services (Social Value) Act (2012) were met.

A Sustainable Development Management Plan is being developed which will outline the Trust's vision for sustainability over the next 5 years. This will ensure that the Trust continues to meet all legislative, contractual and mandatory responsibilities relating to sustainable development. It will ensure that sustainable developments are aligned to the strategic objectives of the Trust.

Economic Contribution

The Trust employs over 3,600 whole time equivalent staff. Over the last four years the Trust has made a major contribution to the economic growth of the community and the prosperity of its people. Year on year the Trust makes a significant contribution to the training and development of doctors and nurses. It has strong links with Chester and Liverpool Universities. During 2017/18, the Trust has been heavily focused on its support for the Widening Participation and Apprenticeship agenda, with over 60 apprentices being recruited to the Trust during the year in a range of multi-disciplinary posts. This was further supported by the Apprenticeship Awards, where six of our most talented apprentices and their educational supervisors received trust-wide recognition at what was a hugely uplifting ceremony and one of the highlights in the Trust's calendar.

Good Corporate Citizenship (GCC)

One of the ways in which we measure our impact as an organisation on corporate social responsibility is through the use of the Good Corporate Citizenship (GCC) self-assessment tool. The last time we used the tool we scored 53%. In 2016 the Trust's reporting was graded as poor by the NHS's Sustainable Development Unit and we were placed in twenty first position in our peer group of 37 Small Acute Trusts. The Trust aims to improve on its poor rating and progress to excellent within the next five years; achieving, at least, a minimum rating this year.

The Trust's linen services team have supported Kisizi Hospital (Africa) by donating sheets that don't meet exacting NHS standards (maximum number of washes). Regular exchange visits continue featuring infection control improvements and the provision of soap, towels and flannels.

The Trust is proud to have been awarded the Bronze Award under the Armed Forces Covenant Employer Recognition Scheme for their support for recruiting armed forces colleagues into heath. To support this work further, the Trust has joined the NHS Employers Step in to Health programme and was among a small group of Trusts at the national launch alongside the Duke of Cambridge, who sponsors the programme.

Travel

In partnership with Cheshire West and Chester Council we introduced a more accessible direct bus route (20,000 passengers per year) and a 'park & ride' option to encourage more staff and patients to use public transport.

However, there has been little shift away from car use by patients and staff at the hospital. The travel action plan therefore includes the following objectives for the next three years -

1. To reduce the proportion of single occupancy car use by promoting car sharing
2. To increase the proportion of staff using public transport including the new Park & Ride
3. To increase levels of walking and cycling amongst staff
4. Cut staff travel to meetings by making greater use of teleconferencing, webinars and the like.

The Trust has installed a number of charging points for electric cars and is expanding the number of electric vehicles within the fleet. In line with Government policy on the reduction of both diesel and petrol vehicles over the coming year demand for electric vehicle charging points is predicted to continue to increase To meet this demand we are planning to install more car charging points at the Countess in the coming year.

Catering

The Trust buys as much fresh food as possible on a daily basis and all its main food items, such as fresh meat, bread, dairy products, fruit vegetables and frozen and chilled items are sourced locally. Tuna is responsibly fished and the Trust offers an excellent range of fair trade products. Craig Hough, head of catering, maintains: "We believe using high-quality local products offers our patients the best quality food. It also helps us to work with our suppliers to cut down on transport, saving cost and reducing air pollution. Our ingredients cost just under £3 per patient per day due to our waste being very low at around 3% - we monitor all our food and waste continually. The 3% waste is collected and converted to Bioenergy."

Procurement

The Trust has sustainability principles within the procurement process so that they have become an integral part of all relevant contracts, at pre-tender, tender and post-contract award stages (including monitoring and evaluation), through to the end of the life of the contract and including any disposal of equipment. The Supplies Team manage the recycling of toner cartridges used by Trust. All Procurement staff carry out Ethical and Sustainability training to ensure awareness of sustainability issues.

Procurement Staff work with suppliers to reduce packaging and deliveries in addition to questioning the need for new items. In addition, Procurement staff encourage small and medium enterprises (SMEs) and local suppliers to bid for appropriate work through relevant frameworks. Lastly, Procurement works with the local University to provide work placements and where appropriate take on apprentices and provide a robust training plan.

Waste Management

We recycle 100% of our refuse waste either through RDF (refuse derived fuel) or cardboard recycling. Batteries, mobile phones, computers and light fittings are all recycled as the Trust's drive to reduce land fill continues. Proactive management of clinical waste and appropriate waste streaming has also reduced the level of incineration by 27% over the last 2 years.

Energy Management

As a key component of our Environmental Strategy, the Trust has continued to promote responsible Energy Management. We are committed to operate in the most energy efficient manner possible in our use of buildings, plant and equipment wherever this is cost-effective. The Trust monitors energy and water consumption on a daily basis to ensure waste is minimised. We have a CHP (Combined heat and power plant) on site which supports the optimisation of energy consumption.

We have gained more control over energy consumption through review and improvement of purchasing, operating, motivation and training practices. We have invested in a rolling programme of energy saving measures to generate returns for reinvestment in further Energy Management activities. We have commenced a lighting replacement programme to convert all lighting units to LED.

The Countess of Chester Country Park

The Countess of Chester Country Park is now a thriving 29 hectare public space having been transformed from a derelict brownfield site. The Trust continues to work with partners, led by the Land Trust, to sustain and enhance the Country Park though appropriate maintenance whilst maximising opportunities for community engagement through a range of health and wellbeing, educational and environmental initiatives. Events include 'Health Walks' and a 'Walk-to-Run' programme. Building on these initiatives a cycle programme with 'Learn to Cycle' and 'Cycle with Confidence' schemes is planned. The Trust is also looking forward to the expansion of its Green Gym on site and further educational initiatives with local schools and Chester University.

Long Term Climate Change

The Trust has worked with partners to understand how climate change may impact on the hospital and has included appropriate provisions in contingency planning and major incident responses.

In the long term, summers may get hotter. The hospital has emergency plans to address the extremes of both summer and winter conditions. There may also be impacts from floods due to more extreme weather fluctuations. The hospital is built on relatively high ground. The risk of high water levels causing building damage is, therefore, low. Our most recent new build project includes a swale to allow storm water to drain into a natural water course. By working with the Environment Agency the Trust was able to avoid a high volume plastic holding tank involving a deep excavation, transport and disposal to off-site land fill.

Other Measures

In 2017 the Trust switched to electronic payslips and P60s. This is saving the equivalent cost of 50,000 sheets of A4 heavy duty paper and printing per annum.

Urgent Treatment Centre Opened

A new Urgent Treatment Centre opened at The Trust in October 2017 supporting patients to be seen in the right place by the right person and ease some of the pressure on our Emergency Department.

The Urgent Treatment Centre has been supported by NHS England and brings Countess Emergency Department (ED) and Cheshire and Wirral Partnership (CWP) Out of Hours service colleagues together under one roof to deliver primary care for patients 24 hours and seven days per week.

Divisional Director for Urgent Care Karen Townsend said: "The opening of a new Urgent Treatment Centre at The Countess is a real step change in how we deliver care to patients at our front door. This way of working has made a difference in other parts of the country and we are confident it can make a positive impact in Cheshire."

1.5 Financial review for 2017/18

Overview

The Trust reported a surplus position of £1.8m (before the reversal of impairments) at the end of the 2017/18 financial year, being £5.4m better than the NHS Improvement (NHSI) agreed plan for the year predominantly due to additional allocation of Sustainability and Transformation monies. Delivery of NHSI's compliance regime and associated financial metrics are summarised below.

	Q3 2017/18		Q4 2017/18	
Use of Resources Rating	Metric	Rating	Metric	Rating
Capital Service Cover	0.33	4	1.22	4
Liquidity	-18.35	4	-6.05	2
I&E Margin	-1.87%	4	0.73%	2
I&E Margin Variance from Plan	-0.45%	2	2.34%	1
Agency	-16.41%	1	-9.70%	1
Overall weighted average		3		3

This will keep the Trust in NHS Improvement's Finance Segment 3: *Providers Offered Targeted Support.*

The surplus financial position for 2017/18 represents a significant improvement on the £3.6m deficit delivered in 2016/17. We ensured that the cost saving programme was delivered, and that clinical services were delivered in a Safe, Kind and Effective manner.

In addition, the Board continues to assert that the organisation remains a going concern, and the accounts have been prepared on this basis.

Income and Expenditure

The following summary table shows a pre-impairment reversal surplus position of £13.9m. The Trust's income increased in 2017/18 to £238.2m, which was mainly attributable to Sustainability and Transformation funding. The majority of our income comes from our main commissioner NHS West Cheshire Clinical Commissioning Group (CCG) at £146.2m, with £26.4m received from Betsi Cadwaladr University Health Board (BCUHB), and £9.8m from NHS England.

In 2017/18 the Trust continued on a block contract arrangement with its main commissioner, Western Cheshire CCG, to facilitate system wide working.

It should be noted that under PbR rules our contract with West Cheshire CCG would have underperformed by £3.1m, this was driven by a reduction in Elective, Outpatient & Maternity activity.

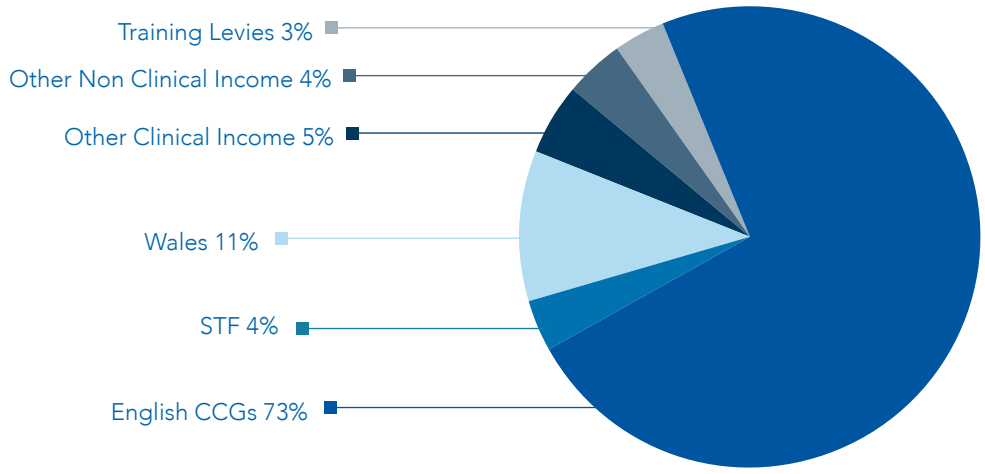
The Trust experienced a number of expenditure pressures on its budget within the year, with medical & nursing pay exceeding planned levels. This was due to the pressures in Acute & Emergency areas. The consequent spend on medical agency increased to £3.3m for the year, but was still within the agency cap set by NHS Improvement. Consumable costs were generally in line with the increased demand.

Income & Expenditure	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
Income	193.2	200.7	213.2	215.2	230.2	238.2
Expenses (before reversal of impairment & re-organisation costs)	(185.3)	(193.6)	(209.7)	(219.6)	(228.5)	(230.6)
EBITDA	7.9	7.1	3.5	(4.4)	1.7	7.5
Interest, depreciation & dividend	(7.1)	(6.3)	(6.5)	(5.9)	(5.3)	(5.7)
Surplus / (Deficit) prior to exceptional items	0.8	0.8	(2.9)	(10.3)	(3.6)	1.8
Impairments & re-organisation costs	(6.8)	(9.9)	2.3	(3.8)	3.9	12.1
Surplus / (Deficit) for the year	(6.0)	(9.1)	(0.6)	(14.1)	0.3	13.9

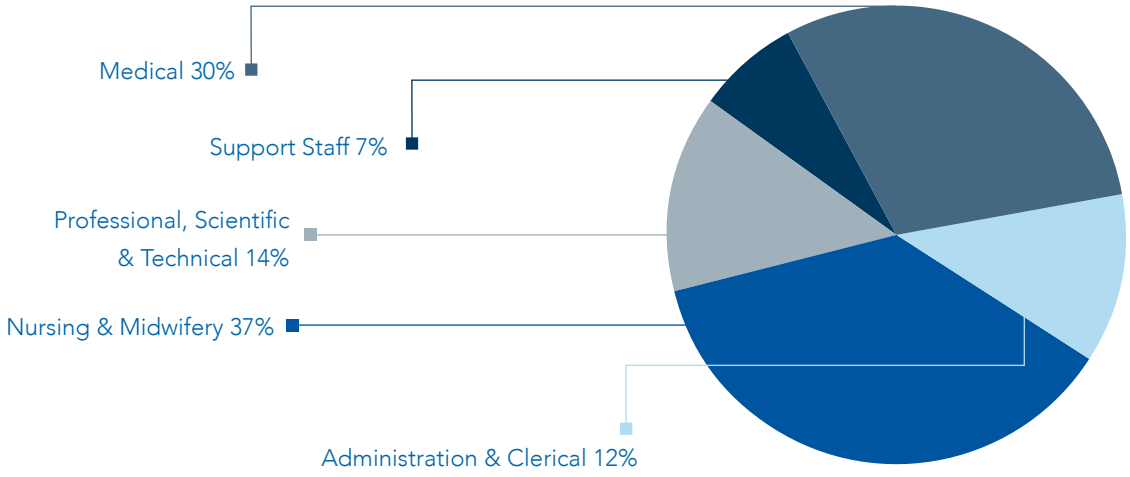
The majority of Trust expenditure is spent on clinical care with staff representing the largest proportion of spend at £159m.

The following charts summarise income and expenditure by category -

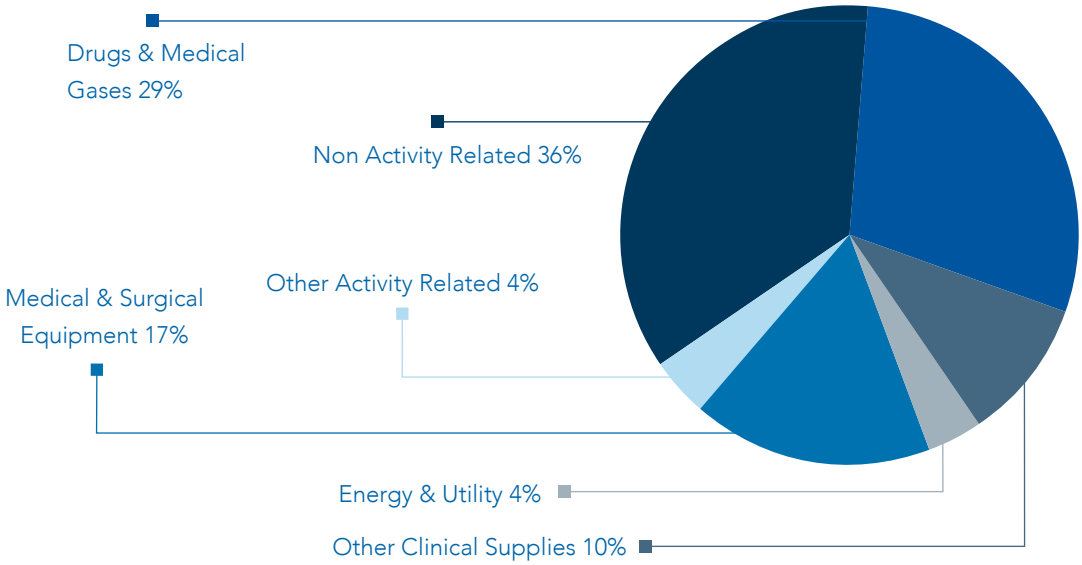
Where our money comes from



Break-down of Pay Expenditure



Break-down of Non Pay Expenditure

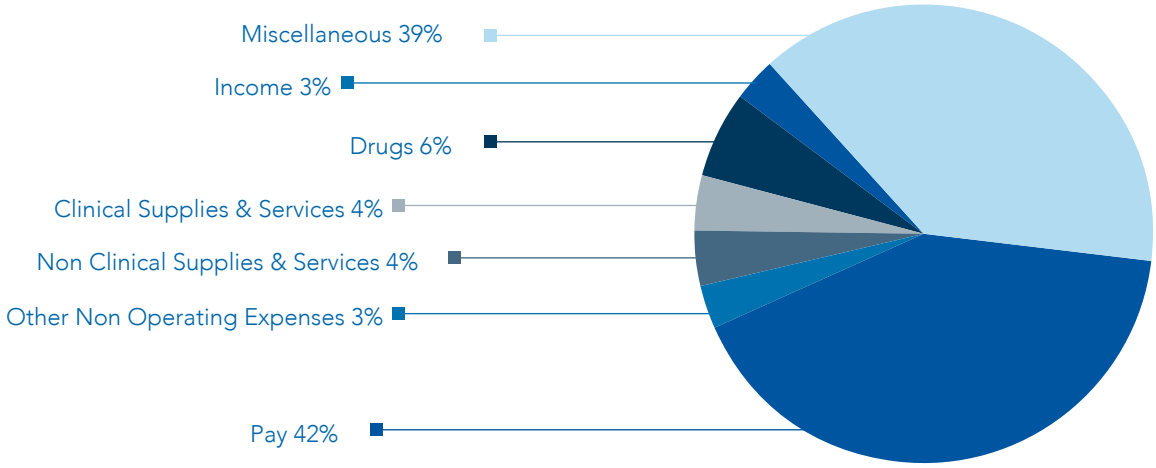


Cost Reduction and Efficiency (CRS)

The efficiency target for 2017/18 year was £11.4m, with this being delivered in year in full. However, only £7.3m savings (64%) were achieved on a recurrent basis against a recurrent target of £11.4m, resulting in a pressure of £4.1m being carried forward to 2018/19.

The following chart shows the breakdown of where the savings have been delivered within the year -

CRS Achievement 2017/18



The Trust will be required to continue to deliver significant savings annually for the foreseeable future. This can no longer be achieved in isolation due to an ageing population with increased demands yet less funding available. We will need the continued support of our commissioners, along with partnership working to continue to reconfigure and transform services within the local health system, so that we can continue to care for our patients in the most appropriate setting.

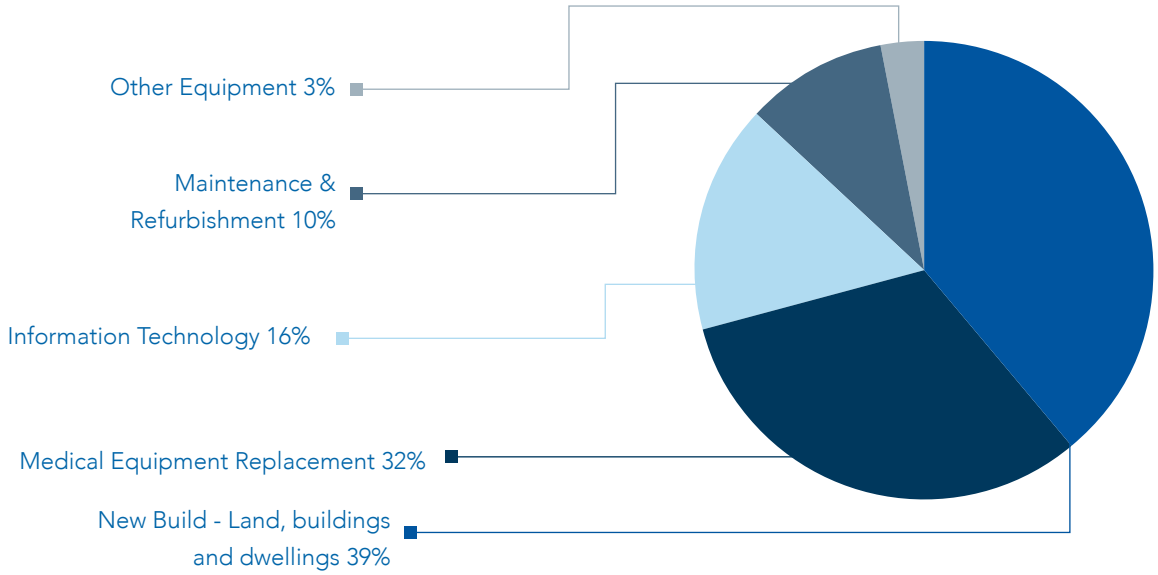
Capital Investment

Being a Foundation Trust allows us to manage our finances so that we can invest in the infrastructure and estate of the hospital.

£7.64m was spent during 2017/18 in the following areas -

- Medical equipment (£2.4m) including the replacement of a MRI scanner, theatre equipment & patient monitoring.
- Information technology (£1.3m) which included scanner replacements and wireless network upgrade.
- Maintenance and refurbishment (£0.7m).
- New Build - Land, buildings and dwellings (£3m) relating to the creation of the Urgent Treatment Centre (UTC) & Neo-natal development.

Capital Expenditure 2017/18



Tony Chambers, Chief Executive
22nd May 2018

Co-ordination Centre Programme launches at Countess

New patient flow technology launched at the Countess in 2017 that reduces the time people spend in hospital by improving bed management and giving staff more time to care for patients.

The Co-ordination Centre Programme uses 4,000 sensors installed throughout the site to create a real-time picture of the entire hospital, giving the location of tagged equipment and picking up data from badges and electronic wristbands staff and patients are being asked to wear.

An A&E nurse badges a patient after a decision

This information is sent to a Co-ordination Centre, which acts like an air traffic control room, where decisions can be made in patients' best interests and to reduce waiting times where possible using the real-time data.

"The Co-ordination Centre can provide this information at a glance, helping more patients get to the right bed, to be seen by the right specialists, first time."

"The Co-ordination Centre will make us more responsive, giving our nurses and doctors more time to spend with patients by reducing the administrative and housekeeping tasks they currently have to do," Chief Executive Tony Chambers said. "Where in the past a series of phone calls might have been needed to source a piece of equipment or get an update on a patient

Two members of our bed turnaround team

having a scan or procedure, the Co-ordination Centre can provide this information at a glance, helping more patients get to the right bed, to be seen by the right specialists, first time."

He added: "We are the first NHS hospital to adopt the full suite of this technology and it's really exciting for us to be one of the first to use it in the UK. It's still early in the process for us and it might take time to see the full benefits but I'm very proud of our team for being brave enough to take this on. I know others will soon follow our lead and it represents a significant investment in our future success as a hospital."

Porters are notified and accept their jobs via hand-held devices

Co-ordination Centre – already improving our performance

> **Time from a patient being discharged to their hospital bed being ready for a new patient** – under 2.5 hours. This is down from around four hours before the Co-ordination Centre Programme

> **Bed Turnaround Team** – clean an average of 323 beds a week, which is 60 per cent of all ward beds cleaned, releasing an average of 156 hours a week back to nursing staff

> **Porters** – An average of 700 porter requests are logged daily, with over 180,000 being completed since this part of the system was first introduced in March

Patient flow manager Adam Brown said: "What's great for our team in particular is the increased transparency the real-time data provides to enable us to make better, more reactive decisions in the interests of patient care. The co-ordinators no longer need to walk around doing laps of all our wards to gather the information we need, it's all there on screen."

The clinical site co-ordinators and patient flow team work in the centre

2. The Accountability Report

2. The Accountability Report

2.1 Directors' Report

Quality Governance and Governance Structures –

The Trust has structures and processes in place at and below Trust Board level which enables the Board to assure the quality of care it provides. Maintaining an effective quality governance system supports the Trust's compliance against national standards. The Trust is committed to the continuous improvement of these systems and achieving compliance against NHS Improvement's Well Led Framework for governance.

The Trust governance structures ensure that the Trust Board has an overarching responsibility through its leadership and oversight, to ensure and also be assured that the organisation operates with openness, transparency and candour in relation to its patients, staff and the wider community. The Board holds itself to account through a wide range of stakeholders for the overall effectiveness and performance of the organisation.

Robust quality governance includes our values and structures in conjunction with the supporting processes that enable the board to discharge its responsibilities for quality. Our responsibilities include ensuring essential CQC Key Lines of Enquiry based on their framework of Safe, Effective, Caring, Responsive and Well-led for quality and safety are met. We strive for continuous quality improvement and ensuring that the leadership, management and governance of the organisation assures the delivery of high-quality and person-centred care, supports learning and innovation, and promotes an open and fair culture by ensuring that every member of staff that has contact with our patients is motivated and enabled to deliver safe, kind and effective care. We monitor key quality standards and receive assurance on them via the Quality, Safety and Patient Experience Committee and the committees that feed into it. This key scrutiny committee requests assurance that high standards of care are provided by the Trust and ensures that there are adequate and appropriate governance structures, processes and controls in place across the organisation. We also report to our Commissioner on quality standards such as CQUINs and Clinical Audit. We seek and use feedback from patients via the Friends and Family Test, along with national surveys, and the outputs from our Patient Experience & Involvement Strategy. To support staff engagement, the Trust has a number of well embedded formal and informal systems including a programme of Executive 'walk-rounds' and monthly question & answering briefing sessions.

By well-led, we mean that –

Our quality of care is incorporated into the national *Single Oversight Framework* that the Trust is assessed against by NHS Improvement (NHSI).

The framework looks at five themes -

- Quality of care
- Finance and use of resources
- Operational performance
- Strategic change
- Leadership and improvement capability (well-led)

Our quality reporting also forms part of our Trust Board integrated performance report which triangulates quality, workforce and financial indicators and gives the Board visibility of all key areas of performance. This report is produced and reviewed monthly, with the metrics of the report structured across the five CQC Key Lines of Enquiry of *Safe, Effective, Caring, Responsive* and *Well-led*. During the reporting period the Trust's CQC action plan following our 2016 inspection has been reviewed quarterly at the Quality, Safety and Patient Experience Committee and formally signed off in 2018.

The Board has continued to promote its culture across the organisation which supports open dialogue and includes directors and senior managers personally listening to complaints, concerns and suggestions from partners, patients and staff.

The three sub-committees of the Board of Directors, which comprise of Finance and Integrated Governance Committee, Quality, Safety and Patient Experience Committee and People and Organisational Development Committee, have continued to drive the quality agenda and have been strengthened over the past year. All three are chaired by a Non-Executive Director and clinical and managerial representatives make up the membership. The Audit Committee is a standalone statutory committee of the Trust which reports to the Board, chaired by a Non-Executive Director and the composition includes two further Non-Executive Directors.

The Board receives the minutes of each of the sub-committees which provide timely, comprehensive and precise information to facilitate an overarching and durable effective framework. This allows the Board to make sense of the effective use of the information to gain further assurance of good governance practice and provide confidence that the organisation provides safe, effective and patient focused care. To further support the Board, each of the sub-committees receive regular updates and minutes from operational groups who are chaired by a named Executive Director. There is an opportunity at each meeting for the relevant group's minutes to be questioned and where needed, further details can be requested and clarified.

The Board and its sub-committees demonstrate leadership and the rigour of oversight of the Trust's performance by having formulated an effective strategy for the organisation. This ensures accountability by robustly challenging the control systems in place and where appropriate, seeking further intelligence on the current trend analysis with the Trust's performance indicators to further understand the wider health system needs. These are also informed by feedback from the Council of Governors and their links with members of the public, patients and staff.

The Trust has a risk management strategy in place which is endorsed by the Trust Board, supporting procedures set out the key responsibilities for managing risk within the organisation, including ways in which the risk is identified, evaluated and controlled. Active leadership from managers at all levels to ensure risk management is a fundamental part of an integrated approach to quality, corporate and clinical governance, performance management and assurance.

The Trust's Risk and Performance Committee was developed during the past year. The Trust's Chief Executive Officer chairs this Committee and it reports to the Finance and Integrated Governance Committee. The committee continues to be strengthened, with all aspects of organisational risk and performance discussed. This has further supported the assurance processes within the Trust over the past year, this has included a review of the Board Assurance Framework resulting in the updating of its format to provide a direct link to the Trust Risk Register system which is managed within the safety software system Datix. The continued use of the Health and Safety Executive's "five steps to risk assessment" model ensures that a consistent approach is applied to assessing and responding to clinical and non-clinical risks and incidents. There are specific risk assessment requirements for particular types of risks. The Trust utilises a 5x5 risk matrix to determine a risk score. Risks are identified from risk assessments and analysis of data from other intelligence sources, including concerns, incidents and near misses, serious incidents, never events, formal and informal complaints, litigation cases or clinical audits.

The Risk Management system utilised by the Trust incorporates all aspects of Incident Management, Risk Registers, PALS database, Complaints database, Audit database, CAS (Central Alerting System), NICE database and Legal Services management. All of these services store evidence within them to support compliance and Trust assurance.

In year, the Trust has benefited from the new Nursing and Medical model resulting in collaborative working across all aspects of quality and risk, an example being the launch of lessons learnt topic of the month which is shared with all staff via screen savers and accessible via the Risk & Safety Team intranet pages.

All members of staff joining the Trust are required to attend a mandatory induction this is further supplemented by local induction. The training is designed to provide an awareness and understanding of the Risk Management Strategy.

The Trust is able to ensure itself of the validity of its corporate governance statement by engaging with its internal auditors throughout the year to gain assurance that it is fully compliant with the requirements of the Care Quality Commission and NHS Improvement Provider License with appropriate reports to the Board and Council of Governors.

The Foundation Trust is registered with the Care Quality Commission (CQC) to provide care, treatment and support, without compliance conditions. The Trust had a CQC inspection in February 2016, the outcome was a rating for the Countess of Chester Hospital NHS Foundation Trust site 'Requires Improvement' and Ellesmere Port hospital site reporting '*Good*'; this culminated in an overall rating of '*Good*'.

The Trust has maintained regular contact with its CQC Compliance Inspectors and attends quarterly engagement meetings with the CQC.

In respect of quality, safety and patient experience, work has continued from the previous year, to support the Trust's Quality Improvement Strategy, further details of aspects focused upon during the year can be found in the *Quality Report* section of this document.

Focusing on Governance – The NHS Foundation Trust Code of Governance

The Board of Directors places much emphasis on ensuring our governance is effective and robust and is reflective of best practice; the Code of Governance provides the structure to support the many aspects of an effective Board. During the year the Director of Corporate and Legal Service reviewed our compliance against the Code taking action as required to confirm ongoing compliance.

Council of Governors

The foundation for effective relationship building between directors and Governors is a clear understanding by both groups of the responsibilities and boundaries of their respective roles. The Board of Directors provide active leadership of the Trust within a governance framework of prudent and effective controls which enables risk to be assessed and managed. The Governors act in the best interests of the Trust and adhere to its values and code of conduct. The Council of Governors holds the Board of Directors to account by analysis of the integrated performance reports that they receive, challenging assumptions and raising questions as appropriate. In addition to the formal quarterly meetings of the Council of Governors and the Annual Members' meeting the Governors hold a Governors' Quality Forum meeting every three weeks, which the Chairman and Director of Corporate and Legal Services attend on every occasion. Non-Executive Directors and Executive Directors attend these meetings on a regular basis. At these meetings the Governors receive an update on Trust matters in relation to quality and operational information and have the opportunity to raise any issues on behalf of the Trust membership.

There is a standing agenda item at all Board of Directors' meetings for the Director of Corporate and Legal Services to report on any Council of Governors matters.

At the Council of Governors' meetings which are also attended by members of the Board of Directors, there are interactive sessions where Governors hold the Board to account and provide feedback from the membership on the quality of our services received by members.

The types of decision taken by each of the Boards together with any delegated powers are set out below. The Board of Directors may delegate any of its powers to a Committee of Directors or to an Executive Director. The Board has reserved the issues set out in its Scheme of Reservation and Delegation and further guidance on the operation of the Trust is set out in the Standing Orders and Standing Financial Instructions. The main decisions taken by the Board of Directors include those relating to -

- Strategic direction and policy determination.
- The quality agenda.
- Actions required to address significant performance issues.
- Governance and compliance arrangements.
- Major business cases for capital or revenue investment.
- The annual plan, financial strategy and annual report.
- The acquisition, disposal or change of land or buildings.
- Private Finance Initiative proposals.
- Major contracts.
- Risk, clinical governance standards and policies.

- The constitution, terms of authorisation and working arrangements of its committees.
- Approval of standing orders, standing financial instructions and schemes of reservation and delegation.
- Arrangements for the Trust's responsibilities as a corporate trustee for its charitable funds.
- The types of decisions taken by the Council of Governors include -
- Appoint and if appropriate remove the Chair,
- Appoint, and if appropriate, remove the other Non-Executive Directors,
- Decide the remuneration and allowances, and the other terms and conditions of office, of the chair and the other Non-Executive Directors,
- Approve the appointment of the Chief Executive,
- Appoint and, if appropriate, remove the NHS Foundation Trust's External Auditor,
- Decide on a quality of care issue to be reviewed for the Quality Account,
- Determine a local quality measure for auditing internally and externally for the Quality Account; and
- To agree the Trust's membership strategy, and its policy for the composition of the Council of Governors.

Composition of Council of Governors

The total number of Governors is 29 as follows -

Chester & Rural Cheshire	8
Ellesmere Port & Neston	4
Flintshire	3
Out of area	1
Staff	5
Partnership Organisations	8
Total	29

There are two vacancies to be filled in respect of a partnership organisations and Ellesmere Port and Neston Constituency.

The membership of the Council of Governors during 2017/18, for both elected and appointed, their length of tenure, is as follows -

Governor	Term of Office
Public – Chester and Rural Cheshire	
Mr Thomas Bateman (Lead Governor)	Re-elected for 3rd term of office until October 2018 Appointed as Lead Governor with effect from 1st January 2017
Mrs Elizabeth Bott	Term of Office Expired October 2017
Mrs Helen Clifton (Deputy Lead Governor)	Re-elected for 2nd term of office until October 2018
Mrs Sue Elphick	Term of Office Expired October 2017
Ms Caroline Stein	Re-Elected for 2nd term of office for 3 years until October 2020

Governor	Term of Office
Ms Sue McClelland-Sheldon	Re-Elected October 2016 for 3 years until October 2019
Mr Roger Howells	Elected October 2016 for 3 years until October 2019
Ms Karen Newbury	Elected October 2016 for 3 years until October 2019
Mr John Jones	Elected October 2017 for 3 years until October 2020
Ms Jennifer Gill	Elected October 2017 for 3 years until October 2020
Public - Ellesmere Port & Neston	
Mrs Pat Clare	Term of Office Expired October 2017
Ms Sue Bagby	Elected October 2015 for 3 years until October 2018
Cllr Brian Jones	Elected October 2015 for 3 years until October 2018
Mr Peter Folwell	Elected October 2016 for 3 years until October 2019
Public – Flintshire	
Ms Fran Parry	Term of Office Expired October 2017
Mr Russell Jackson	Re-Elected for 2nd term of office for 3 years until October 2019
Ms Ruth Overington	Elected October 2016 for 3 years until October 2019
Partnership Organisations	
Mr Michael Hemmerdinger Voluntary Services	Appointed January 2018
Prof Dorothy Marriss University of Chester	Appointed February 2011
Mr Keiran Timmins Western Cheshire CCG	Appointed August 2016
Cllr Eleanor Johnson Cheshire West and Chester Council	Appointed June 2017
Mr Michael Boyle Flintshire Community Health Council	Appointed September 2016
Staff	
Dr Ian Benton	Re-Elected October 2017 for 3 years until October 2020
Mrs Chris Price	Elected October 2016 for 3 years until October 2019
Ms AnneMarie Lawrence	Elected October 2016 for 3 years until October 2019
Ms Lisa Myers	Elected October 2016 for 3 years until October 2019
Mr Steve Bridge	Re-Elected October 2017 for 3 years until October 2020
Mrs Sarah Balogh	Stood Down June 2017

Election of Council of Governors

Notice of elections were published in July 2017 in the following public constituencies -

- Chester & Rural Cheshire
- Ellesmere Port & Neston
- Flintshire

An election was held in September 2017 in the Chester & Rural Cheshire, Ellesmere Port & Neston and Flintshire Constituencies.

The election turnout was as follows -

- Chester and Rural Cheshire – 17.18%
- Ellesmere Port & Neston – Uncontested
- Flintshire – Uncontested
- Chester & Rural Cheshire - 1 Governor re-elected, 2 Governors elected
- Ellesmere Port & Neston - Candidate withdrew
- Flintshire - 1 Governor elected

The Board confirm that elections are held in accordance with the election rules stated in the Trust constitution and undertaken by UK Engage.

Attendance at Council of Governors' Meetings

There have been six Council of Governors' meetings held during 2017/18 and the attendance by Governors are given below -

No. of meetings held in 2017/18	6	Governors Expenses for 2017/18 (£)
Council of Governors		
Mr Thomas Bateman	4	-
Mrs Elizabeth Bott	2/3	-
Mrs Pat Clare	2/3	£202.90
Mrs Helen Clifton	5	-
Mrs Sue Elphick	1/3	-
Mr Peter Folwell	5	£358.80
Ms Karen Newbury	4	£38.40
Mr John Jones	2/3	-
Ms Jennifer Gill	3/3	-
Cllr Brian Jones	2	-
Ms Sue Bagby	2	-
Mr Michael Hemmerdinger	0/1	-
Prof Dorothy Marriss	4	-
Ms Sue McClelland-Sheldon	5	-
Ms Ruth Overington	3	£145.80
Ms Fran Parry	0/3	-
Cllr Eleanor Johnson	3/4	-
Mr Michael Boyle	0	-
Mr Kieran Timmins	0	-

No. of meetings held in 2017/18	6	Governors Expenses for 2017/18 (£)
Mr Russell Jackson	4	-
Dr Caroline Stein	5	£181.90
Dr Ian Benton	1	-
Mr Steve Bridge	5	-
Mrs Sarah Balogh	1/1	-
Roger Howells	2	-
Chris Price	2	-
Annemarie Lawrence	1	-
Lisa Myers	1	-
Board of Directors attendance at Council of Governors' meetings		Director Expenses for 2016/17 (£)
Sir Duncan Nichol, Chairman	6	£1,140.60
Mr Tony Chambers, Chief Executive	5	-
Mrs Alison Kelly, Director of Nursing and Quality	4	£76.70
Mr I Harvey, Medical Director	1	£95.64
Mrs Sue Hodkinson, Director of People & Organisational Development	5	-
Ms L Burnett, Chief Operating Officer	5	£28.70
Mr Stephen Cross, Director of Corporate and Legal Services	5	-
Mr Simon Holden, Chief Finance Officer	3	682.62
Mr James Wilkie, Non-Executive Director	3/4	-
Mrs Ros Fallon, Non-Executive Director	4	-
Mrs Rachel Hopwood, Non-Executive Director	4	-
Mr Andrew Higgins, Non-Executive Director	4	-
Mr Ed Oliver, Non-Executive Director	4	-

Summary of Declaration of Interests of Governors

The register of Declaration of Interests is held by the Director of Legal and Corporate Services, and can be accessed by contacting Mr Stephen Cross.

Telephone – 01244 365816 or email stephen.cross1@nhs.net

The Council of Governors have individually signed to confirm that they meet the fit and proper persons test.

The Board of Directors have received information on the views of the Governors and Members about the Trust and its services in the following ways -

- Regular attendance at the Council of Governors' meetings.
- Joint workshops of the Board and Council of Governors
- Regular attendance at Governors' Quality Forum meetings.
- Discussion at Annual Members' Meetings.
- Receipt of reports from the Director of Corporate and Legal Services at each of the Board of Directors' meetings.
- Joint presentations to and feedback from organisations in the local community.
- Receipt of reports from the Governors' Quality Forum.

Board of Directors

The composition of the Board of Directors during 2017/18 was as follows -

Non-Executive Directors (Independent)

Chairman – Sir Duncan Nichol CBE
Re-appointed 1st November 2015 for a 3 year term of office

Andrew Higgins – Senior Independent Director
Re-appointed 1st November 2017 for a 2 year term of office

Rachel Hopwood – Deputy Chairman
Re-appointed 1st December 2017 for a 3 year term of office

James Wilkie
Stepped down from 30th November 2017

Mr Ed Oliver
Re-appointed 1st September 2016 for a 3 year term of office

Mrs Ros Fallon
Appointed 1st May 2016 for a 3 year term of office

Executive Directors

Mr Tony Chambers
Chief Executive

Mr Ian Harvey
Medical Director/Deputy Chief Executive

Mrs Alison Kelly
Director of Nursing & Quality

Mr Simon Holden
Chief Finance Officer (substantively appointed February 2018

Mrs Sue Hodkinson
Director of People and Organisational Development

Ms Lorraine Burnett
Chief Operating Officer

Attendance at Board of Directors and Board Committee meetings

Attendance at the Board meetings held during 2017/18 and Board Committees were as follows -

	Board of Directors	Audit Committee	Finance & Integrated Governance Committee	Quality , Safety & Patient Experience Committee	People & Organisational Development Committee	Charitable Funds
No of Meetings held for 2017/18	5	4	3	10	4	2
Sir Duncan Nichol	5	-	2	5	-	1
Tony Chambers	5	-	2	-	-	2
Ian Harvey	5	-	2	10	2	1
Alison Kelly	4	-	2	9	4	-
Sue Hodkinson	5	-	2	8	3	-
Lorraine Burnett	5	-	0	-	4	-
Simon Holden	4	-	2	-	-	2
Stephen Cross	5	-	1	-	-	2
Andrew Higgins	4	3	1	9	-	-
Rachel Hopwood	5	4	1	5	-	-
James Wilkie	4/4	2/4	1/1	-	-	-
Ed Oliver	5	-	1	-	3	2
Ros Fallon	5	-	2	8	4	-

Background of the Board Members

Sir Duncan Nichol - Chairman

Sir Duncan was re-appointed as Chairman on 1st November 2015 for a second three year term of office. He spent most of his NHS managerial career in the North-West of England, becoming CEO of the NHS in 1989, before his appointment as Professorial Fellow at the University of Manchester. Since then he has divided his commitments between the public and private sectors, formerly as chairman of the Parole Board; HM Courts Service and deputy chairman of the Christie NHS FT and currently as Non-Executive Director of Steris, Deltex Medical Ltd and UKAS.

Tony Chambers – Chief Executive

Since being appointed as Chief Executive in December 2012 his focus has been to work with West Cheshire Health and Care partners to make the Countess of Chester Hospital NHS Foundation Trust one of the first High Reliability Organisations within the NHS, and an ambition to be fully transparent in providing care using live, real time information and therefore one of the best and safest organisations within the NHS.

He led the successful reorganisation of regional vascular services which saw the South Mersey Arterial Network operate at the Countess from April 2014 and is the SRO for the Operational Productivity work stream (Carter at Scale) for the Cheshire and Mersey Health and Care Partnership. From starting his career as a student nurse in Bolton in 1985 he has worked in a variety of clinical and management roles in a range of sectors and has been a Director in the NHS for over 12 years; most recently as the Director of Planning in South Wales. Prior to this he held director roles in hospitals in Greater Manchester and West Yorkshire.

Mr Ian Harvey – Medical Director/Deputy Chief Executive

Ian commenced his role as Medical Director on 1st July 2012 and was also appointed Deputy Chief Executive in May 2016. Ian qualified in Medicine in Liverpool and, after completing specialist training in Sheffield, Liverpool and Wrightington, took up a post as Consultant Trauma and Orthopaedic Surgeon with an interest in upper limb and hand surgery in the Trust in August 1994. Prior to becoming Medical Director, Ian was Divisional Medical Director for Planned Care and his other managerial roles in the Trust have included Lead Clinician for Orthopaedics and Clinical Director for Orthopaedic and Plastic Surgery and Rheumatology. Ian's other current roles include Caldicott Guardian and Director of Infection Prevention and Control.

Simon Holden – Chief Finance Officer

Simon joined the Board in January 2016 for an initial interim period of 6 months and later re-joined the Board, following the previous post holder standing down from the Board. Simon is an experienced Senior NHS Leader, having held both Chief Executive & Director of Finance posts and is financially qualified with a successful track record of delivery and achievement.

Simon is a Chartered Certified Accountant (FCCA) and also a Chartered Surveyor (FRICS) and has held a number of senior roles during his 34 years within the NHS.

Simon has been the Chief Executive of NHS Property Services Limited from its outset, Director of Finance for Bedfordshire CCG and has previously been the Director of Finance for NHS Cheshire, Warrington and Wirral. He is also Treasurer of the Cheshire Centre for Independent Living (CCIL), a user led charitable organisation empowering disabled people to have independence, and also Chairman of the Pear Tree Primary School Academy Trust in Nantwich, Cheshire.

Alison Kelly – Director of Nursing and Quality

Alison joined the Countess in March 2013 having previously been the Deputy Chief Nurse at the University Hospital of South Manchester since 2008. Alison has a background in critical care nursing and also has a wide range of experience as a senior nurse in managerial, educational and clinical positions in a number of Trusts in the North West, including Salford, Blackpool and East Cheshire. She is particularly interested and passionate about driving the patient experience agenda and identifying how patient feedback can enhance service development and improvement. Alison was appointed as the Governing Body Nurse at Salford CCG which gives an important wider view on the role of nursing across the health economy and also contributes income for the Corporate Nursing budget at the Countess. Alison is married with two teenage daughters.

Sue Hodkinson - Director of People & Organisational Development

Sue joined the Countess in February 2011 and was appointed to the post of Director of People & Organisational Development in November 2014. Having worked in a number of senior HR posts in the NHS for over 10 years and as a Chartered Member of the Chartered Institute of Personnel Development (CIPD), she brings extensive healthcare and private sector HR experience & knowledge to the Executive Team.

Sue is passionate about taking the Trust's People Strategy forward, with particular emphasis on staff engagement, partnership working and workforce development. She works very closely with other members of the executive team to focus on the staff experience and culture within our Trust and the links to improving the patient experience. Sue is executive lead for staff health & wellbeing, in addition to being the Chair of the collaborative HR & Wellbeing Business Service (www.hrwbs.com), which the Trust operates in conjunction with Wirral University Teaching Hospital NHS Foundation Trust. Sue has recently joined the Board of Governors at Upton Westlea Primary School, as the Local Community Governor.

Lorraine Burnett – Chief Operating Officer

Lorraine joined the Countess in March 2013 as the Divisional Director for Urgent Care and was substantively appointed as Director of Operations from May 2016. She started her career as a paediatric nurse at the Royal Manchester Children's Hospital in 1990 and later spent 8 years as a nurse specialist. She has since held senior management roles in community services before moving to hospital management in 2011.

Lorraine is an advocate of empowering people to participate in their own care in the right place having previously developed home treatment services across the country.

Stephen Cross – Director of Corporate and Legal Services

Stephen joined the Countess in February 2007 as the Solicitor and Company Secretary for the Trust following a number of years in the public and private sectors. Stephen is involved in a number of community activities which links the Trust to the wider community and promotes the Safe, Kind and Effective work of the hospital. Stephen is the executive lead for the Board of Directors and Council of Governors.

Andrew Higgins – Non-Executive Director/Senior Independent Director

Andrew joined the Board in November 2011 and was re-appointed for a 3rd term of office with effect from November 2017 for 2 years. Andrew is a chartered accountant with a background in audit and advisory services. In 2010 he retired from KPMG, a major accounting and advisory firm, after a career spanning 33 years in the UK and overseas. Andrew has experience of working with a variety of commercial and not-for-profit organisations, with particular emphasis on the financial services and housing sectors. From 2008 to 2010 Andrew worked in Japan in an international liaison role and advised US and European multi-nationals with interests in the Far East. Now settled south of Tarporley, Andrew pursues a variety of interests including a Non-Executive Director post with a West Midlands building society.

Rachel Hopwood – Non-Executive Director/Deputy Chairman

Rachel joined the Board in December 2011 and was re-appointed for a 3rd term of office with effect from December 2017 for 3 years. Rachel was appointed as Deputy Chairman at the Board of Directors meeting in July 2016. Rachel is a chartered accountant, qualifying with Ernst & Young, a major accounting and advisory firm. After a career in finance and investment banking in the City of London, latterly as an Executive Director at ABN AMRO, she relocated with her family back to Cheshire in 2008. Prior to joining the Board, Rachel was a Non- Executive Director of Western Cheshire PCT and Lay Advisor to West Cheshire Clinical Commissioning Group. She is also a Director in a company providing management and financial consultancy services in the region. Brought up locally, Rachel was educated at The Queen's School, Chester. She now lives in Tarporley with her husband and two children, the youngest of whom was born at the Countess of Chester Hospital.

James Wilkie – Non-Executive Director

James joined the Board in April 2013 for a 3 year term of office and was re-appointed for a 2nd term of office with effect from 1st April 2016 and stepped down from the Board in November 2017. James retired following a long career in local government. He worked for several local authorities and held a series of senior management positions, including that of Chief Executive. James has experience of managing many aspects of local authority activity and has a particular interest in regeneration and economic development. James has lived in Neston for many years, and is married with two grown daughters.

Ed Oliver – Non-Executive Director

Ed joined the Trust in September 2013 and was re-appointed for a 2nd term office with effect from 1st September 2016. A Graduate Electrical Engineer from the University of Strathclyde, Glasgow. Following this he had a 28 year career with Marks and Spencer before retiring in 2000 as the Regional Manager for Merseyside. He joined the family business in 2001 called Tops Estates who owned a number of Shopping Centres around the UK. This was to develop the operational side of the business, before finally retiring in 2009.

Ed has always, during his business career, been involved in outside agency's such as: Prince's Trust on Merseyside - Vice Chairman 1991- 2000; Liverpool Chamber of Commerce and Industry - Vice Chairman and Chairman 2001 – 2010; Ronald McDonald Family House, Alder Hey Children's Hospital, Liverpool - Board member and Chairman; 1994 – 2014 Liverpool Business Improvement District Co. - He founded the business in 2003 and was Chairman of the Exec Board. Non-Executive Director, Alder Hey Children's Hospital NHS Foundation Trust. 2004 – 2013. Current Chairman of the CH1 Chester City BID Co. Ed is married with three children and main interests are traveling, golf and watching most sports.

Ros Fallon – Non-Executive Director

Ros joined the Trust in May 2016 and was appointed for a 3 year term of office with effect from 1st May 2016. Ros Fallon was born in Liverpool and qualified there as a Registered Nurse in 1980. Ros then moved to Manchester to work in cardiothoracic surgery and subsequently qualified as a Registered Midwife. Ros practiced as a clinical midwife for 17 years in Manchester, Cheshire and Warrington before undertaking an MSc in Health Informatics and moving into strategic leadership roles.

Ros has experience of whole system strategic planning, operational delivery and performance improvement. Ros has led transformational change programmes both locally and nationally and has held executive director positions in the NHS in Cumbria and Liverpool. Ros retired from permanent NHS employment in 2013, however, she still undertakes some ad hoc improvement assignments within the NHS. This is Ros' first Non-Executive Director position.

The Trust recognises that the Board of Directors has to provide a portfolio of skills and expertise to reflect patient care and experience and the Trust's sustainable clinical services to ensure a high performing and effective organisation. The Board members provide a breadth of public and private sector expertise.

The Board of Directors have developed a robust review process for evaluating its committees. The Chair of each committee prepares an annual evaluation of the work undertaken during the year end, and review attendance at each meeting; additionally the terms of reference are reviewed annually and updated to reflect changes in the operating environment and best practice. These reviews are presented to the Board of Directors. The process for evaluating the performance of the Board of Directors has been developed, drawing on a number of models used in the private and public sectors. Following the robust review of the Trust Governance Framework for the Board and its committees undertaken in March 2015, this is well embedded and continues to provide robust assurance to the Board. Each of the Board committees are chaired by a Non-Executive Director with updates and minutes provided to each Board meeting.

The Directors of the Board undergo an annual performance assessment, reviewing performance against agreed objectives, personal skills and competencies and progress with personal development plans. In year, the Executive Team have held a number of development days to support the innovative Model Hospital programme, which is linked to the Trust's vision to deliver NHS care locally that make staff and the local community proud by being safe, kind and effective. The Board has also incorporated the Trust's lead in the Lord Carter Review of Operational Productivity in the NHS. The Board also work collectively as a team to support effective unitary working of the Board of Directors. To complement the on-going Board development, regular informal Board sessions are also held as required.

Summary of Declaration of Interests of Directors

The register of Declaration of Interests is held by the Director of Corporate and Legal Services and can be accessed by contacting Mr Stephen Cross.
Telephone – 01244 365816 or email stephen.cross1@nhs.net

The Board of Directors have individually signed to confirm that they meet the fit and proper persons test.

The Chairman has the following other significant commitments -

- Non-executive Director of Steris
- Non-executive Director of Deltex Medical Ltd
- Non-executive Director of UKAS

These three other significant commitments do not in any way impact on his role as Chairman of the Trust.

Audit Committee

The Audit Committee consists of three independent Non-executive Directors, two of whom are qualified accountants, of whom one is Chair (Rachel Hopwood). Other Executive Directors and senior staff regularly attend the committee as do the internal and external auditors. The overall purpose of the Trust's Audit Committee is to review the organisation's effectiveness and maintenance of the Trust's system of internal control and risk management. Private meetings with either the internal or external auditors are held after each Committee meeting.

Audit Committee Attendance 2017/18

Date of meeting	Chairman of Audit Committee	Non-Executive Director	Non-Executive Director
	Mrs R Hopwood	Mr A Higgins	Mr J Wilkie
24.04.17	✓	✓	✓
23.05.17	✓	✓	✓
18.09.17	✓	×	×
20.11.17	✓	✓	×

During the year the Audit Committee undertook the following in discharging its responsibilities -

- Reviewed the statement on internal control and supporting assurance processes in conjunction with the audit opinion.
- Approved a risk based internal audit plan and actively reviewed the findings of all audits.
- Approved the plan and reviewed the work of the Trust's local counter fraud specialist;
- Reviewed the significant issues for the Trust;
- Reviewed and approved the updated corporate governance manual covering standing orders, standing financial instructions and scheme of delegation;
- Agreed the nature and scope of the external audit plan and reviewed the reports, recommendations and management responses;
- Reviewed the Trust's annual financial statements and recommended their adoption to the Board of Directors;
- Reviewed the effectiveness of the Committee using an independent framework;
- Approved bad debt write offs and contract extensions/tender waivers;
- Review the data quality of the Quality Account;
- Review any significant issues that the committee considered in relation to the financial statements, operations and compliance, and how these issues were addressed;

- Review the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and
- Review the effectiveness of internal audit process;
- Reviewed scope of external auditor providing non-audit services, the value of the non-audit services provided and an explanation of how audit objectivity and independence are safeguarded;
- Received details of the process for the escalation of risks up through to the Board Assurance Framework.

The Audit Committee has considered significant issues in respect of the following -

- The Trust has posted a draft deficit of £1.2m before impairments against a planned deficit of £3.2m, an improvement of £2.0m, which was driven primarily by a £1.9m revenue donation regarding from The Countess Charity. This was before the final distribution of Sustainability & Transformation funding (STF) that the Trust is eligible for.
- The Committee considered the areas of significant judgement in respect of the preparation of the annual accounts;
- The recognition and treatment of the STF funding due;
- Principles and approach to valuation of the Trust property;
- Provisions for impairment of receivables; and
- Other Provisions, including Permanent Injury Benefits and legal claims

The Audit Committee were satisfied that the significant issues considered were addressed by the evidence presented to them by the Directors of the Trust and further assurance gained from MIAA audit reports.

Any work agreed outside the audit plan is subject to approval by the Audit Committee in accordance with the non-audit services policy and all additional work provided in year was undertaken in accordance with this policy.

There has been no change in year to the internal audit provider which is MIAA.

There has been no change in year to the external audit provider which is KPMG.

The Directors acknowledge their responsibility for preparing the Annual Accounts for the organisation.

Governors' Nominations Committee

Non-Executive Directors including the Chair are appointed by the Council of Governors for the specified terms subject to re-appointment thereafter at intervals of no more than three years and are subject to the 2006 Act provisions relating to the removal of a director.

Expressions of interest from Governors to serve on the Nominations Committee were invited from Governors and the Nominations Committee met once in 2017/18.

The Nominations Committee held an extensive recruitment and interview process during January 2018 to consider the appointment of a Non-Executive Director. The process was run in house having regard to the expertise available within the Trust following previous recruitment processes together with the obvious cost savings that could be made to the Trust.

The Nominations Committee met on 26th January 2018 and a vigorous interview process was undertaken which included an informal panel interview and a formal panel interview. Members of both panels included the Chairman, Lead Governor, Public Governors and Executive Directors with HR support.

The Nominations Committee recommended to the Council of Governors that Mrs Chris Hannah should be appointed as a Non-Executive Director at the Countess of Chester Hospital NHS Foundation Trust with effect from 1st April 2018. At the Council of Governors meeting on 26th January 2018, Mrs Chris Hannah was unanimously approved as a Non-Executive Director of the Trust for a three year term of office with effect from 1st April 2018.

The attendance at Nominations Committee meeting was as follows -

Date	26.01.18
Tom Bateman (Chair)	✓
Peter Folwell	✓
Elizabeth Bott	✓
Caroline Stein	✓
Steve Bridge	✓
Russell Jackson	✓
Michael Hemmerdinger	✓

Board of Directors' Nominations Committee

There was no requirement for the Board of Directors' Nomination Committee to meet during 2017/18.

Membership

The members of the Foundation Trust are those individuals whose names are entered in the register of members. Every member is either a member of one of the public constituencies or a member of one of the classes of staff constituency. Membership is open to any individual who is over sixteen years of age.

Public Membership

There are four public constituencies -

- Chester & Rural Cheshire
- Ellesmere Port & Neston
- Flintshire
- Out of Area

Membership of a public constituency is open to individuals -

- Who live in the relevant area of the Foundation Trust;
- Who are not a member of another public constituency, and
- Who are not eligible to be members of any of the classes of the staff constituency.

Staff Membership

The staff constituency is divided into four classes as follows –

- Doctors
- Nursing and midwifery
- Allied healthcare professionals and technical/scientific
- Other staff groups

Membership of one of the classes of the staff constituency is open to individuals -

- Who are employed under a contract of employment by the Foundation Trust and who either;
- Are employed by the Foundation Trust under a contract of employment which has no fixed term or a fixed term of at least 12 months, or
- Who have been continuously employed by the Foundation Trust or the NHS Trust for at least 12 months; or
- Who are not so employed but who nevertheless exercise functions for the purposes of the Foundation Trust and who have exercised the functions for the purposes of the Foundation Trust for at least 12 months. For the avoidance of doubt, this does not include those who assist or provide services to the Foundation Trust on a voluntary basis.

A person may not become a member of the Foundation Trust if within the last five years they have been involved as a perpetrator in a serious incident of violence at the hospital or its facilities or against any of the Foundation Trust's employees or other persons who exercise functions for the purposes of the Foundation Trust, or against registered volunteers.

Membership size and movements

Membership changes in the previous year and those estimated for 2017/18 are shown in the following table -

Membership size and movements		
Public Constituency	Last year (2017/18)	Next year (estimated 2018/19)
At year start	6,980	6,548
New Members	5	200
Members Leaving *	427	100
At year end	6,548	6,648

* The figures now includes those members who are deceased or whom have moved away. It is the Trust's intention to maintain public membership at its current levels. The Trust will focus on developing a quality membership by diversity, age and gender for 2018/19.

Staff Constituency	Last year (2017/18)	Next year (estimated 2018/19)
At year start	4,690	4,774
New members	551	200
Members leaving	467	200
At year end	4,774	4,774

Membership Strategy

The 2017/18 target to maintain current levels of membership was achieved. The Trust is committed to ensuring the quality of data for the membership and therefore, a continuous thorough data cleanse of membership information was undertaken during 2017/18. It is the Trust's intention to continue to maintain public membership at its current levels. The strategy will focus on under-represented parts of our population during 2018/19. The Trust will also undertake a full data validation project of the membership to update member's details and communication preferences on an individual basis which will be held in line with the new General Data Protection Regulations which come in to force from 25th May 2018.

The Trust has also changed the provider of the membership database in year, which will give a greater oversight and interaction for Governors and members. This will include the ability for new members to register online and interact over social media, therefore enhancing the engagement and communication with the wider membership.

Membership Review

The mechanism by which the Board reviews membership plans, growth and engagement during the year is by a report of the Director of Corporate & Legal Services as appropriate at a Board meeting. These reports are also provided to each Council of Governors' meetings.

Current and Future Engagement with Members

The Trust has engaged with its members via the following -

- Countess Matters magazine – three times per year
- Local newspaper articles

- Patient interest groups
- Surveys
- Trust website
- Participating in Governor elections
- Drop in sessions for potential candidates
- Data validation project with membership
- Increased awareness via social media

Contact for members to communicate with Governors and Directors is available on the website and contact details are also available in the Foundation Trust's 'Countess Matters' magazine circulated to all members three times per year.

Other Information

Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purposes. The Trust met this requirement in 2017/18.

Accounting Information

As far as the Directors are aware all relevant audit information has been fully disclosed to the auditors and no relevant audit information has been withheld or made unavailable nor have any undisclosed post balance sheet events occurred.

The management of risk is a key function of the Board; the Trust seeks to minimise all types of service, operational and financial risk through the Board Assurance Framework which is subject to regular review and audit.

Better payment practice code		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18 (NHS)	2017/18 (Non NHS)
% Payment within 30 days of receipt of undisputed	Volume	99.1%	98.7%	94.6%	96.79%	94.78%	91.3%	97.9%
invoices - target 95%	Value	99.4%	98.7%	95.1%	95.86%	93.71%	96.7%	96.5%

Better Payment Practice Code

No interest was paid to suppliers under the Late Payment of Commercial Debts (Interest) Act 1998.

Cost Allocation and Charging Requirements

The Trust can confirm that it has complied with the cost allocation and charging requirements set out in HM Treasury and office of public sector information guidance.

Tony Chambers, Chief Executive
22nd May 2018

Celebration of Achievement Awards 2017

A fantastic night was had by all at Chester Racecourse in November when we took time out to celebrate the wonderful achievements of Team Countess.

Hosted by Dr Ravi Jayaram and BBC Breakfast's Louise Minchin, a passionate supporter of the Countess, guests enjoyed an evening of celebration as colleagues cheered each other's achievements and recognised our Countess Jewels. Highlights of the evening included the Partnership Award going to the new Urgent Treatment Centre and GP Out of Hours teams, the Waste team winning the 'Unsung Hero Award' and Associate Director of Nursing Karen Rees being awarded the Haygarth Medal for Nurse of the Year.

2.2 Remuneration Report

The remuneration committees are required to ensure levels of remuneration are sufficient to attract, retain and motivate directors of the quality required to run the organisation successfully, but to avoid paying more than is necessary.

Remuneration and conditions of service of the Chief Executive and Executive Directors are determined by the Remuneration Committee, which comprised of the following members -

- Chair – Sir Duncan Nichol
- Andrew Higgins, Non-Executive Director
- Rachel Hopwood, Non-Executive Director
- James Wilkie, Non-Executive Director (up to November 2017)
- Ros Fallon, Non-Executive Director
- Ed Oliver, Non-Executive Director

The Remuneration Committee meets as and when required and the Director of Corporate and Legal Services is in attendance. The Chief Executive and Director of People and Organisational Development are invited to attend the meeting as appropriate, in particular to brief the Committee on the performance of the Executive Directors and benchmarking of Very Senior Managers across the NHS.

There was no requirement for the Remuneration Committee to meet in 2017/18.

When considering the Executive Directors remuneration the Committee take into account the national inflationary uplifts recommended for other NHS staff, any variation in or change to the responsibility of Executive Directors and relevant benchmarking with other NHS and public sector posts. The performance of Executive Directors and the Chief Executive is discussed at the Remuneration Committee. Executive Directors are subject to annual appraisal by the Chief Executive who is himself appraised by the Chairman. Levels of remuneration should be sufficient to attract, retain and motivate directors of the quality and with the skills and experience required to the Countess of Chester Hospital NHS Foundation Trust successfully.

The contracts of employment of all Executive Directors, including the Chief Executive, are permanent and are subject to six months' notice of termination. No performance-related pay scheme (e.g. pay progression or bonuses) is currently in operation within the Trust and there are no special provisions regarding early termination of employment.

All other senior managers are subject to Agenda for Change pay rates, terms and conditions of service, which are determined nationally.

There are two executives who were paid more than £150,000 in 2017/18. For the purposes of this disclosure, pay is defined as salary and fees, all taxable benefits and any annual or long term performance related bonuses, of which there were none during the year. The Trust is satisfied that the remuneration is reasonable, following scrutiny by the Remuneration Committee.

Council of Governors' Remuneration Committee

There was no requirement for the Council of Governors' Remuneration Committee to meet during 2017/18.

The remuneration tables are included on the following pages.

Tony Chambers, Chief Executive
22nd May 2018

Salary and Pension Entitlements of Senior Managers

Name and Title	Salary	Other Taxable Remuneration	Benefits in kind	Pension related benefits	Total	Normal retirement age	Salary	Other Taxable Remuneration	Benefits in kind	Pension related benefits	Total
	(bands of £5,000) 2017/18 £000	(to nearest £100) 2017/18 £000	(to nearest £100) 2017/18 £	(bands of £2,500) 2017/18 £000	(bands of £5,000) 2017/18 £000		(bands of £5,000) 2016/17 £000	(to nearest £100) 2016/17 £000	(to nearest £100) 2016/17 £	(bands of £2,500) 2016/17 £000	(bands of £5,000) 2016/17 £000
2017/18											
Mr Tony Chambers - Chief Executive	155-160	-	900	75-77.5	235-240	67	155-160	-	4,300	130-132.5	290-295
Mr Simon Holden - Chief Finance Officer	140-145	-	-	-	140-145	67	30-35	-	-	-	30-35
Mrs Debbie O'Neill - Chief Finance Officer (to 31/01/17)	-	-	-	-	-	-	260-265	-	-	32.5-35	290-295
Mr Ian Harvey - Medical Director	170-175	-	-	32.5-35	205-210	60	170-175	-	-	50-52.5	225-230
Mrs Susan Hodkinson - Director of People & Organisation Development	90-95	-	300	45-47.5	140-145	67	85-90	-	5,500	30-32.5	125-130
Mrs Alison Kelly - Director of Nursing & Quality	95-100	-	-	20-22.5	120-125	60	105-110	-	-	30-32.5	135-140
Ms Lorraine Burnett - Operations Director	100-105	-	-	52.5-55	155-160	67	95-100	-	1,600	220-222.5	320-325
Mr Stephen Cross - Director of Corporate and Legal Affairs	85-90	-	6,300	22.5-25	115-120	60	80-85	-	6,400	35-37.5	125-130
Sir Duncan Nichol - Chairman	45-50	-	-	-	45-50	-	45-50	-	-	-	45-50
Mr Andrew Higgins - Non-Executive Director	10-15	-	-	-	10-15	-	10-15	-	-	-	10-15
Mrs Rachel Hopwood - Non-Executive Director	10-15	-	-	-	10-15	-	10-15	-	-	-	10-15
Mr Ed Oliver - Non-Executive Director	10-15	-	-	-	10-15	-	10-15	-	-	-	10-15
Mr James Wilkie - Non- Executive Director (to 30/11/17)	5-10	-	-	-	5-10	-	10-15	-	-	-	10-15
Mrs Ros Fallon - Non-Executive Director	10-15	-	-	-	10-15	-	10-15	-	-	-	10-15
Total Directors Remuneration	975-980	-	7,500	255-257.5	1235-1240	-	1,115-1,120	-	17,800	532.5-535	1,665-1,670

Debbie O'Neill left the Trust on 31st January 2017 and was replaced by Simon Holden as interim Chief Finance Officer. His position later became permanent.
Alison Kelly currently works for Salford CCG as a Governing Body Nurse on a part time basis. Her salary is shown net of the recharge, the pension remains unchanged.
Reporting bodies are required to disclose the relationship between the remuneration of the highest paid Director in their organisation and the median remuneration of the organisation's workforce.

	2018	2017
Band of Highest Paid Director's Total Remuneration	170-175	170-175
Median Total Remuneration	25,023	25,153
Ratio	6.99	6.96

The total remuneration includes salary and benefits-in-kind, it does not include employer pension contributions and the cash equivalent transfer value of pensions. Pension related benefits figures show the amount of annual increase in the future pension entitlement at the normal retirement age, in accordance with the HMRC method. The source information is provided by the NHSBSA.

Salary and Pension Entitlements of Senior Managers (cont)

2017/18 Pension Benefits	Real Increase in Pension at age 60 (bands of £2,500) 2017/18 £000	Real Increase in pension lump sum at age 60 (bands of £2,500) 2017/18 £000	Total accrued pension at age 60 at 31 March 2018 (bands of £5,000) 2017/18 £000	Lump sum at age 60 related to accrued pension at 31 March 2018 (bands of £5,000) 2017/18 £000	Cash Equivalent Transfer Value at 31 March 2018 (to nearest £1,000) 2017/18 £000	Cash Equivalent Transfer Value at 31 March 2017 (to nearest £1,000) 2016/17 £000	Real Increase in Cash Equivalent Transfer Value (to nearest £1,000) 2017/18 £000
Mr Tony Chambers - Chief Executive	2.5-5	0-2.5	60-65	155-160	1080	959	111
Mr Simon Holden - Chief Finance Officer	-	-	-	-	-	-	-
Mrs Debbie O'Neill - Chief Finance Officer (to 31/01/17)	-	-	-	-	-	907	-
Mr Ian Harvey - Medical Director	0-2.5	2.5-5	75-80	230-235	1,802	1,672	112
Mrs Susan Hodkinson - Director of People & Organisation Development	0-2.5	0-2.5	15-20	30-35	227	188	37
Mrs Alison Kelly - Director of Nursing & Quality	0-2.5	2.5-5	40-45	120-125	734	666	61
Mr Stephen Cross - Director of Corporate and Legal Affairs	0-2.5	2.5-5	10-15	35-40	-	-	-
Ms Lorraine Burnett	2.5-3	0-2.5	30-35	80-85	554	487	62

The benefit in kind is for a lease car scheme and a home technology scheme which is open to all members of staff. It is a scheme whereby the Employee agrees to reduce their salary for the full cost of the benefit. If an employee withdraws from the schemes this will have an effect of increasing their pay as they are not then sacrificing it for a benefit. As Non-Executive members do not receive pensionable remuneration, there are no entries in respect of pensions for Non-Executive members.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme.

They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. The NHS Pension scheme will not make a cash equivalent transfer once a member reaches the age of 60 and is then therefore, not applicable.

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

Ward 45 nurses win for planning couple's big day

Ward 45 manager Julie Dixon and her team received the biggest cheers on the night of the Celebration of Achievement awards, scooping the Patient Choice Award for their heart-warming efforts to help a couple get married in the hospital in 2017.

Former taxi driver Bill Sansby, 67, had been a patient at the Countess for more than six months when he proposed to long-time partner Maggie on the ward, setting off a whirlwind fortnight of planning that eventually saw the couple become newlyweds in front of family, friends and 'dog of honour' Bailey.

With Bill having been in hospital with a series of complex issues, Maggie started putting together outfits and taking Bailey to the dog groomers, while Julie started ringing round for help with catering and decorations.

"It was very special after so many years of being together and we were absolutely over the moon with everything they did for us."

With the help of Marks and Spencer, Chester they combined to put on a special ceremony for Bill and Maggie, who later nominated Julie and her team for the Patient Choice Award.

"It was very special after so many years of being together and we were absolutely over the moon with everything they did for us," Maggie said at the time. "I just expected it to be Bill, me and a few family members by his bed, but to be told they'd booked this room and it would be decorated professionally. It was just wonderful."

2.3 Staff Report

Our vision is to *provide care that makes our patients and staff proud* by being *Safe, Kind and Effective*.

The Trust's People and Organisational Development Strategy, which was introduced in September 2016 as a two year strategy, focuses on the delivery of this vision and the work streams that underpin the Trust's three strategic pillars. The Strategy focuses on the following delivery plan -

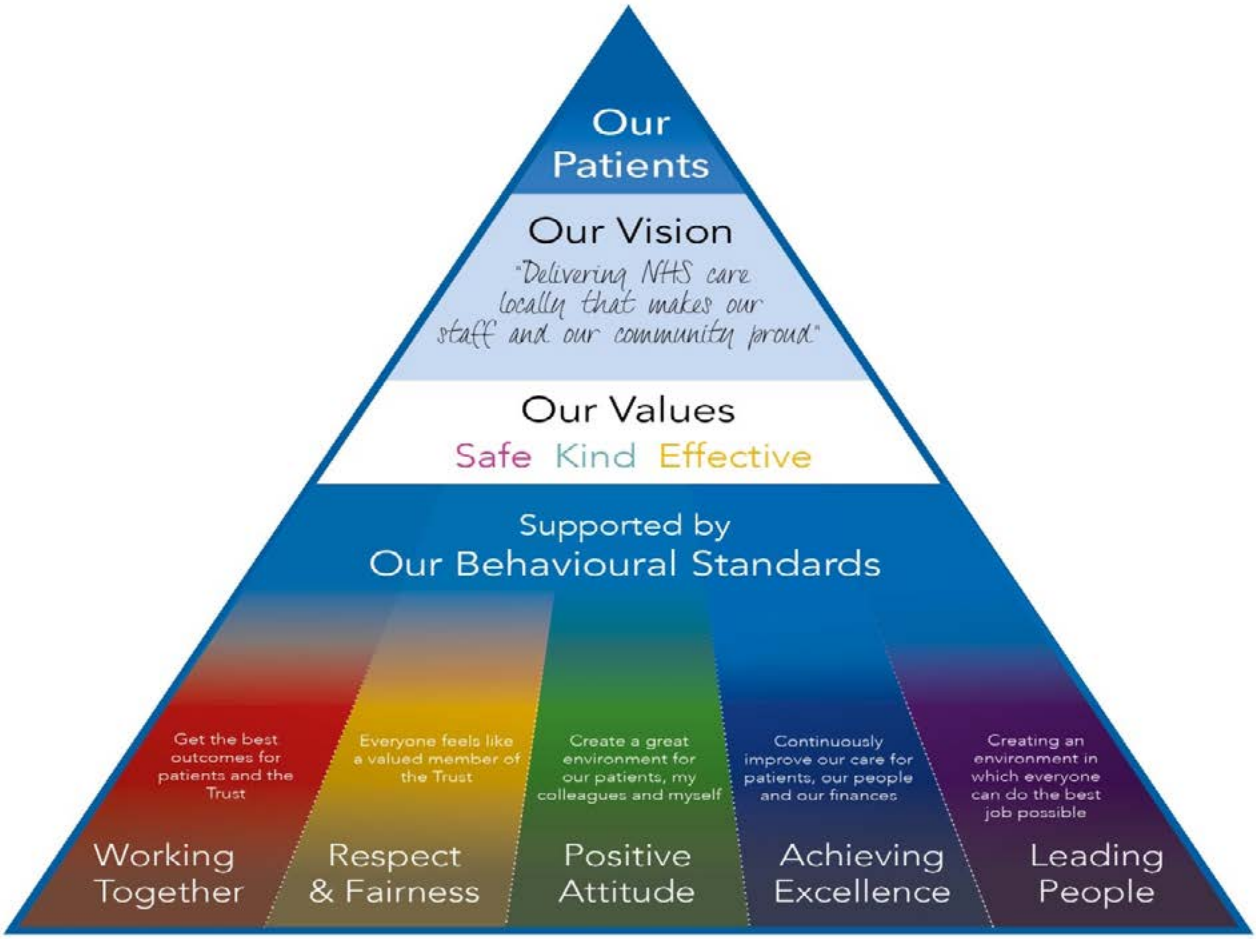
Our Values and Behaviours
Safe Kind Effective

Countess 20:20		Integrated Specialist Services
The Model Hospital		Acute Care Collaboration
Organisational Culture • Performance Framework incl. Values & Behaviours • Staff Experience • Leadership Framework • Career Development Pathways • Coaching & Mentoring • Reward recognition • Compliance • Performance management • Policies and processes • Medical Management	**Operational Excellence** • Acuity based workforce • E-Rostering • Variable pay • Recruitment to Values • Talent Management • Operational Blueprints • People Metrics • Attendance Management • Turnover & Retention • Equality & Diversity	**Organisational Renewal** • Health & Wellbeing Strategy • Attendance Management • Resilience & Mindfulness • Flu Campaign • Smoking cessation • Physiotherapy Services • Nutritional Awareness • HR Shared Services • Supporting The Model Hospital • Electronic Staff Record • Payroll & Pensions
West Cheshire Way		
The Model System	Partnership and Collaboration	Workforce Repository & Planning Tool (WRaPT)
Meeting regulatory requirements		
NHS Improvement International Recruitment Cost Reduction Strategy Annual Plan & Report	**Care Quality Commission** Quality Report Staff Opinion Survey Staff Friends & Family	**Health Education England / North West** HEE Workforce Plan Apprenticeship development Talent for Care & Widening Participation

Organisational Culture

During 2017/18, we have undertaken significant focus on the Trust's Values & Behaviours and as part of this we have introduced our new Trust Behavioural Standards. These behaviours have been "designed by our staff and will be lived by us all" and are focused on -

- **Working Together**: to get the best outcomes for patients and the Trust
- **Respectful and Fair**: so that everyone feels like a valued member of the Trust
- **Positive Attitude**: to create a great environment for our patients, our colleagues and ourselves
- **Achieving Excellence**: to continuously improve our care for patients, our people and our finances
- **Leading People**: by creating an environment in which everyone can do the best job possible.



To support our Values and Behaviours, and develop a High Performance Culture as part of our Model Hospital, we aim to have capable and confident leaders at all levels, who live our values and who act in line with our leadership behaviours in an ever changing, demanding and fast moving environment. As part of the high performance culture workstream, we have extended our leadership development programme, to encompass all of our staff as we recognise that there are leaders at all levels of the organisation. We have already taken over 400 leaders through this programme and incorporated feedback from the programme into making changes to support our staff.

Career Development Pathways (including Apprenticeships)

We aim to have a skilled, flexible and talented workforce, with individuals who are able to adapt to our future needs. Our policy is to train and develop all staff through training and staff development measures, in order to ensure that they can undertake their current responsibilities as effectively as possible. To be fit and prepared to take on promotion opportunities and to enable them to develop to their full potential. The Trust accepts its wider responsibility to plan jointly with our staff their careers and recognises that the process will be most effective when members of staff are fully involved in their future. This is supported by the evolving Apprenticeship Strategy and our second Apprenticeship Awards, recognising apprentices across the organisation, those who champion the value apprentices bring to our patients and colleagues and our providers.

We have also been devising learning pathways for development across bands, including opportunities for development for Nursing Assistants and other Band 1-4 including the Care Certificate, Pre Degree pathways, Widening Access, Assistant Practitioner, the new Nurse Associate roles and apprenticeship pathways. Our work with schools and colleges culminated in our second careers evening which was extremely well attended and received. We have also introduced the role of physician associates and now support both students and qualified PAs in developing theirs skills and experience within healthcare.

Reward & Recognition

We want to provide a high quality and consistent service that is valued by our patients, their relatives and others who come in to contact with us. We are continuing to develop, promote and celebrate the achievements of our staff by rewards and recognition schemes including the annual Celebration of Achievement Awards Ceremony. In addition, the Trust has launched its Countess Gems programme, a simple and immediate way of recognising staff. Anyone can post onto an 'Achievement Wall' acts of Safe, Kind or Effective care. Already into its third month, it is proving popular with the monthly winner receiving £125 to spend in their area on a timely treat. This is supported by our new interactive "Thank You Wall" which has been extremely well received with colleagues posting a timely thank you which is visible to all colleagues across the Trust.

Operational Excellence

We know there is more we can always do to make the day job easier, particularly through the introduction of new systems or processes or use of technology. Therefore, the second element of the Trust's People & Organisational Development Strategy focuses on Operational Excellence within the Countess. During 2017/18, we have specifically focused on the following areas -

Acuity Based Workforce

The introduction of an acuity based staff deployment approach brings information on actual staff levels together with the numbers and needs of patients. It has provided a real-time shift-by-shift view of required versus actual staffing across the Trust. Accessible on a desktop computer, tablet or phone, matrons, ward managers and nurses can now review patients' acuity & dependency, see who is rostered on a shift, monitor attendance and sickness of those staff, and request bank or agency cover if needed.

Recruitment to Values

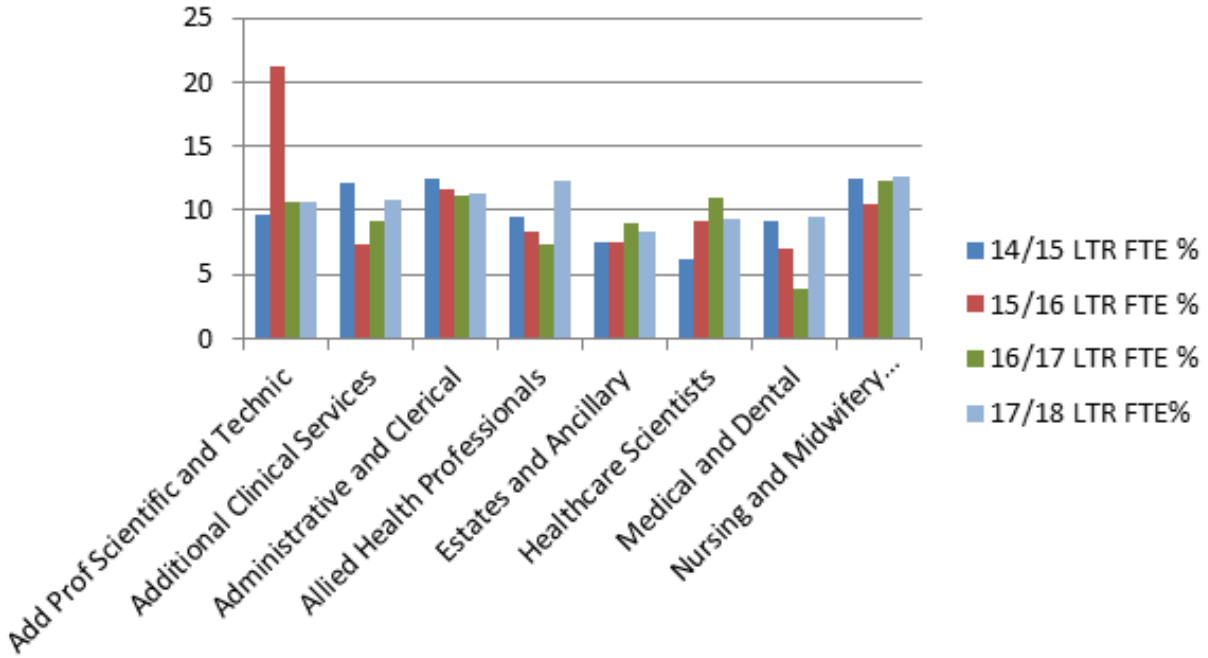
As part of our organisational culture programme of work, we have been developing our Trust wide recruitment strategy, which has involved rebranding our offer. This also includes Values Based Recruitment where "Safe, Kind and Effective" are at the heart of how we attract, recruit and retain our staff.

Talent Management and Succession Planning

As a local organisation serving local people, it is important to maximise talent locally by encouraging local people to work for us, this benefits the local economy in terms of reduced unemployment rates. In addition where possible we support the recruitment of local people, particularly young people into apprenticeship roles. However, it is not sufficient to simply attract individuals with high potential; developing, managing and retaining those individuals as part of a planned strategy for talent and succession planning is equally important and is a key element of the People & Organisational Development Strategy looking ahead.

Whilst the Trust recognises the need to retain staff and skills wherever possible, it acknowledges that circumstances and opportunities can arise that result in staff leaving. The Trust utilises an exit interview process where it captures the reasons for staff leaving. Where patterns indicate potential concerns, the Equality and Diversity Manager, with support from Human Resources and Staff Side, will investigate.

Labour Turnover for Full Time Equivalents % Year & Staff Group



Attendance Management

A combination of factors play into improving absence rates and is a particular focus of our value of Kind. These include the provision of up to date information, a consistently applied policy, management development and individual hotspot support from Human Resources and our accredited Occupational Health & Wellbeing Team.

Although sickness absence is currently above the Trust target, it compares favourably against our peers both regionally and nationally.

Trust Target	Trust Target FTE-Days Lost to Sickness Absence	Average % Over 12 Months (Jan 2017 To Dec 2017)
3.65%	35,530	4.65%

Organisational Renewal

Supporting the wellbeing of our staff to enable Safe, Kind and Effective care is delivered through the Trust's Health & Wellbeing Strategy. As part of this, the Trust has introduced a range of schemes for staff by offering physical activity with an emphasis on promoting active travel, building physical activity into working hours and reducing sedentary behaviour. Opportunities available to all of our staff include the involvement in the NHS NW Games, joining the "Countess Choir", fitness and dance classes, running and rounders' clubs. We have also introduced a range of mental health initiatives for staff, including focusing on resilience and Peer Assessment After Clinical Exposure (PACE) and are in the process of establishing Mental Health First Aid Training. In addition, we offer support to staff such as resilience and stress management courses, line management training, mindfulness courses and counselling services.

HR & Wellbeing Services – our Collaboration with Wirral University Teaching Hospital NHS Foundation Trust

The shared HR & Wellbeing Business Services continues to provide high quality and value for money support for Payroll, Pensions, Recruitment and Temporary Staffing. In operation for nearly six years, the service is not standing still and will be seen to lead on a number of technology-based developments in the coming months, for example, e-Vacancy tracking, recruitment via social media, electronic payslips and new key performance indicators to improve our quality assurance monitoring.

Having a 100% client retention record, the service is now preparing for a period of significant change as our vision is to be the People-Based support service for Cheshire & Wirral, with a view to expanding our scope and client base. We have an opportunity to be a leading service provider that is unique in its design, but also a valuable asset for the Trust and our co-sponsor Wirral University Teaching Hospital NHS Foundation Trust.

Equality & Diversity

We have built on our regionally and nationally recognised programme of work to support Equality and Diversity within the Trust and we are now recognised as an Equality and Diversity Alumni Partner by NHS Employers. This recognition is due to our delivery against these measurable criteria –

- improving patient access and experience
- empowered, engaged and well supported staff
- inclusive leadership at all levels
- better health outcomes for all
- demonstration of commitment to the partners programme and benefits the organisation will receive from taking part.

We pride ourselves in communicating with stakeholders both internally and as part of our wider community in work around Equality and Diversity, our robust governance structure is headed up by the Equality, Diversity and Human Rights Strategy Group, which reports into the People and Organisational Development Committee.

The Workforce Race Equality Standard (WRES)

Implemented by NHS England in July 2015, the WRES is a set of key indicators outlining how the Trust can demonstrate data and engagement evidence on how Black and Minority Ethnic (BME), members of staff are evidenced within recruitment, HR formal procedures and leadership & development. It also sets standards to outline actions the Trust will undertake to improve ESR and training data capture and engage with its BME staff. The Trust continues to meet all of its WRES objectives and has published its 2017 WRES report. It has introduced a BME staff network and improvements in data analysis of the access to non-mandatory training and personal development.

The Equality Delivery System 2 (EDS2)

An equality performance assessment framework introduced in January 2012 by NHS England. It covers 18 outcomes around Patient Care, Quality, safety, Workforce and Leadership domains. The Countess has attained recurrent high grading from assessors, with 15 outcomes being rates as *Achieving* and the remaining three outcomes being rated as *Excelling*.

Equality and Diversity – Gender Breakdown

	Gender - Employee			Gender - Directors			Gender - Senior Managers		
	15/16	16/17	17/18	15/16	16/17	17/18	15/16	16/17	17/18
Female	3,186	3,224	3,219	4	3	4	7	5	4
Male	741	741	758	4	3	3	5	5	6
Grand Total	3,927	3,965	3,977	8	6	7	12	10	10

Average number of persons employed	Total 2017/18	Permanently Employed	Other	Total 2016/17
Medical and dental	444	190	254	425
Administration and estates	711	659	52	720
Healthcare assistants & other support staff	820	776	44	798
Nursing, midwifery & health visiting staff	1,004	912	92	1,038
Nursing, midwifery & health visiting learners	-	-	-	-
Scientific, therapeutic and technical staff	558	524	34	543
Bank Staff	159	-	159	110
Total	3,696	3,061	635	3,634

Employee Expenses	Total 2017/18 £000	Permanently Employed £000	Other £000	Total 2016/17 £000
Short term employee benefits - salaries and wages	130,086	115,268	14,818	127142
Post employee benefits social security costs	11,483	10,367	1,116	11,064
Apprenticeship levy	605	546	59	-
Post employee benefits employer contributions to NHS Pensions Agency	14,433	13,030	1,403	13,859
Other Employment Benefits	3	3	-	5
Agency/contract staff	4,373	-	4,373	3,452
	160,983	139,214	21,769	155,522

Staff Cost Analysis

The Trust spent £140,000 on consultancy during 2017/18 (2016/17 - £194,000).

Staff Survey

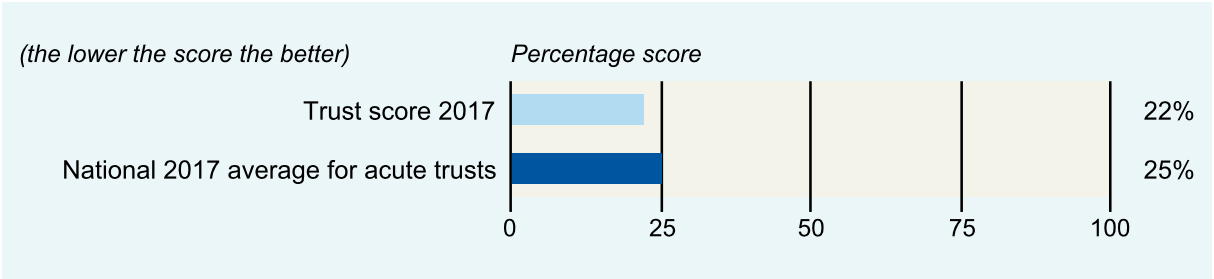
One way that we monitor staff engagement is through the national NHS Staff Survey which is conducted each year by the Trust, the results of which are used by the Care Quality Commission, our commissioners and others to assess our performance. In partnership with our trade union colleagues, operational colleagues and medical representatives, with governance from the People and Organisational Development (OD) committee, we developed an action plan to address areas of concern. Our results are published nationally on the website; In addition to this we also monitor the feelings of our staff via the National Staff Friends and Family Test.

For the seventh year running, we surveyed all of our staff, rather than a random sample. All members of staff (excluding bank & agency workers) were asked to complete the survey -

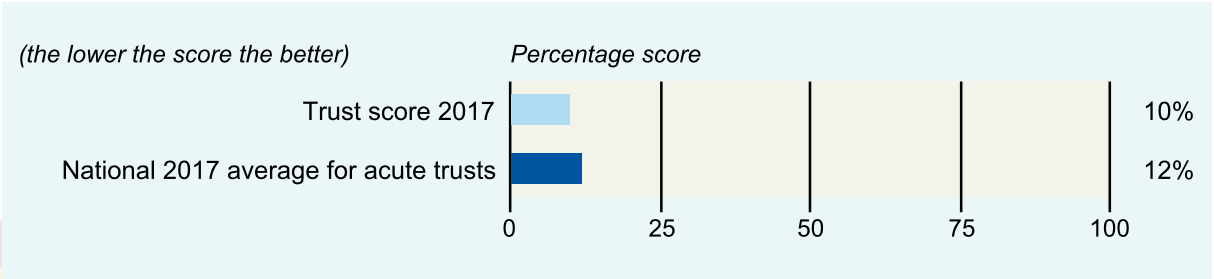
- The response rate for the Trust was 40%. This is an improvement on 2016 of 4%.
- Around 1,600 members of staff completed the survey.
- The Trust response rate was below the national average (45%) & marginally below the Acute Trusts average of 42%.

In part, this may be down to the increased requirements for us to additionally survey staff through the Staff Friends and Family Test and other local surveys to test the temperature throughout the organisation. In addition, we have increased our asking for feedback from staff to shape and inform our Model Hospital High Performance Culture work stream.

KF26. Percentage of staff experiencing harassment, bullying or abuse from staff in last12 months



KF20. Percentage of staff experiencing discrimination at work in the last 12 months

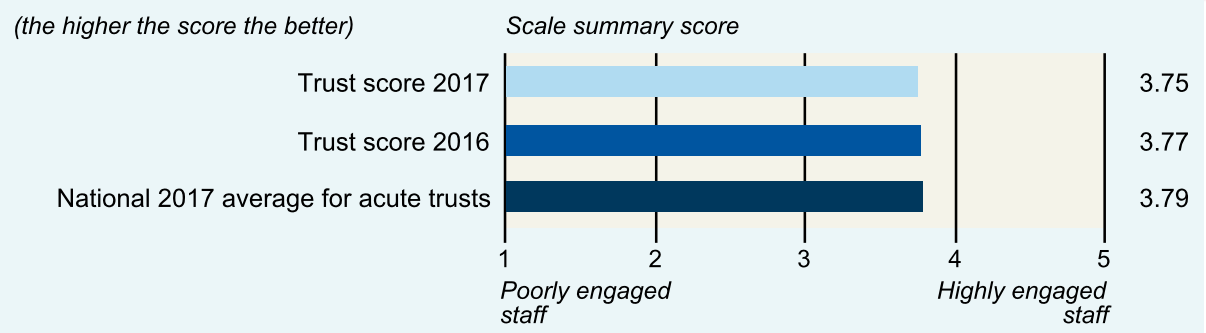


The Trust is particularly pleased to see that the two areas of Bullying and Harassment and Discrimination at work have reduced. The Trust focused on these areas over the last year with additional training and awareness programmes.

Overall Staff Engagement

Despite additional effort on staff engagement, it was disappointing not to see an improvement, as work has commenced in this area but we recognise there is more to do.

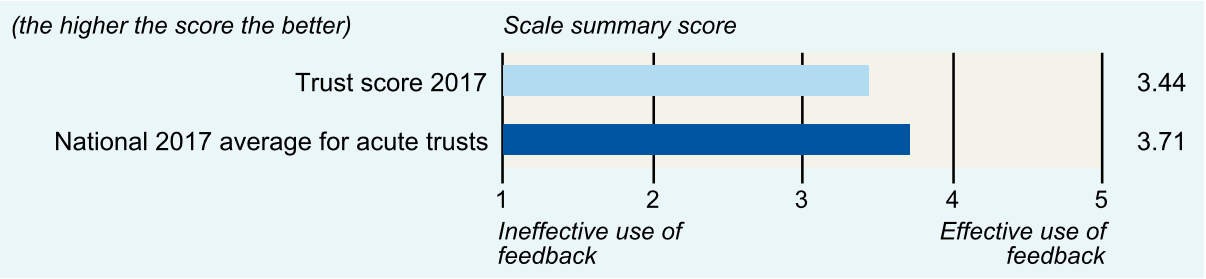
Overall Staff Engagement



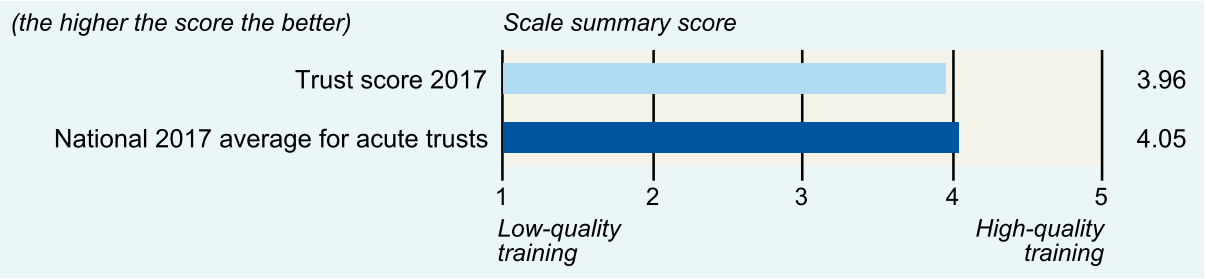
Key Areas of Concern

In the 2017 survey, there are 5 areas of concern -

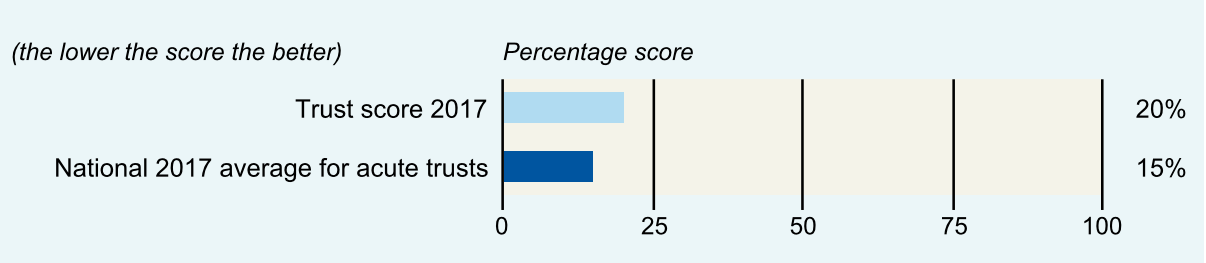
KF32. Effective use of patient / service user feedback



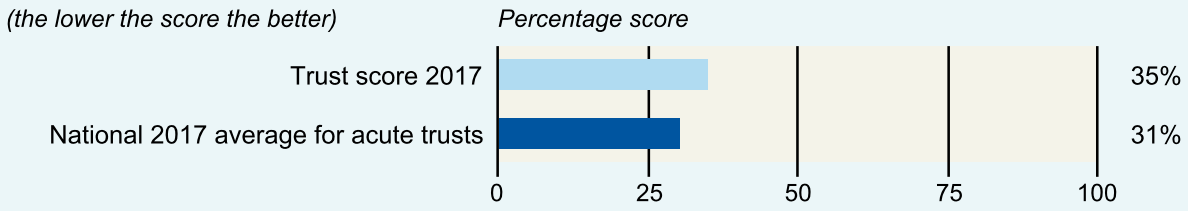
KF13. Quality of non-mandatory training, learning or development



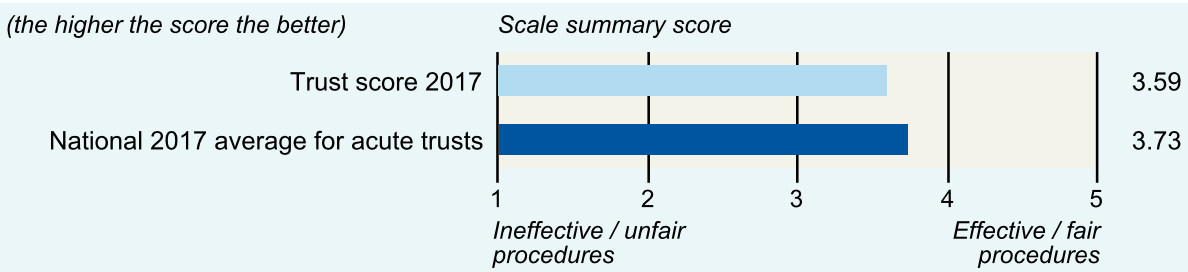
KF22. Percentage of staff experiencing physical violence from patients, relatives or the public in last 12 months



KF28. Percentage of staff witnessing potentially harmful errors, near misses or incidents in last month



KF30. Fairness and effectiveness of procedures for reporting errors, near misses and incidents



Key Findings 22 - % of staff experiencing physical violence from staff in last 12 months is particularly worrying. We are aware of a number of incidents of physical violence that have occurred this year and we have a set of actions to address this and support our staff further in the coming year.

The survey results have been shared with the Board and the People and OD Committee (sub-committee of the Board), and will also be shared across the organisation. An action plan is in place to address areas of concern and a communication plan has been developed to ensure that all members of staff are fully briefed on the results; the actions intended and '*you said we did*' briefings are part of our strategy. Once again this year, each section of the action plan has an Executive Lead and Service Lead to ensure progress is made and monitored against planned actions, with regular reports on progress to the People and OD Committee. Where we are able to, we are also sharing the detailed results with individual areas to encourage ownership of the results and also encourage and empower our front line colleagues to look for ways to improve their working lives.

Response Rate 2017 Compared with 2016

	2016		2017		Change
	Trust	National Average	Trust	National Average	
Response Rate	36%	40%	40%	45%	+4%

Staff Consultations

	1	2	3	4
Reason/ Name	Intermediate Care Therapy Led Unit – Bluebell Ward, EPH	Review of role of Clinical Site Co-ordinators with introduction of Teletracking	7 – day working Rotations within Therapies	Cancer Services Support team
Staff Groups	Therapists / Nursing	Nursing	Therapies	A4C
No of Staff		All rotational therapists	12	
Start Date	March 2017	April 2017	April 2017	02/04/18
End Date	TBC	TBC	TBC	02/05/18
Outcome			Supervision team redesign	

Equal Opportunities Policy

The Trust has policies in place to facilitate fair and non-discriminatory consideration for employment applications from disabled people and with regard to access to training, career development and promotion. The Trust sets this out in the Equal Opportunities Policy and in the Disability Equality Policy. Reasonable adjustment options with regard to learning and development are identified within the Learning and Development Strategy. The Trust also publishes detailed data on its disabled employees and job applicants within its annual Workforce Equality Analysis Report, as per mandate of the specific duties of the Equality Act (2010).

To provide further assurance that it meets its duty towards people who have a disability as a Public Authority, in 2017 the Trust attained the Disability Confident Level Two accreditation, formerly known as the 'Two Ticks: Positive about disabled people' .

Countering Fraud & Corruption Policy

The Countess of Chester Hospital NHS Foundation Trust does not tolerate fraud, corruption or bribery within the NHS. The Trust has an overarching Anti-Fraud, Corruption and Bribery Policy and Response Plan in place, produced by the Trust's Anti-Fraud Specialist, which has been reviewed in 2017/18. The aim is to eliminate all NHS fraud, corruption and bribery as far as possible, freeing up public resources for better patient care.

NHS Protect is a business unit of the NHS Business Services Authority. It has responsibility for all policy and operational matters relating to the prevention, detection and investigation of fraud, corruption and bribery and the management of security in the NHS. All instances where fraud, corruption and bribery is suspected are properly investigated until their conclusion, by staff trained by NHS Protect. Any investigations will be handled in accordance with the NHS Counter Fraud and Corruption Manual.

Ill Health Retirements

During 2017/18 (prior year 2016/17) there were 4 (4) early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £203,000 (£270,000). The cost of these ill-health retirements will be borne by the NHS Pensions Agency. This information was supplied by NHS Pensions Agency.

Off-Payroll Engagements

Off-payroll engagements are arrangements where an individual provides their services to the Trust, but, under HMRC rules, they are not paid through the Trust payroll. Typically, this is because the individual is working through a temporary staffing agency, or they are legitimately in business in their own right, and the legal nature of the arrangement between the Trust and the off-payroll individual is a commercial business arrangement, rather than one of employment.

The Trust makes use of off-payroll engagements in a number of circumstances -

- when there is a short term need that cannot be met from internal staffing resources, including bank staff
- when specialist expertise is required that is not available internally
- when there is difficulty recruiting to a post

Off-payroll engagements as of 31 March 2018, for more than £245 per day and that last for longer than six months	
No. of existing engagements as of 31 March 2018	3
Of which -	
No. that have existed for less than one year at time of reporting.	2
No. that have existed for between one and two years at time of reporting.	0
No. that have existed for between two and three years at time of reporting.	0
No. that have existed for between three and four years at time of reporting.	0
No. that have existed for four or more years at time of reporting.	1

New off-payroll engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018, for more than £245 per day and that last for longer than six months	
Number of new engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018	4
Of which -	
Number assessed as within the scope of IR35	4
Number assessed as not within the scope of IR35	0
Number engaged directly (via PSC contracted to trust) and are on the Trust's payroll	4
Number of engagements reassessed for consistency/ assurance purposes during the year	1
Number of engagements that saw a change to IR35 status following the consistency review	0

Off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2017 and 31 March 2018	
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
No. of individuals that have been deemed "board members and/or senior officials with significant financial responsibility" during the financial year. This figure should include both off-payroll and on-payroll engagements.	14

Exit Packages

A mutually agreed resignation scheme was open to all staff whereby they could apply to leave. These relate to actual departures during the financial year.

Exit package cost band	2017/18 Number of compulsory redundancies	2017/18 Number of other departures agreed	2017/18 Total number of exit packages by cost band
<£10,000	-	13	13
£10,000-25,000	-	6	6
£25,001-50,000	-	4	4
£50,001-100,000	-	2	2
£100,000-150,000	-	-	-
Total number of exit packages by type	-	25	25

Exit package cost band	2016/17 Number of compulsory redundancies	2016/17 Number of other departures agreed	2016/17 Total number of exit packages by cost band
<£10,000	-	12	12
£10,000-25,000	-	3	3
£25,001-50,000	-	4	4
£50,001-100,000	-	-	-
£100,000-150,000	-	1	1
Total number of exit packages by type	-	20	20

Exit packages: Non-Compulsory Departure Payments

	2017/18 Agreements Number	2017/18 Total Value of Agreements	2016/17 Agreements Number	2016/17 Total Value of Agreements
Mutually agreed resignations (MARS) contractual costs	15	374	9	188
Non-compulsory payments in lieu of notice	9	36	10	111
Exit payments following Employment Tribunals or court orders	1	25	1	6
Non-contractual payments requiring HMT approval	-	-	1	85
Total	25	435	21	390

2.4 The Disclosures

The Countess of Chester Hospital NHS Foundation Trust has applied the principles of the *NHS Foundation Trust Code of Governance* on a 'comply or explain' basis. Disclosures are included throughout the 2017/18 Annual Report on the 'comply or explain basis'. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

The Accountability report includes the following -

- Information about the composition of the Board of Directors and Council of Governors during 2017/18.
- The work of the Audit Committee in discharging its responsibilities.
- Information about quality governance and quality of care.
- The Trust's work to ensure compliance with its registration with the Care Quality Commission.
- The Annual Governance Statement.

The Performance Report includes –

- Financial Performance
- Strategic risks of the Trust
- Future developments of the Trust
- Overview of Going Concern

In addition -

- There were no political donations during 2017/18.
- In the field of Research and Development we continued our collaboration with the University of Chester in 2017/18 in the Centre for Integrated Healthcare Science, which has research and innovation at its core.
- The Trust has no branches outside of the UK.
- Trust's performance report is a public document available to all employees.
- Other income is used to provide additional funding for the Trust. It is directly reinvested in the delivery of high-quality NHS services.

2.5 NHS Improvement's Single Oversight Framework

NHS Improvement's Single Oversight Framework provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes -

- Quality of care
- Finance and use of resources
- Operational performance
- Strategic change
- Leadership and improvement capability (well-led)

Based on information from these themes, providers are segmented from 1 to 4, where '4' reflects providers receiving the most support, and '1' reflects providers with maximum autonomy. A foundation trust will only be in segments 3 or 4 where it has been found to be in breach or suspected breach of its licence.

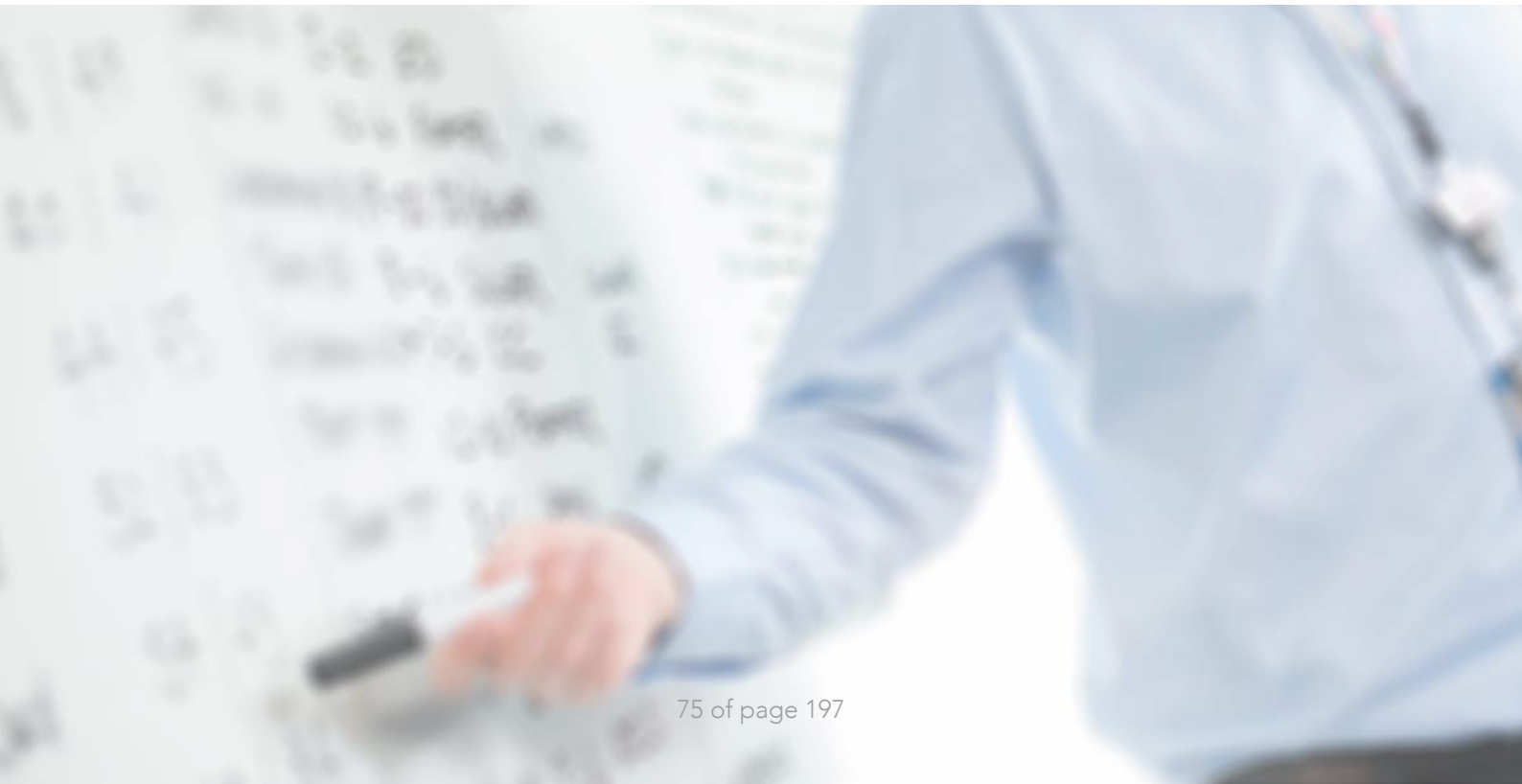
The Trust is in NHS Improvement's Segment 2: Providers Offered Targeted Support.

This segmentation information is the Trust's position as published on 18th April 2018. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

Finance and use of resources

The finance and use of resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance. These scores are then weighted to give an overall score. Given that finance and use of resources is only one of the five themes feeding into the Single Oversight Framework, the segmentation of the Trust disclosed above might not be the same as the overall finance score here.

A table outlining the finance and use of resources scores for the Trust can be seen in the Financial Review section of the Performance Report.



2.6 Statement of Accounting Officer's Responsibilities

Statement of the Chief Executive's responsibilities as the Accounting Officer of Countess of Chester Hospital NHS Foundation Trust

The National Health Service Act 2006 (NHS Act 2006) states that the chief executive is the Accounting Officer of the NHS Foundation Trust. The relevant responsibilities of the Accounting Officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the *NHS Foundation Trust Accounting Officer Memorandum* issued by NHS Improvement.

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require the Countess of Chester Hospital NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Countess of Chester Hospital NHS Foundation Trust and of its income and expenditure, items of other comprehensive income and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Department of Health Group Accounting Manual* and the *NHS Foundation Trust Annual Reporting Manual* and in particular to -

observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

make judgements and estimates on a reasonable basis;

state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual* (and the *Department of Health Group Accounting Manual*) have been followed, and disclose and explain any material departures in the financial statements;

assess the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and use the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity.

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Accounting Officer is also responsible for ensuring that the use of public funds complies with the relevant legislation, delegated authorities and guidance.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in the *NHS Foundation Trust Accounting Officer Memorandum*.

2.7 Annual Governance Statement 2017/18

Scope of Responsibility

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

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of the Countess of Chester Hospital NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Countess of Chester Hospital NHS Foundation Trust for the year ended 31st March 2018 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

As Accounting Officer, supported by Board members, I have responsibility for the overall direction of the risk management systems and processes within the Trust. I have delegated the executive lead for risk management to the Director of Nursing & Quality who in turn is supported by an Associate Director of Risk & Safety who manages the Risk & Safety Team.

The Trust's current Risk & Performance Committee formed in 2017/18, and Quality, Safety and Patient Experience Committee is supported by a robust Risk Management Strategy which outlines the Trust approach to risk and provides a framework for managing risk across the organisation. The roles and responsibilities of all staff in relation to the identification and management of risk are identified in this and other related policies, e.g. Incident Reporting which is being updated in 2018. The strategy sets out the role of the Board of Directors and standing committees, including the Corporate Leaders Group and Risk & Performance Committee which is chaired by the Chief Executive and has delegated responsibility for overseeing and monitoring the risk management and assurance framework process. All Divisions manage their operational risks at a local level through their divisional boards. They escalate or request to de-escalate accordingly through the monthly Risk & Performance Committee, or weekly Corporate Leaders Group if urgent, to ensure a timely acknowledgment, discussion and planning regarding management of a new high scoring risk. The Trust expects positive leadership from managers at all levels of the organisation to ensure risk management is a fundamental part of an integrated approach to quality, corporate and clinical governance, performance management and assurance.

The Board draws assurance from the Quality, Safety and Patient Experience Committee (QSPEC), Finance and Integrated Governance Committee (FIGC), People and Organisational Committee (POD) and other underpinning committees.

Risk Training

Staff are trained and equipped to manage risk in a way appropriate to their authority and duties. All new staff receive an overview of the Trust's risk management processes as part of the corporate induction programme, supplemented by local induction organised by line managers. Further education is provided with cyclical mandatory training undertaken by both clinical and non-clinical staff; the risk content for this programme was updated in year and is continually reviewed in light of any changes. There is a robust appraisal process which facilitates the identification of individual staff training needs. These are reviewed as part of the member of staff's annual performance and development appraisal. All relevant risk policies are available to staff via the Trust's document management system including -

- Risk management policy
- Incident reporting including serious incidents
- Complaints policy

The Trust has a supportive learning culture, as a learning organisation, using a range of mechanisms including clinical supervision, reflective practice, individual and peer reviews, performance management, continuing professional development, clinical audit and the application of evidence based practice. The revalidation process that a number of health professionals now have to do further supports learning and development.

Work continues to support the realisation of the Trust's vision, to further embrace the culture of embedding positive attitudes. Lessons learned and good practice is shared throughout the Trust via mechanisms such as the Quality, Safety & Patient Experience Committee, the Corporate Directors Group, alongside the monthly 'Safe, Kind and Effective' bulletins. The divisions also have a robust governance process for feedback.

The Risk and Control Framework

The Trust has during 2017/18 continued to develop and enhance its governance and risk management systems and processes recognising the changing and challenging environment in which it operates. The identification and appropriate management of risk forms an integral part of the Trust`s overall approach to integrated governance and one which is explicit in every activity the Trust and its employees are engaged in.

Well embedded within the Trust is the Risk Management Strategy and this supports procedures and sets out the key responsibilities for managing risk within the organisation, including ways in which the risk is identified, evaluated and controlled. The continued use of the Health & Safety Executive's "5 steps to risk assessment" model ensures that a consistent approach is applied to assessing and responding to clinical and non–clinical risks and incidents. In year, the Trust has further strengthened this role; this includes the introduction of a new medical management model with an identified medical lead for quality and risk who works collaboratively with the Associate Director of Nursing and Associate Director of Risk & Quality in order to deliver this agenda.

There is a well-established process of identifying risks. A Risk & Performance Committee was developed this year. This Committee oversees all aspects of organisational and strategic risk, including the Trust's Board Assurance Framework and the Risk Management Strategy. Additionally, those 'high' risks not transferred onto the Executive Risk Register but managed at divisional level are reported and discussed here. This ethos supports and holds divisions to account and ensures the robust process of risk is embedded and will ensure the alignment of the Board Assurance Framework to the Trust's risk register. Risk assessment is a key feature of all normal management processes. All areas of the Trust have an ongoing programme of risk

assessments, which inform the local risk registers. The Board Assurance Framework enables the Board to undertake focused management of the principal risks to ensure achievement of the organisation's objectives.

The Risk & Performance Committee is chaired by the Chief Executive and reports to Finance and Integrated Governance Committee and thus to the Board of Directors.

The Trust receives assurance from the National Reporting and Learning System on reporting performance. This data is also part of the newly implemented CQC Insight Trust specific report which:-

- incorporates data indicators that align to our key lines of enquiry for that sector
- brings together information from people who use services, knowledge from our inspections and data from our partners
- indicates where the risk to the quality of care provided is greatest
- monitors change over time for each of the measures
- points to services where the quality may be improving

The assurance gained reflects that the Trust has a positive incident reporting culture. Risk management is embedded in the organisation in a variety of ways. The Trust has an established process for learning from past harms and the review of incidents of concern, such as where a theme is evident or where serious harm has (or could have) occurred. This is supported by an electronic risk management system, which enables the linking of incidents for thematic review and also learning from complaints, claims and HM Coroners Inquests.

The Trust's Executive Serious Incident Panel, chaired by the Director of Nursing and Quality meets weekly to review any incident in which a patient has sustained a moderate harm or greater, or incidents where a trend is evident. This forum also reviews complex complaints, inquests and claims, allowing for triangulation of data to ensure the most appropriate decision is made. Agreement is reached regarding the level of investigation and, in line with the Serious Incident Framework; these are reported externally to StEIS (the National Framework for Reporting and Learning from Serious Incidents requiring Investigation). These incidents, the quality of the review and report, and its subsequent action plan, are monitored internally via a monthly report to the Quality, Safety & Patient Experience Committee, and via the monthly CCG serious incident meeting.

There is a six monthly aggregated analysis of incidents, complaints, claims and HM Coroner's Inquests. This contains trend data and through both qualitative and quantitative data analysis, provides assurance of lessons learnt from past harms together with the changes to clinical practice that have subsequently been put in place. This report demonstrates the link between patient safety, education and training to improve safety and assurance through clinical audit.

All serious incidents are reported to Commissioners and to other bodies in line with current reporting requirements. During 2017/18 the Trust reported 86 incidents to the CCG and NHS England – this equates to 0.7% of the 11,193 incidents reported within the Trust within the year. Root cause analysis (RCA) is undertaken with monitored action plans. There was one wrong site surgery 'Never Event' reported during this period. The 2017/18 Quality Account covers this in more detail. Whilst we recognise there may always be human factors we continue to revisit our systems and processes to ensure learning, and any necessary changes identified become business as usual.

Serious incidents are fed back to the Divisions through the Quality, Safety & Patient Experience Committee, and Divisional Governance forums. In addition, lessons learnt are fed back through to nursing teams at Ward Managers'

meetings and safety briefs at a local level to ensure information reaches relevant staff groups. Medical staff have presented their findings at whole hospital rolling half days. Medicines related incidents and meetings to support monitoring have been refreshed during the year. The Trust has a robust clinical audit programme which includes subsequent audit on selected incidents ensuring changes made as a result of an investigation have been effective.

With the policies, procedures and actions described above, in conjunction with our recent internal well-led review, and preparation for our mandatory Use-of-Resources assessment, the Trust is assured that it continues to meet the requirements of NHS Improvement's well-led framework.

Risk Management

The Foundation Trust is fully compliant with the registration requirements of the Care Quality Commission. Following its most recent inspection in February 2016 the Trust received its formal Care Quality Commission (CQC) report, this declared a rating for the Countess of Chester Hospital NHS Foundation Trust site 'Requires Improvement' and Ellesmere Port Hospital site reporting '*Good*'; this culminated in an overall rating of '*Good*'.

The implementation of the CQC recommendations utilising a master action plan has been closely monitored and assurance was provided via the core services assessed up to the Quality, Safety and Patient Experience Committee. This action plan was signed off during the reporting period of this report.

In respect of ensuring quality and safety are considered in the context of the Cost Reduction Schemes (CRS), a robust quality impact assessment is undertaken for all schemes. The documentation is then reviewed and signed off accordingly by the Medical Director and Director of Nursing & Quality. The process of tracking the impact of schemes via metrics is monitored via the Divisional Governance Committees with oversight provided at the Risk & Performance Committee (with a detailed review taking place at the weekly CRS meeting).

As already articulated previously, the Trust has a positive reporting culture and incident reporting continues to be encouraged at all levels of the organisation. During the year, 'Excellence Reporting' has continued as a method of recognition of quality – this promotes the reporting of positive events, such as excellent team work, individual performance or delivery of care as examples. This is proving a positive way for staff in gaining feedback on their contribution to services for patients. There is a process whereby these reports feed into the Trust's staff recognition awards and support staff groups that requires feedback as part of their professional revalidation.

Involving patients is vital in ensuring the Trust's services meet the needs of patients. Throughout the year, work has continued following the launch of a revised Patient Experience & Involvement Strategy supported by the Patient Experience Operational Group.

The Trust's Governors play an essential part in providing feedback about how services can improve; there are plans in 2018/19 to enhance this with the implementation of Governor Rounds. There are numerous ways in which patients provide feedback to the Trust so that improvements can be made, in particular when a significant clinical incident has occurred or a complaint is received, patients and or their families are approached (if it is deemed appropriate at the time) to be involved in making improvements or sharing their experiences to support lessons learned. Some of these stories have been shared at the Board of Director's meeting during the year (staff stories have also been shared).

The Board receives the Integrated Performance Report each month centred round Safe, Kind and Effective care which

include detailed exception reports and performance against key quality indicators. This includes actions being undertaken to address any risks and uncertainties. Patient flow through our beds continues to be inhibited due to the number of medically optimised patients and increases in delayed transfers of care. A&E performance has been compromised within 2017/18 due to continued increases in demand and reduced bed availability due to discharge delays.

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 into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

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

The Foundation Trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

The Trust is fully compliant with Emergency Preparedness, Resilience & Response (EPRR) standards within the Civil Contingency requirements. An EPRR Committee is in place chaired by the Director of Nursing & Quality as Executive Board lead, this Committee provides oversight of Major Incident procedures and Business Continuity processes. A Health and Safety Committee is in place which reports to the EPRR Committee.

Foundation Trust Governance

The Foundation Trust governance structures ensure that the Board has an overarching responsibility through its leadership and oversight, to ensure and be assured that the organisation operates with openness, transparency and candour particularly in relation to its patients, the wider community and staff. The Board holds itself to account through a wide range of stakeholders and the overall effectiveness and performance of the organisation.

The Governors also play a significant role in holding the Board, and in particular the Non-Executive Directors, to account in a challenging but constructive way. The Council of Governors meets quarterly and a meeting of the Governor's Quality Forum is held monthly. Governors are represented across a wide range of Trust organisational committees.

The Board has developed a culture across the organisation which supports open dialogue and includes directors and senior managers personally listening to complaints, concerns and suggestions from partners, patients and staff.

The Board of Directors have throughout the year regularly reviewed the relationship and responsibilities of the Board sub-committees and directors to ensure appropriate challenge and resilience across the organisation. All three sub-committees which comprise the Finance and Integrated Governance Committee, Quality, Safety and Patient Experience Committee and People and Organisational Development Committee, have Non-Executive Director (NED) Chairs. The Partnership Forum is also chaired by a NED. The Audit Committee is a significant statutory committee of the Board that is covered later in this statement.

The Board receives the minutes of each of the sub-committees which provide timely and accurate information. This facilitates an overarching and durable framework that allows the Board to make sense of the effective use of the information and data to gain further assurance of good practice in governance and provide confidence that the organisation provides patient centred care. To further support the Board, each of the sub-committees receive regular updates and minutes from the operational groups which are chaired by the Executive Directors. There is an opportunity at each meeting for the relevant operational group minutes to be questioned and where needed further details requested and clarified.

The Board and its sub-committees demonstrates leadership and the rigour of oversight of the Trust's performance by having formulated an effective strategy for the organisation, ensuring accountability by robustly challenging the control systems in place and where appropriate seeking further intelligence on the current trend analysis with the Trust's performance indicators to further understand the wider communities health needs.

People & Organisational Development

Last year, the Trust launched its 2016-18 People and Organisational Development Strategy & Delivery Plan, including its new behavioural standards. These standards are helping to create the right organisational culture for clinical engagement and continuous improvement, which in turn will achieve our values of Safe, Kind & Effective to help deliver the Trust's strategic work programmes and vision.

The Trust has also put in place the processes for junior doctors to transition over to the new contract, including the Guardian of Safe Working and the process for exception reporting. Any risks associated with the delivery of the action log to implement the junior doctors' contract have been monitored within the Human Resources & Organisational Development Divisional Risk Register.

In addition, all members of staff are supported by the Freedom to Speak Up Guardians and supporting policy, which enables staff to raise concerns around patient safety and other aspects, whilst supporting freedom to speak up becoming business as usual. Supported by a workshop undertaken with the National Guardians Office, the Trust will be refreshing its policy and support for staff in raising Freedom to Speak Up concerns into 2018/19.

To support listening to staff, the Trust has a number of well embedded formal and informal systems including a programme of Executive 'walk-rounds' that take place on the first day of the month, alongside impromptu visits. The use of safety briefings, huddles and Executive presence within the Trust induction process for all new starters are all important elements of keeping our teams informed, at the same time providing opportunity for feedback. The 'Freedom to Speak Up' agenda supporting our open culture has been further developed during the year. Within the Freedom To Speak Up policy (which is currently under review) there is an expectation that staff should be able to raise concerns at the earliest opportunity, creating an environment where all staff can be open, honest and truthful in all their dealings with patients, colleagues and with the public. There is a robust and supportive way to deal with issues raised to ensure supportive positive outcome for staff who select this process. This is facilitated by an identified group of Guardians and an established Freedom to Speak Up group.

Review of Economy, Efficiency and Effectiveness of the Use of Resources

The Trust's resources are managed within a sound financial governance framework defined in the Corporate Governance Manual and Standing Financial Instructions. The Trust is committed to ensuring value for money and continued with a challenging Cost Reduction Strategy whilst implementing its long-term programme of service transformation. The Trust's Model Hospital Team helps co-ordinate and facilitate the delivery of these schemes.

Overall performance is monitored by the Board of Directors, supported by the Finance and Integrated Governance Committee, QSPEC and the other sub-committees. The Board of Directors receive monthly integrated performance reports which provide data in respect of financial, quality, national and locally agreed contractual target performance. Any areas of risk are highlighted through the use of a Red, Amber, Green (RAG) rating.

The performance of individual divisions and wards is measured and monitored through budgetary control and service-line reporting systems, and a performance management framework which is linked to the delivery of operational plans. These plans incorporate financial as well as quality, efficiency and productivity targets. All plans are subject to scrutiny and monitoring on a monthly basis (via the Cost Releasing Savings meeting and Executive Directors Group).

The Trust had originally forecast a deficit, before Sustainability & Transformation Fund (STF) monies, of £8.8m for 2017/18 (with STF monies being allocated of £5.2m), giving a control total of £3.6m deficit if the Trust was successful in achieving 100% of its Sustainability & Transformation Fund metrics. This position being very much based upon the Trust delivering £12.4m of Cost Reduction Savings (CRS).

The Trust achieved an actual surplus of £1.8m, an improvement of £5.4m predominantly due to Incentive and Bonus STF monies.

During the year the Trust applied for interim revenue support from the Department of Health and Social Care totalling £6.7m to support its revenue cash position, created by the planned deficit and timing differences in receiving the STF monies. In 2018/19 the financial plan is for a £3.0m surplus (before impairments), which if delivered, will allow the Trust to fully repay the interim funding.

This is a positive outcome for the year, especially given the uncertainties surrounding the delivery of an ambitious Cost Reduction Scheme program which delivered £11.4m in year, the block contract with Western Cheshire CCG, and the management of the hospital of with high levels of Delayed Transfers of Care (DTOC), high bed occupancy and the unprecedented levels of non-elective activity experienced especially through the winter period.

Two years ago the Trust, working with the Department of Health and Lord Carter of Coles on the national Procurement and Efficiency Savings programme, developed our own Model Hospital Programme. The three elements of our focus continue to be: Culture and High Performing Culture, Operational Excellence and Organisational Renewal.

Two years on there has been significant progress which has seen the implementation of the Trust Coordination Centre and the continued roll out of our acuity based staff rostering system, both of which are providing greater operational transparency and a central location for managing the hospital. Our new medical leadership are now in post and a significant number of our staff have attended High Performance Workshops based on our newly developed behavioural standards. We have also focused heavily on improving our processes

to become more efficient in outpatients, theatres and across the wards.

We continue to work with our health system partners in sharing our learning and work to ensure a collective approach to improve care for our patients across the system. We have a responsibility to the local health and social care system, and are committed to working with our partners and playing into the West Cheshire plans.

The Trust's internal and external auditors provide assurance in respect of the internal control environment and the use of the Foundation Trust's resources. Audit findings and recommendations are monitored and reported through the Audit Committee and the Foundation Trust's audit tracker.

Information Governance

The Trust is required to undertake a mandatory annual Information Governance Toolkit (IGT) self-assessment. The Information Governance Toolkit draws together legislation and relevant guidance and presents them in a single standard as a set of requirements. The assessment enables the Trust to measure its compliance against 45 standards to provide assurance to the organisation, patients and staff that information is handled correctly and protected from unauthorised access, loss, damage and destruction.

The Information Governance Toolkit assesses compliance against the following areas -

- Information governance management;
- Confidentiality and data protection assurance;
- Information security assurance;
- Clinical information assurance;
- Corporate information assurance.

The Information Governance Toolkit assessment provides an overall compliance score with each standard measured between level 0 and 3, with 0 being the lowest score. The Trust's most recent IGT submission (2017/18) resulted in all requirements meeting at least Level 2 providing a '*Satisfactory*' compliance rating with an overall score of 82%.

Further assurance is provided following a recent audit of 15 of the standards selected and independently reviewed by the Trust's auditors Mersey Internal Audit Agency (MIAA).

The 2017/18 audit was undertaken in January and the final report provides '*Significant Assurance*'.

Information Governance Incident Report

Summary of serious incident(s) requiring investigations involving personal data as reported to the information commissioner's office in 2017-18

Date of Incident (Month)	Nature of Incident	Nature of Data Involved	Number of data subjects potentially affected	Notification Steps
February 2018	Disclosed in error	Name, Address, Union Membership, National Insurance Number	893	Individuals notified by letter
Further Action on information risk	The Trust will continue to monitor and assess the processes in HR and work to develop understanding and compliance. The ICO has reviewed the incident and concluded that no further action was required.			

Summary of other personal data related incidents in 2017/18		
Category	Breach Type	Total
A	Corruption or inability to recover electronic data	1
B	Disclosed in Error	69
C	Lost in Transit	31
D	Lost or stolen hardware	1
E	Non-secure Disposal – hardware	1
F	Non-secure Disposal – paperwork	26
G	Uploaded to website in error	1
H	Technical security failing (including hacking)	3
I	Unauthorised access/disclosure	32
J	Other	85

We have made all the necessary preparations for the implementation of the new GDPR regulations in May 2018, with the appointment of a Data Protection Officer, reviewed all information sharing agreements and data flow mapping, and training and awareness sessions of 'Privacy by Design' for our staff. A report on our readiness is being brought to Board on the 22nd May 2018.

Annual Quality Report

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. NHS Improvement (in exercise of the powers conferred on Monitor) has issued guidance to NHS Foundation Trust boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the *NHS Foundation Trust Annual Reporting Manual*.

Steps which have been put in place to assure the board that the Quality Report presents a balanced view and that there are appropriate controls in place to ensure the accuracy of data is set out below –

- Lead roles for quality and the production of the Quality Accounts have been assigned. The Foundation Trust has an overarching Quality Improvement Strategy which articulates key priorities and links with the national quality and safety agenda.
- The Foundation Trust QSPEC is a sub-committee of the Board, chaired by a non-executive director, supported by the Director of Nursing and Quality. This Committee is charged with overseeing the production of the majority of the data and information relating to the Annual Quality Accounts and has non-executive board membership.
- The content of the quality report reflects both internal and external sources of information to ensure the consistency and accuracy of reported data. The priorities of safety, experience and effectiveness are derived from public and service users and from areas of concern that have been highlighted. Using governors, social media and Healthwatch, the public has also been asked to give views of what the Trust should be prioritising.

- The Board of Directors review safety and quality performance indicators monthly as part of the monthly Integrated Performance Report. This report provides trend as well as cumulative performance information and exception reports are provided on metrics/ indicators requiring improvement. The metrics have been reviewed in year and will give further assurance that improvements are being made or areas for improvement are being monitored.
- The Board of Directors also receive more detailed qualitative and quantitative information through specific reports in respect of quality related areas such as complaints, patient experience, infection, prevention and control, safeguarding, clinical audit, clinical benchmark and mortality reports.
- The report accurately reflects the position and performance of the quality performance using nationally agreed metrics and standards. Some of the standards and metrics are subject to external audit in year. Three of the national indicators are audited at year end, two of which are mandated and the third is chosen by the Governors.
- Views of the completed account come from the public by way of the overview and scrutiny group as well as our commissioners.

Quality and Accuracy of Elective Waiting Time Data Assurance

The Trust's Access Policy provides the operational framework for the management of patients who are waiting for elective treatment. The policy reflects national guidance and is reviewed annually and agreed by NHS West Cheshire CCG.

The Trust produces routine elective waiting time data (both inpatient and outpatient), which is subject to review and analysis in-line with good standards of corporate governance.

Individual staff who are involved with the collection and recording of this data are made aware of their responsibilities and receive annual mandatory training.

The Trust has developed an operational management tool using Qlikview software to better support the management and analysis of patients on an elective pathway.

The Operational Data Quality Group is established to oversee key aspects of data quality. Reporting bi-annually to the Trust Informatics Board, the group monitors, analyses and addresses issues in relation to data quality, escalating issues as appropriate.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the Countess of Chester Hospital NHS Foundation Trust, who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report attached to the Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the Audit Committee and the Quality, Safety and Patient Experience Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board Assurance Framework has been subject to regular reviews at Board and

Executive Director level and underpins the organisational strategy, decision making and the allocation of resources. The Board is satisfied that it has in place robust and effective risk identification and risk management processes to deliver its annual plan, comply with its registration and compliance with the terms of its licence. The Corporate Directors Group reviews the significant risks as escalated by the divisions through this forum; these in turn inform the Executive Risk Register that is aligned to the Board Assurance Framework.

Following their independent assessment of the Trust Board Assurance Framework, our internal auditors concluded that – 'The organisation's Assurance Framework is structured to meet the NHS requirements, is visibly used by the Board and clearly reflects the risks discussed by the Board'.

There have been some changes to the Board composition this year, which are described fully in the Annual Report, however include the substantive appointment of our Chief Financial Officer (previously interim), and the replacement of one of our Non-Executive Directors who is also the Chair of the West Cheshire Integrated Care Partnership.

The Board Assurance Framework provides the Board with evidence based assurances on the way it manages the organisation at a strategic level and high level potential risks have been documented (mapped to objectives) and assurances identified.

The Audit Committee focus is to seek assurance that financial reporting and internal control principles are applied and to maintain an appropriate relationship with the Trust's auditors, both internal and external. Where risks are identified across the Board Assurance Framework and audit report outcomes to the audit committee, relevant executive directors and senior managers are called to account by attending the Audit Committee meetings.

The Audit Committee is positioned as an independent source of assurance to the Board and its independence is paramount, with a clearly defined challenge and scrutiny role.

The Audit Committee have reviewed risk and gained assurance on the effectiveness of controls through the work of the internal and external auditors.

The Director of Internal Audit (MIAA) provides me with an annual opinion, substantially derived from the conduct of risk based reviews within the internal audit plan, generated from and aligned to the risks identified in the Trust's Assurance Framework. The Director of Internal Audit Opinion for 2017/18 provides Moderate Assurance that there is an adequate system of internal control. I have also received positive internal audit assurance on the systems and processes operated for Core Financial Systems, Diagnostic Waiting Times, End of Life Actions, ESR/Payroll, The National Levy, Vacancy Management, Feedback of Learning to Staff, Information Governance and an Electronic Case Note Review.

Actions have been undertaken within the Trust to implement some minor enhancements to internal controls and overall governance including demonstrating the transparency of these processes and checks. Audit follow up reporting of the implementation status of these reviews have provided me with assurance of good progress in respect of all recommendations made in year in audit reports.

I have received limited assurance opinions in light of the processes operated for –

- Consent
- Duty of Candour
- The new Appraisal System
- Management of Falls
- Consultants Job Planning

Actions have been taken by my executive team to address the issues raised in

the limited opinion audit reports and these will be independently followed up in year by the Internal Audit team. All audit recommendations are tracked by the Trust and monitored by the Audit Committee to satisfactory completion.

Internal Audit have provided the Trust with Programme management support in year for the Model Hospital Programme of work noting their assurances that this is operating effective programme management with robust risk management processes reporting to the Model Hospital Programme and the Trust Board. The Internal Audit team continue to support the Model Hospital Board with their programme management processes acting as a critical friend. Noting audit attendance and participation in a Trust hosted showcasing event for the Model Hospital with Lord Carter, this exhibited the key projects and provided live demonstrations of the new systems being implemented by the Trust. In particular following audit review at project level for Outpatient & Theatre efficiencies, Length of Stay and Operational Excellence workstreams, I was provided with assurance that these projects were on track and accurately reporting progress and effectively managing the risks and challenges.

MIAA facilitated a risk appetite workshop in the 2017/18 audit plan to the senior executive Team. This helped inform the in-year refresh of the Trust's Board Assurance Framework and the underpinning processes for maintaining and reporting of this and consideration to risk appetite within the Trust.

In addition, internal audit facilitated a workshop for the Trust Board and the Trust Governors on effectively managing conflicts of interest. This focused on statutory requirements, governance, best practice and guidance and provided direction to the Trust on its implementation of the same.

Conclusion

During the year, no significant control issues were identified. The Board of Directors remain committed to continuous improvement and enhancement of the systems of internal control. In the future the executive group and governance structures will continue to support and enhance the strong systems of internal control we have currently.

Collaborative working has progressed in 2017/18 with Wirral University Teaching Hospital NHS Foundation Trust (WUTH) and the development of our Acute Care Alliance, focussing on clinical and back office services. The Trust has been nominated as an official 'fast follower' site, as part of a national Global Digital Exemplar programme with the Wirral for its patient administration system replacement. This reflects the Next Steps on the NHS Five Year Forward View, which recognises that digitising hospitals is an important step in delivering better health, better care and better value.

The governance challenges ahead have been recognised with the emerging new models of care, such as our West Cheshire Integrated Care Partnership (ICP). The Trust will host the ICP in 2018, with a number of strategic and enabling workstreams in place, and system governance arrangements developed.

Tony Chambers, Chief Executive
22nd May 2018

3. Quality Account

3. Quality Account

3.1 Summary Statement on Quality from the Chief Executive 2017/18

Reflecting on the past year at the Countess, gives me cause to be grateful for the valuable contributions of the local community, hospital staff and health & social care partners in meeting the needs and expectations of our patients and their families.

2017/18 has certainly been a challenge, but one that we have met head on with determination and skill. At a time when we have faced an increasing demand on urgent care services, the growing complexity in patients' needs and having to maintain additional beds (over and above our usual levels) to ensure timely access to care and treatment at their point of need we have also embarked on our hugely ambitious Model Hospital Programme. The Programme is designed to show how good clinical practice, workforce management and careful spending leads to improved efficiency. Ultimately, it is about making it easier for patients to use our services, improving patient flow, matching staffing levels to patient need and stopping the things that no longer add any value. Underpinned at all times by our Trust behavioural standards it is the Model Hospital Programme that defines what an ambitious and forward thinking Trust looks like.

What does busy at the Countess look like?

Below are a few of the activities we undertake across a typical week -

- Up to 1,620 people arriving for urgent care in our Emergency Department
- More than 10,368 drugs being prescribed and dispensed by our pharmacists for patients under our care
- A total of 1,163 X-rays being taken by our radiographers
- Fixing 167 broken bones in our fracture clinics
- Our midwives delivering 46 babies into the world
- Our skilled surgeons carrying out 512 operations in our theatres
- A total of 6,151 people being seen by our doctors and specialist nurses in outpatient appointment clinics

Yet despite these challenges, staff have exceeded my expectations in delivering not only our usual business to the highest standard possible but also going above and beyond to make a real difference for patients and their families. I am very pleased to be able to share this example with you.

Ward 45 nurse wins 'Patient Choice' award for planning couple's big day

Ward 45 manager Julie Dixon and her team received the biggest cheers on awards night for the ward's heart-warming efforts to help a couple get married in the hospital. Former taxi driver Bill Sansby, 67, had been a patient at the Countess for more than six months when he proposed to long-time partner Maggie on the ward, setting off a whirlwind fortnight of planning that eventually saw the couple become newlyweds in front of family, friends and 'dog of honour' Bailey. With Bill having been in hospital with a series of complex issues, Maggie started putting together outfits and taking Bailey to the dog groomers, while Julie started ringing round for help with catering and decorations.

This I hope demonstrates the culture within the hospital which is one where patients, families and staff work together to achieve great things. This past year has also seen the introduction of some significant changes to benefit patients and improve the ways in which we work within the hospital. Below are just a few examples of our achievements.

Stroke unit celebrates world first with new trial

A stroke patient at the Countess became the first person to take part in a global study of a pioneering new treatment. The procedure, called Magnetically Enhanced Diffusion for Acute Ischaemic Stroke (MEDIS), can potentially push life-saving drugs through the bloodstream 30 times faster than they travel normally and significantly decrease the risk of long-term disability. "In research we need to keep an open mind, but MEDIS is a very simple idea and that's the beauty of it," Stroke consultant Mr Kausik Chatterjee said. "It can work and if it does work it will change the whole treatment pathway for patients who have had a stroke."

Co-ordination Centre Programme launched

The new patient flow technology launched reduces the time people spend in hospital by improving bed management and giving staff more time to care for patients. The Co-ordination Centre Programme uses 4,000 sensors installed throughout the site to create a real-time picture of the entire hospital, giving the location of tagged equipment and picking up data from badges and electronic wristbands which staff and patients are being asked to wear. This information is sent to a Co-ordination Centre, which acts like an air traffic control room, where decisions can be made in patients' best interests and to reduce waiting times where possible using the real-time data.

Initial findings at the Countess include;

- Time from a patient being discharged to their hospital bed being ready for a new patient – **under 2.5 hours**. This is down from around four hours before the Co-ordination Centre Programme
- Bed Turnaround Team – cleaned an average of **323 beds a week**, which is 60 per cent of all ward beds cleaned, releasing an average of **156 hours a week back to nursing staff**
- Porters – An average of 700 porter requests are logged daily, with over 180,000 being completed since this part of the system was first introduced in March 2017

Model Hospital Showcase

More than 60 healthcare professionals from across the country visited the Countess in early December for the Trust's first Model Hospital Showcase. The event gave NHS colleagues from outside the Trust a chance to see our Model Hospital Programme in action by finding out about the wide variety of projects being worked on to streamline processes and increase efficiencies whilst improving or maintaining high standards of care.

What's next?

We pride ourselves on being an open and transparent hospital, we acknowledge that there are times when we don't get things right first time for our patients but we have learned from this and continue to do so. 2018/19 will focus on strengthening our Quality Improvement Strategy, developing a network of quality champions to take forward improvements in operational processes, care delivery and service development. These projects will be chosen by the staff, relevant to their area expertise and be responsive to patient feedback; they will use quality improvement tools and techniques and outline clear, measurable aims and outcomes to demonstrate the benefits to patients, families and the wider public. This programme will support the wider Business Plan which is centred on reducing process and clinical variation, collaboration and integration and performance and culture.

Delivering safe services by reducing clinical variation through the 'Model Ward' programme, we will focus on getting it right first time for all our patients to ensure the right care and treatment is started at the right time in the patient's journey. In particular, we will be concentrating on how we recognise and treat patients with sepsis, how we protect time in the wards for medicine rounds to improve safety and how we prevent patients from falling whilst in our hospital.

Delivering kind and compassionate care by building on our high performance culture, we will focus on creating a culture within the Countess that fosters the values and behaviours that patients, the public and staff expect, one where staff come to work, to do their work and improve their work and getting the right number of nursing staff, with the right skills, to the right patient at the right time.

Delivering effective services by reducing process variation, we will focus on the way in which we work to ensure we improve the safety, quality and experience of our patients. In particular, we will be concentrating on how we care for our elderly, preventing unnecessary time in hospital and reducing the number of avoidable cancellations for patients requiring surgery or outpatient appointments.

Our people, our patients and the support we have from the local community is what make our hospital special. We are grateful to everyone involved with the Countess for the continued support and look forward to maintaining our commitments to delivering Safe, Kind and Effective care throughout 2018/19.

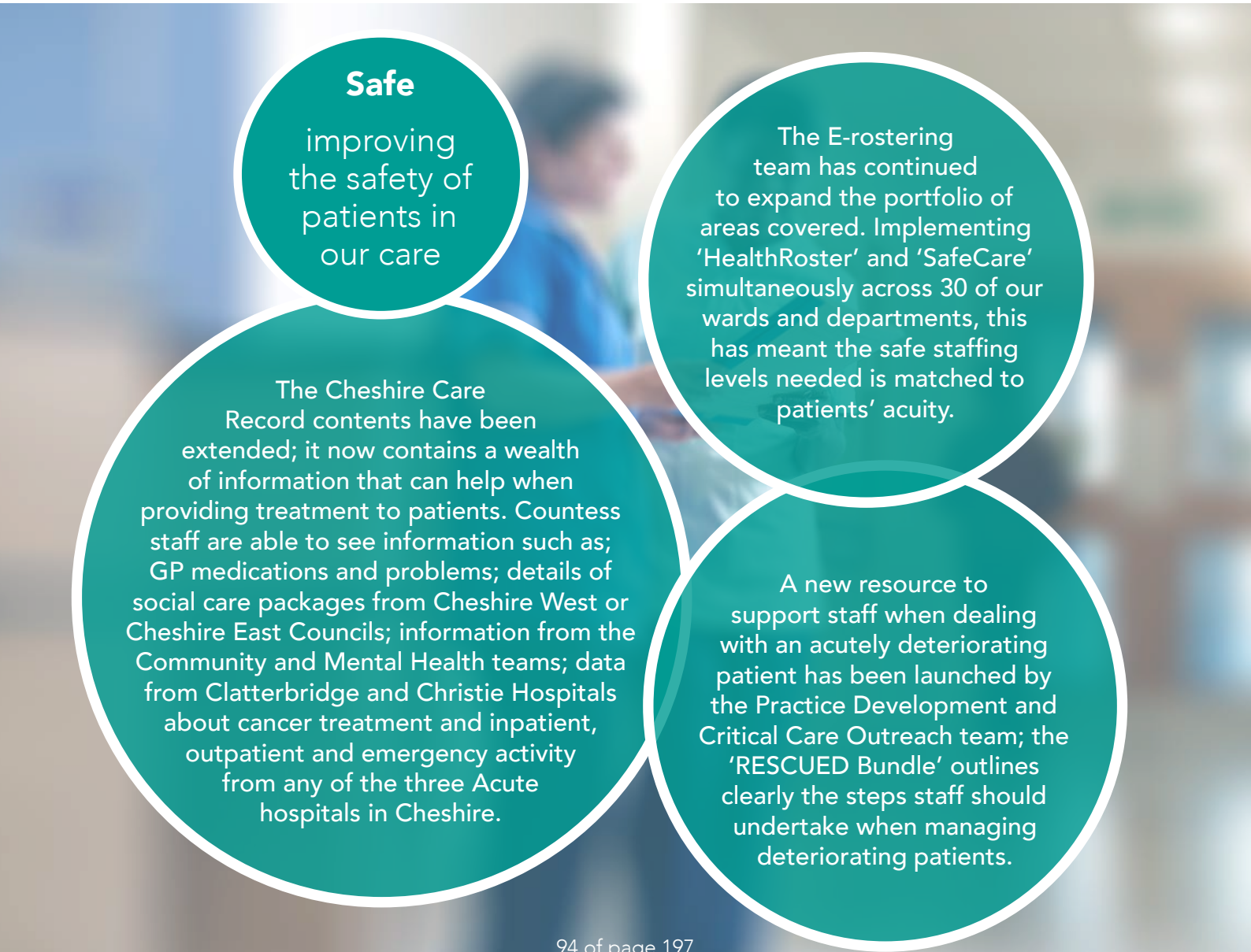
The Chief Executive confirms that to the best of his knowledge the information in this report is accurate and has been complied with the requested requirements.

Tony Chambers, Chief Executive
22nd May 2018

3.2 Priorities for Improvement and Statements of Assurance from the Board

The Model Hospital work streams are supporting the improvement of patient safety, quality and outcomes. Our choices and those of the local population we serve are reflected in our priorities going forward. The Patient Experience Operational Group (PEOG) gathers the views of patients, families and the public to support and where necessary direct improvements in clinical practice, service delivery and patient pathways. It provides a forum to engage with a range of hospital teams, patient representatives and Governors to review feedback and agree any actions needed in response.

Our hospital works closely with regulators and commissioners to ensure we continuously strive for excellence and monitor our progress against local, regional and national standards of care. The Trust underwent the full Care Quality Commission (CQC) inspection in February 2016 and we are pleased to report that the Trust was rated as 'Good' overall. Since the inspection we have continued to improve and have taken forward a number of developments to benefit patients, these include;



Kind

Improving the experience of patients

Dementia team fully established, including cover for Ellesmereport Hospital to support inpatient care.

The Red Bag Passport scheme has been designed to improve the patient journey for care home residents when they are admitted to hospital. Residents of all 43 nursing and residential homes in West Cheshire will now be given a red bag which will accompany them when being admitted to the Countess. The bag will be used to safely store personal items such as glasses, hearing aids and mobile phones as well as important medication and patient notes such as the new patient passport and "This is Me" booklet. The Red Bag passport will stay with patients throughout their stay at the Countess and will return to the care home with them upon discharge

A new set of regional guidelines have been produced to help ward teams deliver symptom control to palliative patients.

We introduced a system of partial booking for outpatient follow up appointments. Supported by a reminder system for both new and follow up outpatient appointments using text messaging (SMS) and Interactive Voice Messaging to landlines, the reminder system was enhanced to provide a two way confirmation for the patient to either confirm, rebook or cancel the appointment, giving our patients greater choice.

Effective

improving processes to benefit patients safety, quality & experience

Urgent Treatment Centre opened to support patients to be seen in the right place by the right person and ease some of the pressure on our Emergency Department.

The hospital Specialist Palliative Care Team (HSPCT) have improved their electronic referral form internally, this will enable the HSPCT to prioritise their workload more effectively and optimise the service for palliative patients in the hospital who have complex needs that cannot be addressed by our ward teams.

Live dashboard further development to support access and flow in the Emergency Department.

New Bed Turnaround Team employed to help improve patient flow & release nursing time.

New Co-ordination Centre opened that gives oversight to capacity, acuity and staffing across the whole Trust.

Colleagues can now refer straight into the Community Healthy Ageing team electronically.

Ambulatory Emergency Care (AEC) opened in the Emergency Department (ED) to ease the flow of patients through the 'majors' area. Patients, who present as ambulatory that do not require monitoring or a trolley and do not meet the criteria for referral to the Urgent Treatment Centre will be referred to Ambulatory Emergency Care (AEC). Under the care of a senior ED doctor, a nurse and a nursing assistant, patients will receive where necessary, a full complement of diagnostic interventions. Treatment, referral and admission processes remain unchanged. As a result of this change, the minors department will become an emergency nurse practitioner led service.

The inpatient pre-assessment service transferred to the Jubilee Day Surgery Centre to offer us the opportunity to develop an 'under one roof' service with day case & pre-assessment, as well as further work to develop a 'one-stop-shop' streamlined services, utilising new technologies to help reduce the number of patients we bring back for pre-assessment checks.

Countess of Chester Hospital NHS Foundation Trust is required to register with the Care Quality Commission (CQC) and its current registration status is to provide care, treatment and support, without any conditions attached to registration. The Care Quality Commission has not taken any enforcement action against Countess of Chester Hospital NHS Foundation Trust during 2017/18.

Countess of Chester Hospital NHS Foundation Trust has not participated in any special reviews or investigations by the CQC during the reporting period.

3.3 Priorities for Improvement in 2018/19

After taking this into account, our key priorities have been chosen to reflect three areas;

Delivering safe services by reducing clinical variation through the 'Model Ward' programme, we will focus on getting it right first time for all our patients to ensure the right care and treatment is started at the right time in the patient's journey. In particular, we will be concentrating on how we recognise and treat patients with sepsis, how we protect time in the wards for medicine rounds to improve safety and how we prevent patients from falling whilst in our hospital.

Delivering kind and compassionate care by building on our high performance culture, we will focus on creating a culture within the Countess that fosters the values and behaviours that patients, the public and staff expect, one where staff come to work, to do their work and improve their work and getting the right number of nursing staff, with the right skills, to the right patient at the right time.

Delivering effective services by reducing process variation, we will focus on the way in which we work to ensure we improve the safety, quality and experience of our patients. In particular, we will be concentrating on how we care for our elderly, preventing unnecessary time in hospital and reducing the number of avoidable cancellations for patients requiring surgery or outpatient appointments.

These priorities reflect the Trusts vision and form part of the wider 2018/19 programme of work;

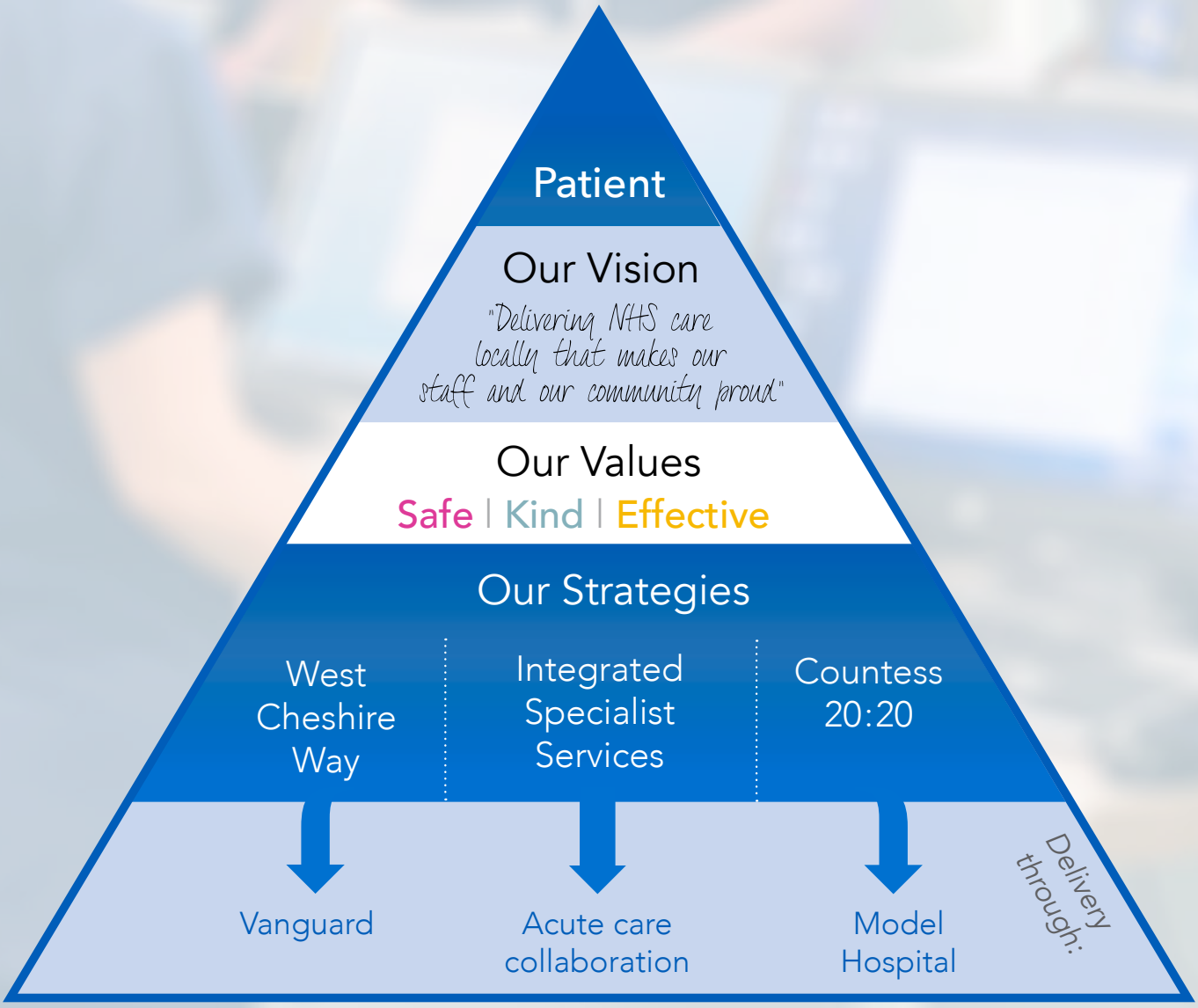
Countess 20:20 is how we review our core services to make sure they deliver the outcomes and quality our patients deserve. This is our internal approach to innovating and improving. The 'Model Hospital' supports the delivery of this programme.

Integrated Specialist Services sees our hospital developing services as either a specialist centre in its own right, or through clinical networks in partnership with neighbouring hospitals. Our acute care collaboration with Wirral supports the delivery of this programme.

The West Cheshire Way sees us working with local healthcare partners to redesign services so they are more joined up and easier for patients to access. The Integrated Care Partnership supports the delivery of this programme.

Our Vision

Our vision is to deliver NHS care locally that makes our staff and our community proud by being safe, kind and effective.



Delivering safe services by reducing clinical variation through the 'Model Ward' programme

The 'Model Ward' programme has been designed to improve both operational and care processes within the adult inpatient ward areas. Using quality improvement tools and techniques the hospital staff will focus on providing consistency in the care and treatment they deliver. Getting it right first time for all our patients to ensure the right care and treatment is started at the right time in the patient's journey.

Our measure of success will be

- Increase in the number of patient who are appropriately screened for Sepsis
- Increase in the number of patients with sepsis who are given antibiotics within 1 hour of diagnosis
- Reduction in the number of medicine administration errors in the Model Ward areas
- Increase in the compliance against 'Fall Prevention Measures'
- Reduction in the number of falls that result in harm to patients in our care

Why is Sepsis important?

Many people die from Sepsis and this in some cases can be avoided; if we are able to identify Sepsis quickly and start the appropriate treatment it will help to save lives. We have a sepsis pathway in place in the hospital but we know that we do not always apply it consistently and that as a result some patients are delayed in getting the right care and treatment. This can happen for a variety of reasons, Sepsis can be difficult to identify as there are so many signs and symptoms and it can be confusing as these signs and symptoms may also indicate other illnesses or disease. We are committed to getting this right for our patients to improve the quality of Sepsis care received and to ensure that patients recover in the shortest time possible. This will mean patients do not need to stay in hospital for so long and are likely to return to their usual place of residence. Progress against our measures for success will be monitored through the Sepsis Steering Group which reports to the Quality, Safety & Patient Experience Committee (QSPEC), a sub-committee of the Board of Directors.

Why protected medicine rounds are important?

When nursing staff are undertaking a medicine round they are frequently interrupted in a busy ward environment. This can happen for a variety of reasons and as a consequence the round will take much longer than actually needed. These interruptions are distracting to the nurse and can lead to patients having delays in their medications being administered and may lead to the nurse making a mistake.

By introducing protected medicine rounds, it will release time for the nurse to care for patients and families and reduce the risk of any medication delays or errors. Progress against our measure for success will be monitored through the Medicines Safety Group which reports to the Quality, Safety & Patient Experience Committee (QSPEC), a sub-committee of the Board of Directors.

Why is preventing the risk of falls important?

When patients are in hospital it is important to for them to mobilise as soon as their recovery allows. Patients who do get out of bed, get dressed and start moving early are more likely to make a full recovery and return to their usual place of residence. As patients start their rehabilitation they may require additional support from physiotherapy staff and the use of equipment (such as walking aids), this in turn can increase the risk of the person slipping, tripping or falling whilst in hospital. As it is so important not to restrict a person from mobilising it means we need to put measures into place to prevent the person from falling. The falls prevention programme is made up of a number of nationally recognised interventions which will identify our patients most at risk of falling and will support the staff to consistently applying a number of interventions known to reduce the risk of a fall.

We will be focusing on

- Assessing if the person has a history of falls and/or has a fear of falling
- Ensuring patients call bells are within reach
- Ensuring patients have appropriate footwear whilst in hospital
- Undertaking a cognitive assessment (to identify confusion)
- Identifying patients at risk of delirium
- Undertaking a simple visual assessment (none diagnostic)
- Ensuring a lying and standing blood pressure is taken
- Ensuring patient medications are reviewed

The falls prevention programme will be rolled out across the adult inpatient wards during 2018/19 and progress against our measures of success will be monitored by the Falls Steering Group which reports to the Quality, Safety & Patient Experience Committee (QSPEC), a sub-committee of the Board of Directors.

Delivering kind and compassionate care by building on our high performance culture

Developing a 'high performance culture' within the hospital started in 2016/17 with the design and implementation of the Trusts values & behaviours framework.

Embedding a High Performance Culture has to start with having clear standards as to how the hospital staff are each expected to perform (task and behaviour), and then measuring people against those standards. That's why we asked the staff to get involved and help us identify what they wanted those standards to look and feel like. Now that the standards are in place we are keen to further embed and develop this work, creating a culture within the Countess that fosters the values and behaviours that patients, the public and staff expect and one where staff come to work, to do their work and improve their work.

Now we have implemented the electronic rostering and the 'SafeCare' tool we will also focus this year on using the data available to make more intelligent decisions about nurse staffing in the ward and department areas. From our recent inpatient survey we know that only 60% of our patients answered that 'there was always or nearly always enough nurses on duty'. As a result we will be continuing our improvement work to ensure we get the right number of nursing staff, with the right skills, to the right patient at the right time. It is important to say; this will not distract us from our wider work on developing a range of professional groups to meet the needs of the patients in our care, including work we are undertaking with medical teams, pharmacists and allied healthcare professionals.

Our measures of success will be

- Increase the number of staff trained in High Performance Culture Framework
  - > 140 staff trained in the 2 day High Performance workshop during 2018/19
  - > 630 staff trained in the ½ day Trust Behavioural Standards session during 2018/19
- Reduction in the number of concerns raised by patients in relation to staff attitude and behaviour (using the Friends & Family feedback)
- Increase the number of staff trained in Quality Improvement tools and techniques
  - > 30 staff trained in Quality Improvement Basics
  - > 8 staff trained in Quality Improvement FUNdamentals & have delivered a quality improvement project
  - > 15 F1/F2 (junior doctors) trained in Quality Improvement tools and techniques & have contributed to a quality improvement project
- Increase the number of Quality Improvement projects completed
- Closing the gap between the actual nursing hours provided and the hours needed (using Care Hours Per Patient Day data)

Why is creating a culture within the Countess that fosters the values and behaviours that patients, the public and staff expect important?

Feedback from our patients is important to us, along with other safety, quality and outcome measures the 'lived experience' of our patients and visitors is used to direct improvements in clinical practice, service delivery and patient pathways. We gather and make sense of a range of different patient experiences and patients tell us at times that their experience has been affected by the way in which staff have spoken to them or made them feel. We are committed to improving this for our patients by delivering 'high performance

culture' workshops to all our staff and sharing the experiences of patients and their families. Progress against our measures of success will be monitored through the High Performance & Culture Project Board which reports to the People & Organisational Development Committee, a sub-committee of the Board of Directors and the Patient Experience Operational Group (PEOG) which reports to the Quality, Safety & Patient Experience Committee (QSPEC) also a sub-committee of the Board of Directors.

Why is creating a culture where staff come to work, to do their work & improve their work important?

Improving the care and treatment delivered to patients is the responsibility of all staff at every level in the hospital. Often the best ideas for improvement and those with the greatest impact for patients are from the staff on the ground delivering services. During 2018/19 we will be focusing on strengthening our 'Quality Improvement Strategy' to build a network of quality champions to take forward improvements in operational processes, care delivery and service development. These projects will be chosen by the staff and relevant to their areas of work and expertise, they will use quality improvement tools and techniques and outline clear, measurable aims and outcomes to demonstrate the benefits to patients, families and the wider public. Progress against our measures of success will be monitored through the Quality Improvement Committee which reports directly to the Quality, Safety & Patient Experience Committee (QSPEC), a sub-committee of the Board of Directors.

Why is getting the right number of nursing staff, with the right skills, to the right patient at the right time important?

To keep our patient safe and well cared for whilst in hospital a flexible approach to nurse staffing is needed to be able to move staff to support the actual acuity (level of sickness) and dependency (level of care needs) of patients. As there is no single nurse to patient ratio that can be applied across all wards and departments, largely due to the varying types of inpatient areas, the complexity of patient needs and the geographical layout of wards & departments, it is important to be able to assess the nursing and care needs of individual patients. At the Countess we use a tool called 'SafeCare' which allows staff to measure patients' needs 3 times a day, SafeCare links to the electronic staff roster and provides visibility and transparency of nurse staffing and patient acuity across the Trust. Senior nursing teams are then able to identify if there is a shortage or excess of nursing hours in real-time and can use this information alongside professional judgement to redeploy staff accordingly. Traditional methodologies for assessing the number of staff needed are now recognised to be out dated. Care Hours Per Patient Day (CHPPD) was introduced as part of Lord Carters review of operational productivity and performance in English acute hospitals in 2015, and is a way of presenting staffing data that can better summarise the complexity of the constant change in staff and patient numbers. It measures how many hours of care are provided collectively by registered nurses/midwives, healthcare assistants and therapists (if included in the ward model) per patient in a 24 hour period. During 2018/19 we intend to use CHPPD more intelligently to ensure the right number of nursing staff with the right skills are available to meet the needs and expectations of patients, families and the wider public. Progress against our measures of success will be monitored by the Nursing & Midwifery Workforce Group which reports to the People & Organisational Development Committee, a sub-committee of the Board of Directors.

Delivering effective services by reducing process variation

We know that if we change the way we work (our processes) we can improve the safety, quality and experience of our patients. If we are not working together across our local health system and joining services in a seamless way, it creates delays and bottle necks in the patient journey. This is frustrating for patients as they often feel lost and/or stranded between services which creates additional anxiety and distress. It can be particularly difficult for our elderly population who may have a number of complex needs for both health and social care and find it challenging to access the appointment and services they need. Our focus during 2018/19 will be to launch an older person's assessment unit, reduce unnecessary time spent in hospital and reduce the number of avoidable cancellations for patients requiring surgery or outpatient appointments.

Our measure of success will be

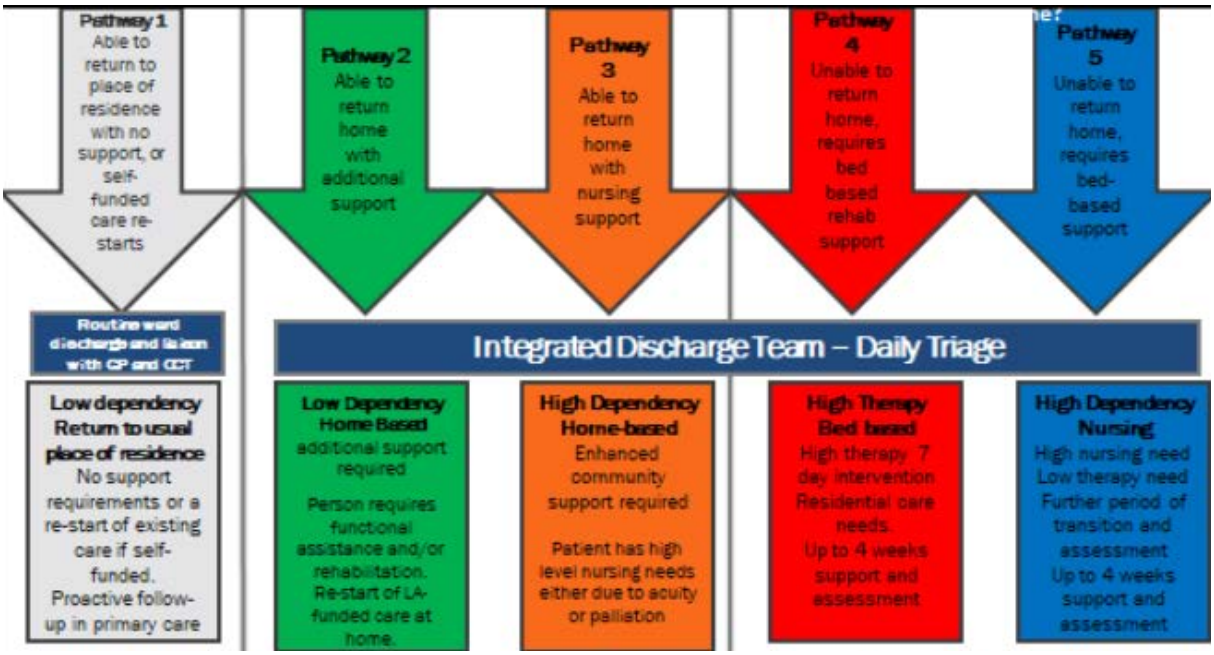
- Reduce the number of hospital admissions for the elderly population
- A 40 % reduction in the average monthly bed days due to delays for stranded patients
- Increase the number of patients returning to their own place of residence
- Reduce the number of avoidable cancellations on the day of surgery
- Reduce the number of patients who fail to attend on the day of surgery
- Improve start times within theatres to maximise utilisation
- Reduce the number of new outpatient appointments cancelled by the hospital
- Reduce the number of new outpatient appointments cancelled by patients (as a result of introducing more patient choice)
- Reduce the number of 'do not attend' (DNAs) for both new and review outpatient appointments
- Reduce the number of inappropriate new outpatient appointments through electronic triage (Consultants at the hospital offering advice & guidance to GPs)

Why is launching an 'older person assessment unit' important?

When older people with complex health and social care needs arrive in the Emergency Department (ED) it is important they have access to the expertise of Elderly Care Consultants so their individual needs are assessed in full. At the Countess we changed the way in which we work a couple of years ago to ensure there was a geriatrician in ED at the point of need but we recognise there are further improvements that can be made to improve the care of our elderly patients. During 2018/19 we plan to develop the service to deliver an older persons assessment unit which will provide an in-reach into ED and also take direct referrals from General Practice. Patients accessing the new service will have Comprehensive Geriatric Assessment (CGA) and will work with a range of healthcare professionals in order that an individual care plan can be developed and delivered. This will enable the older person to remain at home when it is appropriate to do so, with access to the right level of support they need. Progress against our measure for success will monitored through the Model Hospital Programme Board which reports directly to the Finance & Integrated Governance Committee, a sub-committee of the Board of Directors.

Why is reducing unnecessary time in hospital important?

Patients who are ready to be discharged from hospital can sometimes be stranded whilst they are waiting on a placement in another care setting. This can happen for a variety of reasons, delays in the assessment of care needs, delays in the appropriate funding being allocated and the number of beds or care packages available outside of the hospital. Patients who remain in hospital longer than they require are likely to have a poorer experience. Working with our local health and social care system we are committed to reducing the number of patients stranded by implementing five new pathways for patients requiring a supported discharge. This will require staff within and outside of the hospital to work differently and in partnership. Progress against our measures for success will be monitored through the Integrated Steering Committee which reports directly to the Model Hospital Programme Board which in turn reports to the Finance & Integrated Governance Committee, a sub-committee of the Board of Directors.



Why are operating department improvements needed?

It is very frustrating for patients and the hospital if operations are cancelled on the day of surgery. When preparing for an operation many patients will have changed their usual routine (at work and/or at home) and may have built up physically, emotionally and spiritually for the procedure planned. The inconvenience caused can result in missed medications, unnecessary starvation and additional anxiety and distress for patients and a loss in theatre time for the hospital. Operations are cancelled on the day of surgery for a variety of reasons, the most common is due to the availability of beds within the hospital but there are also other common themes, these include;

- Consent and patients understanding of procedure
- Patient has not received and/or followed the pre-operative advice
  - > Eating & drinking
  - > Smoking
  - > Not stopped appropriate medications
- Procedure is no longer required
- Patient not arriving

We recognise there is more work to be undertaken during 2018/19 to fully analyse the reasons for cancellations on the day of surgery, to allow for meaningful changes to be put into place to benefit patients, families and the organisation. Progress against our measures of success will be monitored through the Planned Care Governance Board which reports to Quality, Safety & Patient Experience Committee (QSPEC), a sub-committee of the Board of Directors.

Why are outpatients appointment improvements needed?

Outpatient appointment cancellations happen frequently; this may be a result of the hospital changing the date or the patient not attending. There are a variety of reasons why this may happen but commonly identified themes include;

- Appointments made too far in advance (patient plans may change, life events occur)
- Appointment no longer needed
- Appointment made unnecessarily
- Letter not sent or received

During 2018/19 a new electronic system will start to be utilised to manage the appointments, this will provide a better use of the appointment 'slots' available and will give patients greater choice and flexibility in when they can attend. In addition, the electronic reminder service will be embedded to ensure patients receive information ahead of the appointment (through text messaging or interactive voice messaging to landlines), giving patients the opportunity to confirm, cancel or rebook if required. Progress against our measures of success will be monitored through the Outpatient Efficiencies Steering Group which reports directly to the Model Hospital Programme Board which in turn reports to the Finance & Integrated Governance Committee, a sub-committee of the Board of Directors.

3.4 Progress made since publication of the 2016/17 Quality Report

Our key priorities for 2017/18 were chosen to reflect the three domains of quality defined as;

Safe

Safety

Improving and increasing the safety of any care or service provided

Kind

Experience

Improving the experience as described by 'you', our patient, when using the service for any reason

Effective

Clinical Effectiveness

Improving the outcome of any assessment, treatment and care you receive in order to optimise health and wellbeing at all stages of illness

What did we achieve?

Out of the 9 key priorities chosen for 2017/18, 7 have been achieved in full, with a further one close to target, however one remains outstanding. For further details in relation to progress and delivery against each priority please refer to section 3.8 on page 136.

Key priorities 2017/18	On plan/target achieved	Close to target	Behind plan
Safe			
Improve the experience of colorectal patients	■		
Enhance pathway for patients with head and neck cancer	■		
Reduce the number of falls with harm	■		
Experience			
Implement a new model of care in the Urogynae department that offers support for patients suffering from incontinence	■		
Using the Governors to establish a peer review process to review redacted complaint responses			■
Increase the involvement of volunteers to support patient experience		■	
Effective			
Increase effectiveness of the model of discharge to assess (D2A)	■		
Improve the efficiency of outpatient utilisation	■		
Increase the effectiveness of theatres	■		

3.5 Statements of Assurance from the Board

During 2017/18 the Countess of Chester Hospital NHS Foundation Trust provided and/or sub-contracted 48 relevant health services.

The Countess of Chester Hospital NHS Foundation Trust has reviewed all the data available to them on the quality of care in all of these relevant health services.

The income generated by the relevant health services reviewed in 2017/18 represents 90.1% of the total income generated from the provision of relevant health services by the Countess of Chester Hospital NHS Foundation Trust for 2017/18.

A proportion of the Countess of Chester Hospital NHS Foundation Trusts income in 2017/18, at a value of £3.95m (2016/17 £3.91m), was conditional on achieving quality improvement and innovation goals agreed between us and any person or body we entered into a contract, agreement or arrangement with for the provision of relevant health services, through the Commissioning for Quality and Innovation payment framework. Further details of the agreed goals for 2017/18 and for the following 12 month period are available electronically at www.coch.nhs.uk

Our Services

- Accident & Emergency
- Audiology
- Breast Surgery
- Cardiology
- Cardiothoracic Surgery
- Chemical Pathology
- Clinical Haematology
- Colorectal Surgery
- Critical Care
- Dermatology
- Diabetic Medicine
- Diagnostic Imaging
- Dietetics
- Endocrinology
- Endoscopy
- ENT
- Fertility
- Gastroenterology
- General Medicine
- General Surgery
- Geriatric Medicine
- Gynaecology
- Hepatology
- HIV
- Maxillo-Facial Surgery
- Nephrology
- Obstetrics
- Occupational Therapy
- Ophthalmology
- Oral Surgery
- Orthodontics
- Orthoptics
- Paediatrics
- Pain Management
- Palliative Care
- Pathology Direct Access
- Peadiatric Epilepsy
- Physiotherapy
- Plastic Surgery
- Podiatry
- Respiratory Medicine
- Rheumatology
- Neonatal
- Trauma & Orthopaedics
- Upper Gastrointestinal Surgery
- Upper GI Surgery
- Urology
- Vascular Surgery

Clinical Audit

During 2017/18, 47 national clinical audits and 5 national confidential enquiries into patient outcome and death (NCEPOD) covered relevant health services that the Countess of Chester Hospital NHS Foundation Trust provides.

During that period the Countess of Chester Hospital NHS Foundation Trust participated in 94% of national clinical audits and 100% of national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in.

The national clinical audits and national confidential enquiries that the Countess of Chester Hospital NHS Foundation Trust was eligible to participate in during 2017/18 are as follows;

National Audits 2017-18	Eligible	Participated	% Submitted
Trauma Audit & Research Network	Yes	Yes	72-100%
Head and Neck Cancer Audit	Yes	Yes	Ongoing
Cardiac Rhythm Management	Yes	Yes	95.5%-100%
Acute Myocardial Infarction (MINAP)	Yes	Yes	Ongoing
Audit of Critical Care (ICNARC)	Yes	Yes	Ongoing
National Core Diabetes Audit	Yes	Yes	100%
National Diabetes Inpatients Audit	Yes	Yes	100%
National Diabetes Foot Care Audit	Yes	Yes	Ongoing
National Pregnancy in Diabetes Audit	Yes	Yes	Ongoing
National Diabetes Transition	Yes	Yes	100%
National Heart Failure Audit	Yes	Yes	Ongoing
National Joint Registry	Yes	Yes	Ongoing
National Lung Cancer Audit	Yes	Yes	100%
National Neonatal Audit Programme	Yes	Yes	Ongoing
National Ophthalmology Audit	Yes	No	---
National Prostate Cancer Audit	Yes	Yes	60%
National Vascular Registry	Yes	Yes	>70%
National Oesophago-gastric Cancer Audit	Yes	Rolling	>90%
BTS Paediatric Pneumonia	No	No	---
National Elective Surgery Patient Reported Outcome Measures (PROMs)	Yes	Yes	Variable across 4 conditions
National Emergency Laparotomy Audit	Yes	Yes	100%
College of Emergency Medicine : Fractures neck of femur	Yes	Yes	100%
College of Emergency Medicine: Procedural sedation	Yes	Yes	100%
College of Emergency Medicine: Pain in children	Yes	Yes	100%
BTS Adult Asthma	Yes	Yes	100%
BAUS Urology Audits: Female Stress Urinary Incontinence Audit	Yes	Yes	Ongoing

National Audits 2017-18	Eligible	Participated	% Submitted
BAUS Urology Audits: Nephrectomy Audit	Yes	Yes	Ongoing
BAUS Urology Audits: PCNL	Yes	Yes	Ongoing
Bowel Cancer	Yes	Yes	86%
National Paediatric Diabetes Audit	Yes	Yes	Ongoing
Inpatient Falls	Yes	Yes	100%
National Hip Fracture Database	Yes	Yes	Ongoing
Inflammatory Bowel Disease Programme	Yes	No	---
Learning Disability Mortality Review Programme	Yes	Yes	Ongoing
National Audit of Dementia	Yes	Yes	100%
National Cardiac Arrest Audit	Yes	Yes	Ongoing
National Clinical Audit for Rheumatoid and Early Inflammatory Arthritis	Yes	Yes	Ongoing
National COPD Secondary Audit	Yes	Yes	Ongoing
National Comparative Audit of Blood Transfusion Programme	Yes	Yes	Ongoing
Renal Registry	Yes	Yes	Ongoing
Sentinel Stroke National Audit Programme	Yes	Yes	Ongoing
MBRRACE	Yes	Yes	Ongoing

The national confidential enquiries the Countess of Chester Hospital NHS Foundation Trust participated in during 2017/18 are as follows:

NCEPOD 2017-18	Eligible	Participated	% Submitted
NCEPOD: Acute Heart Failure	Yes	Yes	100%
NCEPOD: Chronic Neurodisability	Yes	Yes	100%
NCEPOD: Perioperative Diabetes	Yes	Yes	100%
NCEPOD: Young People's Mental Health	Yes	Yes	100%
NCEPOD: Cancer in Children, Teens and Young Adults	Yes	Yes	100%

The reports of 3 national clinical audits were reviewed by the provider in 2017/18 and the Countess of Chester Hospital NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

Actions

National Hip fracture Database

1. Increased Orthogeriatric time: the national average for Orthogeriatric consultant time is 21.3 hours, but at the Countess we have only 15hrs, nationally there is also 16.1 hours of non-consultant time while we current do not have any
2. The Gold Standard of care of these patients requires a dedicated hip fracture care ward which we currently do not provide
3. A dedicated Fracture Liaison Service and Osteoporosis Service in the Countess hospital and its catchment area is needed to improve care
4. There needs to be a consistent effort towards prevention of inpatient falls with regular staff training across the trust

The action plan from the previous year's report included increased presence of trauma nurses which has been achieved and the mortality review and the review of failed Best Practice Tariff (BPT) patients has also been completed in the year 2017. The Neck of Femur (NOF) group meetings are ongoing and are led jointly by the Consultant Orthopaedic surgeon and the Orthogeriatric consultants.

Action Required	Action Lead	Timescale For Action	Where Reported
More Orthogeriatrics Time	BPM Planned care	Ongoing	National Hip Fracture Database meetings
Fracture Liaison Service	BPM Urgent care and Planned care	Ongoing	Trust Meeting
Falls (Inpatient)	Stephen Worrell	Ongoing	Trust Meetings

Urology-National Prostate Cancer

Action Required	Action Lead	Timescale For Action	Where Reported
Continue with data collection	N Awsare	12 months	Next National Prostate Cancer audit report

Obstetrics & Gynaecology
(Term, Singleton, Intrapartum Stillbirth and Intrapartum-related Neonatal Death)

Action Required	Action Lead	Timescale For Action	Where Reported
Summary of report to be discussed at rolling half day	Jo Davies	June 2018	Learning and any further actions will be presented to Women's and Children's Governance Board
Dissemination of report to all midwives, senior and junior staff O&G and paediatrics	Jo Davies	January 2018	Report emailed to all 17/1/17

The reports of approximately 283 local and regional clinical audits were reviewed by the Trust in 2017/18. The Trust intends to take the following actions to improve the quality of healthcare, this includes:

- Appropriate use of Primovist contrast in Magnetic Resonance Liver (re-audit)- local guidelines were explained in detail to the Radiographers and Radiologists regarding appropriate usage of contrast in Magnetic Resonance Liver
- British Orthopaedic Association Standards for Trauma / NG38/2= Fractures (non-complex): assessment & management guidance - introduce some see & treat discharge conditions with ED to further improve efficiency, potentially also to streamline the PDOC system
- Cancer patient experience - Holistic needs assessment (HNA) audit- areas for review include information given to patients on HNA when and how it is completed

Participation in Clinical Research

The number of patients receiving relevant health services provided or sub-contracted by the Countess of Chester Hospital NHS Foundation Trust in 2017/18 that were recruited during that period to participate in research approved by a research ethics committee was 1,083.

Clinical Coding and Data Quality

Good quality information underpins the effective delivery of services, patients' pathways and supports staff to delivery safe care that meets the expectations of patients and the wider public. Reliable data of high quality is essential to ensuring decisions are made appropriately about service design and priority improvements.

The Countess of Chester Hospital NHS Foundation Trust submitted records during December 2017 to the Secondary Uses Service for inclusion in the Hospital Episode Statistics which are included in the latest published data. It is important when submitting this data to ensure the information is accurate, clear and completed. The following measures provide information on our compliance against the standards required;

The percentage of records in the published data which included the patient's valid NHS number was;

- ✓ 99.8% for admitted patient care
- ✓ 99.7% for outpatient care
- ✓ 98.8% for accident and emergency care

Those which included the patient's valid General Medical Practice code was;

- ✓ 99.9% for admitted patient care
- ✓ 99.8% for outpatient care
- ✓ 99.9% for accident and emergency care

The Countess of Chester Hospital NHS Foundation Trust was not subject to the Payment by Results clinical coding audit during 2017/18 by the Audit Commission.

The following actions were undertaken during 2017/18 to improve overall Trust data quality

All administrative and clerical staff involved in the operational management of patients waiting to be seen, are mandated to take an annual detailed programme of training relating to the key aspects of operational patient administration, helping to improve knowledge and data quality. This is reviewed and updated on an annual basis.

The Healthcare Evaluation Data (HED) clinical benchmarking tool is being utilised to identify variation in clinical performance. Identified variations can sometimes relate to issues of data quality, when identified these are addressed accordingly.

A weekly process for the updating of deceased patients on the Trust electronic patient record system using the national Demographic Batch Service (DBS) continues to be used. This has enabled weekly updates to all patients on the Master Patient Index (MPI) improving the quality of the indices.

The Performance Information System continues to be developed for a number of operational areas and is used to assist in the real-time identification and rectification of some aspects of poor data quality in Theatres and the Emergency Department.

The Operational Data Quality group is established to oversee key aspects of data quality. Reporting bi-annually to the Trust Informatics Board the group monitors, analyses and addresses issues in relation to data quality escalating issues as appropriate and ensuring that there is demonstrable year on year improvement.

Data quality is monitored as part of the Information Governance toolkit and for the seven standards relating to data quality four are at level 3 (above required standard) and three are at level 2 (satisfactory). These standards are monitored by the Data Quality group. The Countess of Chester Hospital NHS Foundation Trust Information Governance Assessment Report overall score for 2017/18 was 82% and was graded Green (satisfactory).

Learning from Deaths

Reviewing the care of patients who have died in our hospital allows us to consider if anything could have been done differently or if care and treatment opportunities have been delayed or missed. Having a system in place to continuously review the care of patients who have died whilst in the hospital is essential to allow us to learn and improve.

During 2017/18 1219 of the Countess of Chester Hospital NHS Foundation Trust patients died. The number of deaths in each quarter was;

- 285 in the first quarter
- 243 in the second quarter
- 323 in the third quarter
- 368 in the fourth quarter

By 31st March 2018, 150 case record reviews and 8 investigations had been carried out in relation to 158 of the deaths included above. In no cases was a death subjected to both a case record review and an investigation. The number of deaths in each quarter for which a case record review or an investigation was carried out was;

- 135 in the first quarter
- 2 in the second quarter
- 3 in the third quarter
- 18 in the fourth quarter

Following review, 2 cases representing 0.2% of the patient deaths during the reporting period are judged to be more likely than not to have been due to problems in the care provided to the patient at our hospital. In relation to each quarter, this consisted of;

- 1 representing 0.4% for the first quarter
- 0 representing 0% for the second quarter
- 1 representing 0.3% for the third quarter
- 0 representing 0% for the fourth quarter

These numbers have been estimated using case note review based on the 3x2 matrix tool developed by the NHS Modernisation Agency (A Matter of Life and Death; improving hospital mortality rates and end of life care, NHS Modernisation Agency, 2004) in Q1 and case note review using the Structured Judgement Review method developed by the Royal College of Physicians in Q4. All investigations were carried out using Root Cause Analysis methodology.

Learning has been broadly in two parts;

Firstly the publication of the National Quality Board's (NQB) "National Guidance on Learning from Deaths", this has led to an appraisal of the mortality review process in the Trust and we have developed and published our new policy which includes the NQB recommendations, in particular the use of the Royal College of Physician's Structured Judgement Review methodology to undertake our case record reviews. We had the opportunity as part of this appraisal process to learn from the experience of other organisations and launch a training programme in the new methodology for those clinicians undertaking reviews. The introduction of the new process is the reason there is a disparity in case note review numbers for the four quarters of the reporting period.

Secondly, there is the learning specific to the case record reviews and investigations. This included access to equipment within the ward areas and the management of patients with Sepsis, with particular regard to timely consideration of the diagnosis and initiation of treatment.

Access to equipment

We learnt that there wasn't a reliable system to monitor the ward levels of important equipment nor for identifying other areas where it might be available in the event of a shortage. Since, there has been a review of systems for monitoring important ward equipment to ensure that stock levels are maintained and that there is a back-up in the event that there is a shortage on a particular ward. There have been no further significant incidents relating to shortage of important equipment on wards.

Management of patients with Sepsis

Sepsis is recognised as an area for improvement and work started during 2017/18 on developing a hospital wide approach to the timely identification and management of sepsis patients to reduce associated mortality & morbidity. A Sepsis Workshop was held in September 2017 to bring together stakeholders from across the Trust, Commissioners, PHE & the public. An improvement plan with clear governance and reporting structures has since been developed, which will continue to be rolled out during 2018/19, progress has already been made in;

- CQUIN data sampling & collection
- Pathway development
- Gap analysis against NICE & NCEPOD Standards
- Developing & implementing an Education & Training Strategy
- Exploring innovative products & models to support improvements

CQUIN measurement and case note review has shown an improvement in diagnosis and initiation of treatment in sepsis but this will remain a priority for 2018/19.

Data not available

27.7	The number of case record reviews or investigations finished in the reporting period which related to deaths during the previous reporting period but were not included in item 27.2 in the relevant document for that previous reporting period	*Being the first year for this statement there is no previous reporting period.*
27.8	An estimate of the number of deaths included in item 27.7 which the provider judges as a result of the review or investigation were more likely than not to have been due to problems in the care provided to the patient, with an explanation of the methods used to assess this.	*Being the first year for this statement there is no previous reporting period*
27.9	A revised estimate of the number of deaths during the previous reporting period stated in item 27.3 of the relevant document for that previous reporting period, taking account of the deaths referred to in item 27.8.	*Being the first year for this statement there is no previous reporting period.*

3.6 Reporting against Core Indicators

The Countess of Chester NHS Foundation Trusts considers that this data is as described for the following reasons; information has been taken from Meditech (our electronic patient record) and our data quality process including clinical validation has been followed.

	Indicator	2017/18	National Average	Where applicable – Best performer	Where applicable – Worst performer	2016/17	2015/16	2014/15
12a	SHMI value and banding (most recent Jan-Dec 2017)	104 As expected	100 As expected	68 Below expected	115 Above expected	113 Above expected	108 Above expected	108 Above expected; Q3 and Q4 only
12b	% patient deaths coded for palliative care at diagnosis or specialty level; latest comparative information for period Oct 16 – Sep 17	36.3%	31.5%	59.8%	11.5%	39.6%	34.6%	28.6%
18	Patient reported outcome scores for groin hernia surgery (Combined health gain - 2016/17 latest published data)	0.23	NA	NA	NA	0.23	0.67	0.82
18	Patient reported outcome scores for varicose vein surgery (Combined health gain - 2016/17 latest published data)	-1.23	NA	NA	NA	-1.23	-2.97	-2.94
18	Patient reported outcome scores for primary hip replacement surgery (Combined health gain - 2016/17 latest published data)	12.24	NA	NA	NA	12.24	12.19	11.75
18	Patient reported outcome scores for primary knee replacement surgery (Combined health gain - 2016/17 latest published data)	7.79	NA	NA	NA	7.79	7.92	5.52
19c	28 day readmission rate for patients aged 0-15	1.3%	NA	NA	NA	1.2%	0.9%	NA
19d	28 day readmission rate for patients aged 16 or over	5.1%	NA	NA	NA	4.1%	3.0%	NA
21	Staff friends and family (Care) Latest national data Q2 2017/18	79% (Q2)	80% (Q2)	43% (Q2)	100% (Q2)	78% (Q4)	77% (Q4)	86% (Q4)

23	VTE (annualised)	96.1%	96% (Q4, 2016/17)	NA	NA	96.8%	97.8%	98.2%
24	C. Diff Rate per HES 100,000 bed days Source: HED	15.5	12.9	12.9	12.9	12.4	13.2	15.2
25a	Number of Serious Incidents at L1	78	NA	NA	NA	48	30	33
25a	Number of Serious Incidents at L2	15	NA	NA	NA	16	43	33
25a	Number of Never Events	1	NA	NA	NA	4	2	2
25b	Rate of Serious Incidents at L1 Per HES 100,000 bed days	4.2	NA	NA	NA	2.6	1.6	1.7
25b	Rate of Serious Incidents at L2 per HES 100,000 bed days	0.8	NA	NA	NA	0.9	2.3	1.7
25b	Rate of Never Events per HES 100,000 bed days	0.1	NA	NA	NA	0.2	0.1	0.1
20	Responsiveness to Patient Needs	Please refer to page 128						

For more information on PROMs data please refer to page 125.

The Countess of Chester Hospital NHS Foundation Trust has taken the following actions to improve its performance in mortality, risk & patient safety and infection prevention & control and so the quality of its services.

Mortality

There has been a gradual reduction in the Trust's SHMI during 2017/18. This has been driven by the Medical Director ensuring that all medical staff are aware of the factors influencing SHMI, e.g. that all comorbidities are recorded and that documentation is competed to a standard that assists coding, through a combination of lectures and electronic presentations. The Mortality Surveillance Group (MSG) that was formed as one of the responses to the "National Guidance on Learning from Deaths" meets monthly and reviews the current SHMI and HSMR for the Trust from Healthcare Evaluation Data (HED), benchmarking software developed by University Hospitals Birmingham NHS Foundation Trust. This also provides the SHMI for individual conditions which allows the MSG to direct case review to those conditions in which the SHMI is high.

Risk & Patient Safety

The Trust has a well embedded risk management strategy which outlines the Trust's approach to risk and provides a framework for and sets out the key responsibilities for managing risk across the organisation, including ways in which risk is identified, evaluated and controlled.

The Trust prides itself on having an open and honest culture; this is reinforced during the delivery of risk related mandatory training sessions for all staff and the sustained level of incident reporting resulting in consistently being within the top 25% of all Trusts nationally.

Serious Incident Reporting

During 2017/18 in line with the NHS England Serious Incidents Framework the Trust reported 86 incidents to our Commissioners and NHS England which equates to 0.7% of all incidents reported within the Trust. Each incident has a comprehensive investigation with recommendations to address any lessons learnt. There was a reduction in 'Never Events' to one (reduction from 5 in 2016/17) reported during this period, this is an outcome of the robust actions taken within theatres following the 'Never Events' that occurred in 2016/17.

The top three categories of serious incidents reported in 2017/18 were -

- Slip/trips/falls
- Diagnostic incident
- Treatment delay

Incident Category	StEIS Incident Type	Total Number of Incidents
Pressure Ulcers	Pressure Ulcer	2
Infection Control	HCAI/Infection control Incident	5
	Diagnostic Incident	15
	Maternity/Obstetric Incident: Baby Only	5
	Medication Incident	4
	ED/Patient flow/Capacity	1
Serious Incidents	Slips/trips/falls	31
	Sub-optimal care of the deteriorating patient	8
	Surgical/invasive procedure incident	5
	Treatment delay	10
Serious Incidents total:		**86**

Lessons Learnt

In year, the Trust has benefited from the new senior nursing and medical model resulting in collaborative working across all aspects of risk and quality from the newly appointed Associate Director of Risk & Safety, Associate Director of Nursing for Corporate Services & Associate Medical Director of Risk & Quality in driving the Trust's risk and quality agenda forward. Following feedback from staff; one of the focuses for this trio was reviewing how we share lessons learnt, we have now launched a lessons learnt topic of the month which is shared with all staff through screen savers and is accessible on the risk & safety team intranet pages, we have also introduced a blog from the clinicians from the relevant speciality and include the topic in the Trust fortnightly roundup communications. This has received positive feedback from staff and as a result will continue to evolve as part of 2018/19 Trust's risk management plans.

The hospital's intranet, which all our staff have access to, has a refreshed Risk and Safety section to enhanced the lessons learnt section. In addition, lessons learned are fed back through various team meetings, mandatory training and other learning opportunities. However, we recognise we can continue to improve this vital aspect to risk management and therefore during 2018/19 there will be a continued focus on feedback from staff and quality improvement to support learning and improvements in care, this will be supported by the implementation of risk and safety champions.

How we are implementing Duty of Candour

Whilst the Trust had previously implemented the Duty of Candour legislation work has continued in 2017/18 with the production of a standalone Duty of Candour policy, work to ensure that this policy is fully embedded as business as usual will be a focus for 2018/19. All staff receive information at induction supported by a leaflet through the induction process and duty of candour is discussed during the welcome event and all mandatory training sessions. There is an information section dedicated to duty of candour guidance on the Trust's intranet pages. We will be auditing our processes for supporting duty of candour in 2018/19 to ensure compliance and so that any changes can be made to ensure a robust process.

Risk Management System

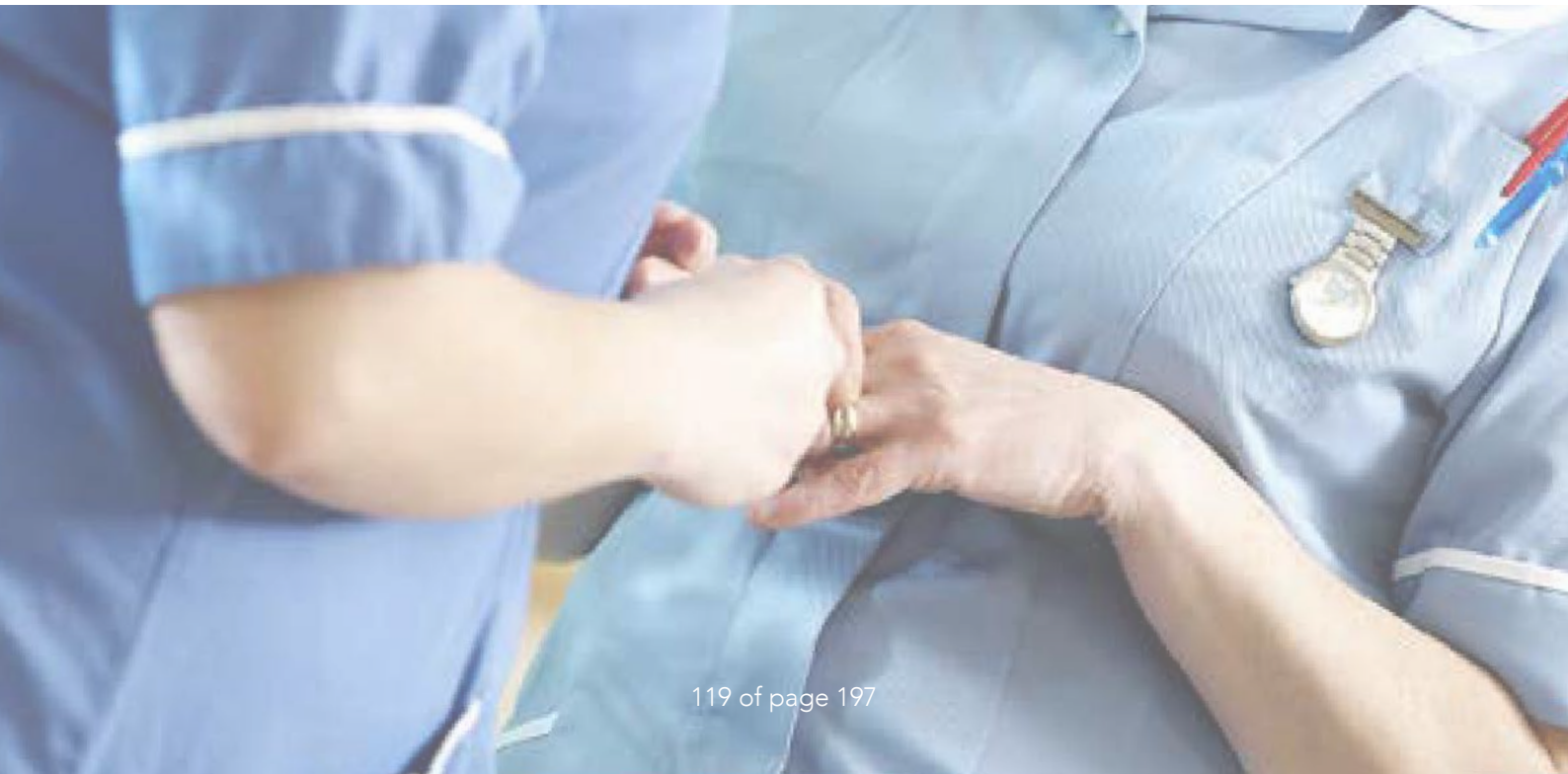
The Trust utilises Datix as its risk management system. Work has continued during 2017/18 to ensure that it supports productive risk management processes, all evidence in the form of reports; action plans and duty of candour are an example of some of the elements stored within this system. During 2017/18 several dashboards were built based on incident data to help drive improvements. This has allowed for easy analysis of themes and trends and shows at a glance how we are doing. Improved capability within Datix will remain a focus in the coming year to support our governance processes and clinical teams.

Risk Assessment Training

Robust risk assessments help keep our patients, staff and visitors safe. In 2017/18 a well evaluated training session on risk assessment completion to help improve the overall quality of risk related activities was delivered to over 200 key staff.

NatSSIPSs

The Trust has continued to develop outputs that contribute to the National Safety Standards for Invasive Procedures (NatSSIPs) and will continue to work on the standards until fully achieved and embedded.



Comparing Incident Categories over the last two years

(data source: Datix Risk Management System);

The information in the table below outlines the categories of patient safety incidents that the Trust declared in 2017/18 relating to the National Serious Incident Framework. These are adverse events where either unintended or unexpected incidents lead to harm for those receiving NHS healthcare and therefore are reported externally to our regulators. An open, transparent culture is important to readily identify trends and take timely, preventative action. The categories are broad subjects however each incident is reviewed against a set criteria to ensure robust investigation, identification of root causes, contributory factors, lessons learnt & recommendations.

Incident Category	Number in 2016-17	Number in 2017-18
Pressure ulcer incidents	1	2
Infection control incidents	3	5
Falls with harm	15	31

Never Events

During this quality account year (2017/18) the Trust reported one never events, as follows;

- Wrong site surgery (in Cardiology Cath Lab)

The incident is subject to an ongoing robust investigation which will have an action plan to address any issues identified. The incident was reported to StEIS and the 'duty of candour' was delivered in an acceptable timescale.

The Trust is pleased to report that there have been no never events in theatres, the location of 5 Never Events that occurred in 2016/17. Analysis had identified that although the specialties and location involved were different and each case had different contributory factors, communication and use of 'stop before you block' (checking the surgical site has been marked appropriately) were common themes identified. The Theatre Safety & Quality Group established to review cultures and behaviours within theatres and the development of an enhanced local training plan has contributed to the change in ethos within theatres and the successful reduction in Never Events.

Infection Prevention and Control (description of the issues and rationale for prioritising)

Infection prevention is an essential component of quality healthcare provision, for the delivery of Safe, Kind and Effective care. Ensuring that we have robust infection prevention and control system and process routinely embedded at all levels of the organisation is crucial to ensuring that avoidable infections do not occur.

The emergence of antimicrobial resistance is recognised as an international threat. Although the UK government is determined that access to working antimicrobials will be sustained into the future for healthcare, antimicrobial resistance places an even greater emphasis on the need for infection prevention as resistance to the drugs that we use to treat infections increases, rendering them ineffective. In support of the 2017/19 Quality Premium scheme for Clinical Commissioning Groups (CCGs), the Trust has also been working collaboratively with partners within West Cheshire to reduce the number of Gram-negative bloodstream infections across the whole health economy, as part of the broader

healthcare agenda for infection prevention and control and antimicrobial stewardship.

The Trust plans to maintain the intensity of both infection prevention and control and antimicrobial stewardship throughout 2018/19, sustaining our 'zero tolerance' approach to avoidable infection from 'board to ward'. Focus will remain on risk assessment and risk reduction strategies, with routine implementation of prevention and control measures within practice being essential to achieving this aim.

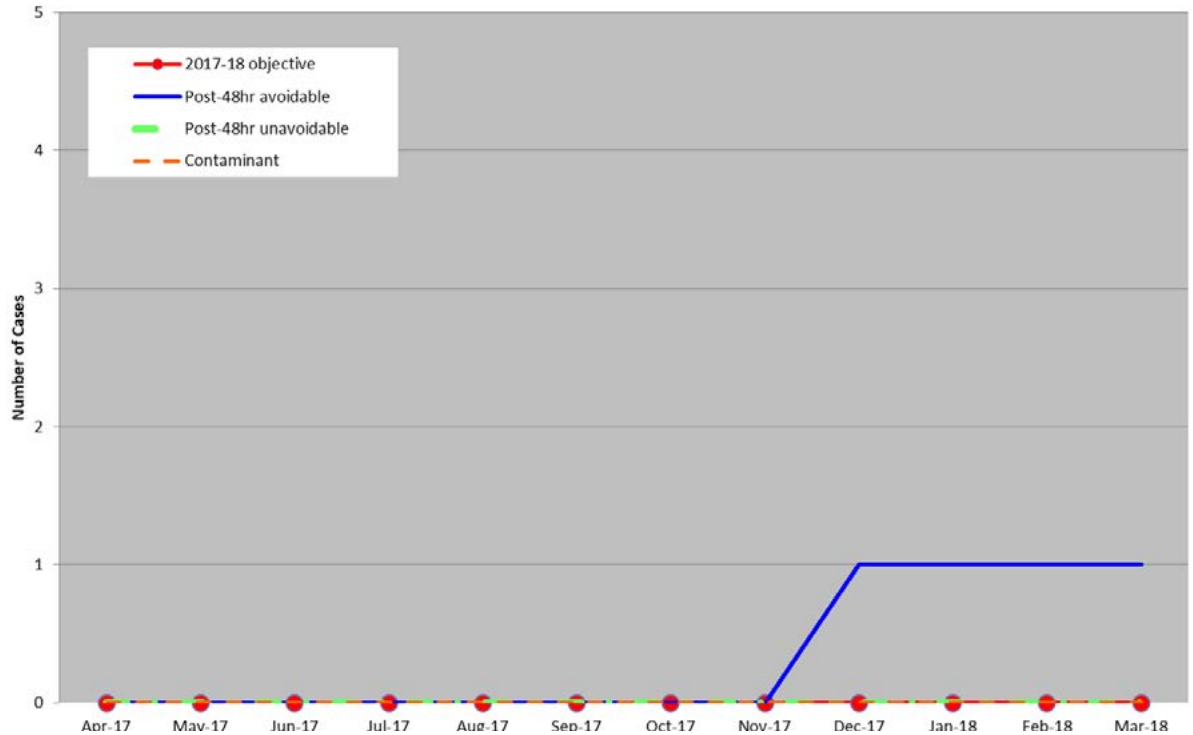
To ensure that high quality care is delivered safely and that the risks associated with developing a healthcare associated infection are reduced, it is essential that these risk reduction strategies include robust systems to monitor and evaluate how infection prevention and control system and/or process is implemented in practice, including strategies to disseminate any lessons learned for improvement in real time. Communication strategy plays a key part in this, ensuring that resources are targeted appropriately and that the workforce remains informed.

2017/18 Results

- 1 avoidable case of MRSA bacteraemia identified, against the objective of zero avoidable MRSA bacteraemia within year.
- 29 cases of *Clostridium difficile* infection reported, against an objective of no more than 24 cases within year.
- Hand hygiene compliance maintained at or above the 95% minimum compliance level across the year – compliance only dropping slightly below 95% during two months (August and November 2017).
- Success in maintaining an 'unconditional' registration status with the Care Quality Commission.

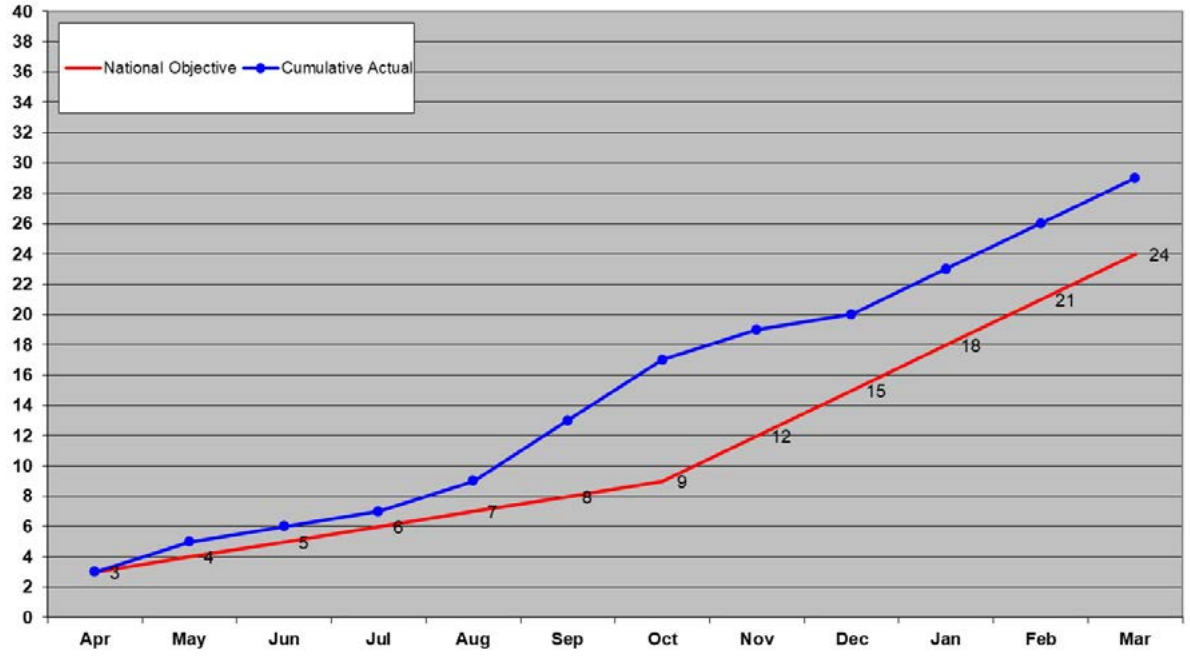
Our MRSA Bacteraemia trends;

MRSA Bacteraemia 2018
Countess of Chester Hospital NHS Foundation Trust

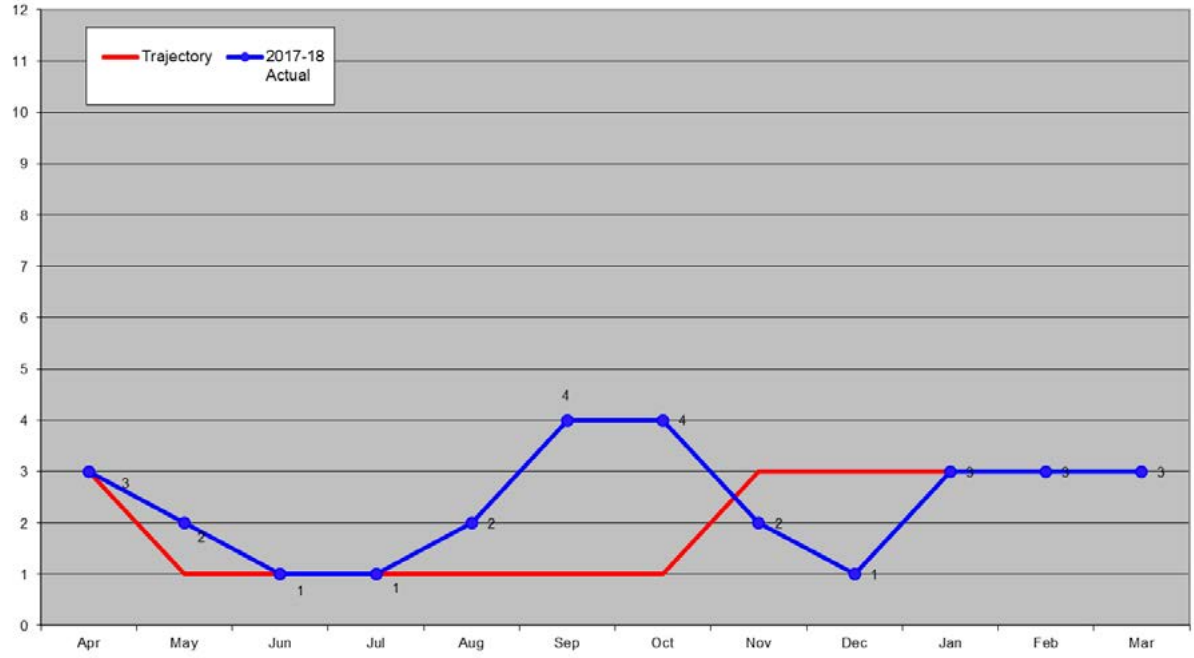


Our Clostridium difficile infection trends;

Total C. difficile cases 2017-18 (cumulative)



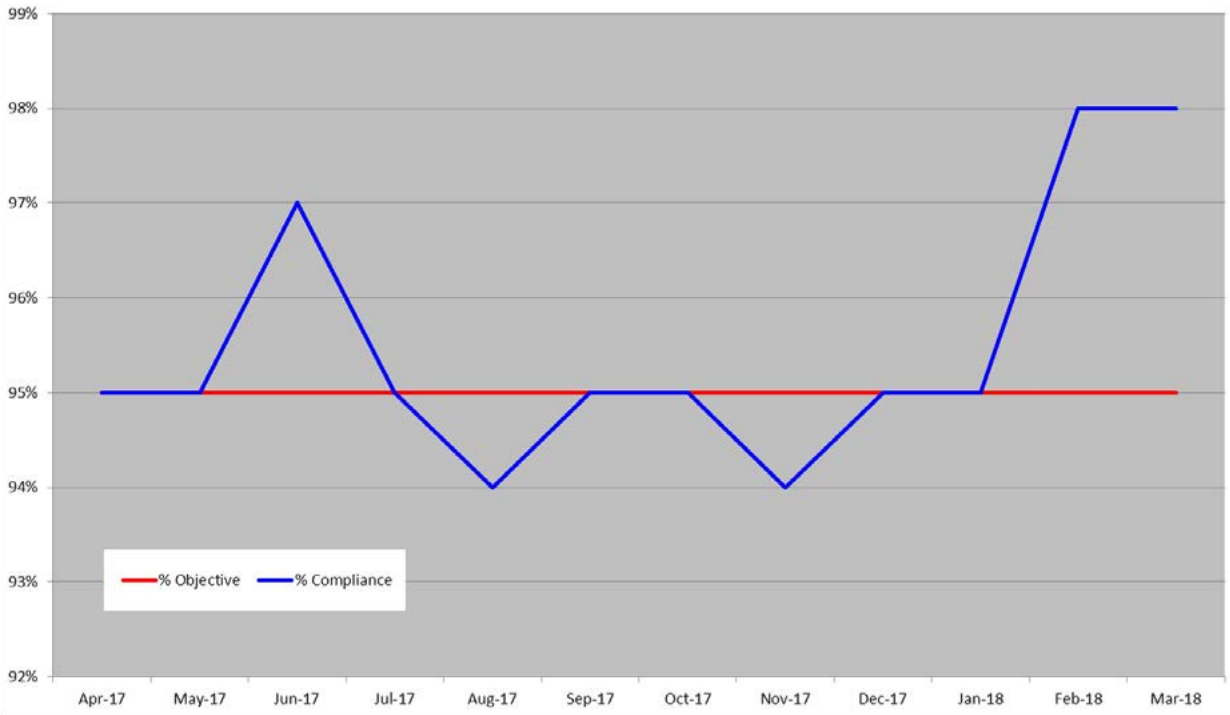
Total C. difficile cases 2017-18 (in month)



Changes to the local Antibiotic Formulary were required during 2017/18, to compensate for a number of national/international antibiotic shortages within year. Through necessity, these changes to formulary included an increase in the use of certain antibiotics known to have a higher associated risk for Clostridium difficile infection. This remains under regular review as circumstances with antibiotic shortages develop and improve.

Our Hand Hygiene compliance

Hand Hygiene Compliance 2017-18
Countess of Chester Hospital NHS Foundation Trust



Our Objectives for 2018/19;

- To have zero avoidable MRSA bacteraemia cases within year
- To have 23 or less cases of *Clostridium difficile* infection within year
- To maintain focus on antimicrobial stewardship strategies, incorporating the 'Start Smart Then Focus' approach, to support a reduction in clinically inappropriate antibiotic prescription and consumption
- To consistently maintain 95% compliance or above with hand hygiene practices
- To continue collaborative working towards a reduction in the number of Gram-negative bloodstream infections within the local health economy.
- To maintain local surveillance systems, ensuring that Trust responsibilities are met, as part of the national mandatory surveillance programme for healthcare associated infection.

Planned Infection Prevention and Control Focus for 2018/19

- The corporate infection prevention and control assurance framework, incorporating the *Health and Social Care Act (2008): code of practice on the prevention and control of infections and related guidance*; ensuring that this continues to support all related infection prevention and control activity, including healthcare associated infection registration requirements with the Care Quality Commission

- Maintain established systems for promoting best practice to reduce the number of Clostridium difficile infections through shared learning from investigations and national evidence base, including:

  a. Case by case surveillance, with robust feedback methodology including early identification of any increased incidence of infection

  b. Weekly multidisciplinary Clostridium difficile infection ward rounds

  c. Daily Consultant Microbiologist ward rounds within Critical Care

  d. Antimicrobial stewardship ward rounds within other specialities

  e. Robust infection prevention and control practices including hand hygiene, rapid patient isolation and cleanliness within the environment and for equipment

  f. Investigation process for each case of infection, sharing any learning with teams to support continuous improvement

  g. Communication systems to support the workforce in remaining informed on progress and for the promotion of best practice

- Maintain established systems for promoting best practice to reduce the number of bacteraemia cases due to antibiotic resistant organisms, including MRSA, Carbapenemase-producing Enterobacteriaceae (CPE) and Vancomycin resistant Enterococcus (VRE), through learning from root cause analyses and national evidence base

- Continue to strengthen antimicrobial stewardship across the organisation, ensuring appropriate antimicrobial use and risk reduction associated with antimicrobial resistance, utilising the information and resources provided by the 'Start Smart Then Focus' approach

- Continue collaborative working across West Cheshire Clinical Commissioning Group, in support of the national ambition to reduce the number of Gram-negative bloodstream infections across the whole health economy

- Maintain the infection prevention and control surveillance programme, including surgical site infection surveillance

- Maintain systems of 'alert organism' review to ensure that colonised patients or those with associated infections are treated promptly and appropriately to their benefit and for wider public health within the patient population

- Utilise local surveillance to promptly identify outbreaks or periods of increased infection incidence, including but not exclusive of C. difficile, MRSA, plus other multidrug resistant organisms

- Maintain training and education programmes for all staff groups, consistently reinforcing the routine implementation of infection prevention and control standards and antimicrobial stewardship for all patients, all of the time

- Maintain the infection prevention and control audit programme, including monitoring of key clinical practices, to reduce infection risks associated with invasive devices or procedures

- Maintain established levels of cleanliness, both within the environment and for equipment, ensuring compliance with national cleaning frequencies and working collaboratively with Facilities
- Maintain a system of policy development and review in conjunction with revised or emerging evidence-base
- Ensure that the healthcare environment is fit for purpose, working collaboratively with Estates and Facilities
- Ensure that healthcare workers remain adequately protected from infection risks within the workplace and do not as individuals pose an infection risk to others
- Maintain systems of information dissemination to ensure that the workforce remains informed and engaged on performance against agreed objectives for healthcare associated infection reduction, adapting these as circumstances dictate
- Maintain systems to provide accurate healthcare associated infection information for patients, visitors and other healthcare providers to minimise risks associated with the transmission of infection, working collaboratively with healthcare providers
- Continually assess any new developments in infection prevention and control (regionally, nationally or internationally) to inform and improve on practice

PROMS Performance

(data source from Healthcare Evaluation Data – HED)

Healthcare Evaluation Data (HED) is an online benchmarking tool which the Countess uses to input data, run analysis and make comparisons. The Patient Report Outcome Measures (PROMs) is one of the suites of data that the Countess input into the HED online software for analysis. PROMs are important as they measure the health gains for people who have undergone hip replacement, knee replacement, varicose vein procedures and groin hernia repair. The data presented below demonstrates how the Countess is performing in relation to PROMs, as described by the patients who have undergone the procedure.

Hip Replacement

Hip replacement data has now been split into 'Primary' and 'Revision' hip operations (previously shown as 'Hip Replacement'). As such; there is no data for 'Hip Replacement revision' prior to 2017/18, data is not yet available for 2017/18, and these tables will be updated as new information is published on the HED website.

Hip Replacement – Primary

Measure	Condition	15/16	16/17	17/18
EQ-VAS	Better	71.23	66.25	Not Yet Available
	No change	13.70	8.75	Not Yet Available
	Worse	15.07	25.00	Not Yet Available
EQ-ED	Better	90.14	90.24	Not Yet Available
	No change	4.23	3.66	Not Yet Available
	Worse	5.63	6.10	Not Yet Available
Oxford Hip Score	Better	98.7	98.90	Not Yet Available
	No change	0.00	0.00	Not Yet Available
	Worse	1.3	1.10	Not Yet Available

Hip Replacement – Revision

Measure	Condition	17/18
EQ-VAS	Better	Not Yet Available
	No change	Not Yet Available
	Worse	Not Yet Available
EQ-5D	Better	Not Yet Available
	No change	Not Yet Available
	Worse	Not Yet Available
Oxford Hip Score	Better	Not Yet Available
	No change	Not Yet Available
	Worse	Not Yet Available

Knee Replacement

Knee replacement data has now been split into 'Primary' and 'Revision' knee operations (previously shown as 'Knee Replacement'). As such; there is no data for 'Knee Replacement revision' prior to 2017/18, data is not yet available for 2017/18, and these tables will be updated as new information is published on the HED website.

Knee Replacement - Primary

Measure	Condition	15/16	16/17	17/18
EQ-VAS	Better	55.56	50.68	Not Yet Available
	No change	12.70	16.44	Not Yet Available
	Worse	31.75	32.88	Not Yet Available
EQ-5D	Better	78.69	83.54	Not Yet Available
	No change	6.56	5.06	Not Yet Available
	Worse	14.75	11.39	Not Yet Available
Oxford Hip Score	Better	90.77	98.84	Not Yet Available
	No change	1.54	0	Not Yet Available
	Worse	7.69	1.16	Not Yet Available

Knee Replacement – Revision

Measure	Condition	17/18
EQ-VAS	Better	Not Yet Available
	No change	Not Yet Available
	Worse	Not Yet Available
EQ-5D	Better	Not Yet Available
	No change	Not Yet Available
	Worse	Not Yet Available
Oxford Hip Score	Better	Not Yet Available
	No change	Not Yet Available
	Worse	Not Yet Available

Varicose Veins (2017/18 figures are provisional)

Measure	Condition	15/16	16/17	17/18
Varicose Veins Questionnaire	Better	84.62	77.78	100
	No change	0.00	0.00	0.00
	Worse	15.38	22.22	0.00

Groin Hernia (2017/18 figures are provisional)

Measure	Condition	15/16	16/17	17/18
EQ-VAS	Better	46.99	37.80	85.33
	No change	15.66	23.17	16.67
	Worse	37.35	39.70	0.00
EQ-5D	Better	56.79	62.20	75.00
	No change	29.63	32.93	25.00
	Worse	13.58	4.88	0.00

Trust's Responsiveness to the Personal Needs of its Patients during the Reporting Period

This Trust-wide Patient Experience Operational Group (PEOG) provides assurance that the views of patients, families and the public are sought to support and where necessary direct improvements in clinical practice, service delivery and patient pathways. It provides a forum to engage with a range of hospital teams, patient representatives and Governors to review feedback and agree actions needed in response.

PEOG delivers a work programme to support the implementation and sustainability of the Trust's Patient Experience Strategy, reporting directly to the Quality, Safety and Patient Experience Committee (QSPEC) to ensure a clear line of communication and accountability to the Trust Board. The mechanism for reporting and/or escalating any risks identified is in line with the Trust's existing governance structure and where necessary risks identified are included on the relevant risk register.

PEOG uses the experiences of patients and their stories to deliver a work programme centred on improving clinical practice, service delivery and patient pathways, to ensure;

- individual's human rights are recognised to a standard of care that maintains patients' dignity, respect, equality and fairness
- patient experience is encompassed and embedded across services
- patient experience contributes to equitable and responsive services
- partnerships with users and carers are maintained and improved
- care is provided in environments that promote patient recovery
- engagement from service users to support the work of the Model Hospital Programme

PEOG Objectives include;

- Ensuring that clear strategies are in place to demonstrate effective patient centred care (e.g. Patient Experience Strategy, Service User Involvement Strategy, Carer Involvement Strategy, Community Involvement Strategy and Equality, Diversity & Human Rights Strategy)
- Monitoring and improving service user experience based on feedback from patients, carers and relatives, using a range of internal and external sources of feedback
- Receiving reports on progress from patient survey(s)
- Supporting clinical teams and specialties to develop improvement plans that reflect patients' feedback and respond to issues or concerns raised
- Ensure that specialty action plans are being implemented and evidence of improvement in the service user experience is achieved
- Sharing lessons learnt from patient feedback across the organisation
- Work in collaboration with partner agencies (e.g. Health Watch and PLACE) to improve patient experience, receive and note reports and monitor action plans developed in response

The Countess of Chester Hospital NHS Foundation Trust takes part in a series of annual patient surveys as required by the Care Quality Commission (CQC) for all NHS Acute Trusts in England. The purpose of the inpatient survey is to understand what patients think of healthcare services provided by the Trust. The questionnaire used reflects the priorities and concerns of patients and is based upon what is most important from the perspective of the patient; it was developed by the NHS Patient Survey Co-ordination Centre. The questionnaire was developed through consultation with patients, clinicians and trusts. The data presented below is from the 2016 inpatient survey, which was published by the CQC during this reporting period. We have undertaken a further inpatient survey during 2017, the publication of its findings is expected for release by the CQC shortly.

How did we do?

Response rate

The CQC adult inpatient survey captured the experiences of 77,850 people who received NHS hospital care between August 2016 and January 2017. Data was collected on 1,250 recent inpatients at the Countess of Chester Hospital NHS Foundation Trust and the questionnaire was sent out to 1177 patients who were eligible for inclusion. Responses were received from 470 patients in total giving a 40 % response rate and accounts for 0.6% of the overall CQC responses reviewed.

About our respondents

Key facts about the 470 inpatients who responded to the survey:

- Planned in advance admissions: 28% of patients
- Emergency or urgent admissions: 69% of patients
- 57% of patients had an operation or procedure during the stay
- Gender profile: 47% were male; 53% were female
- Age profile: 6% were aged 16-39; 16% were aged 40-59; 21% were aged 60-69 and 56% were aged 70+.

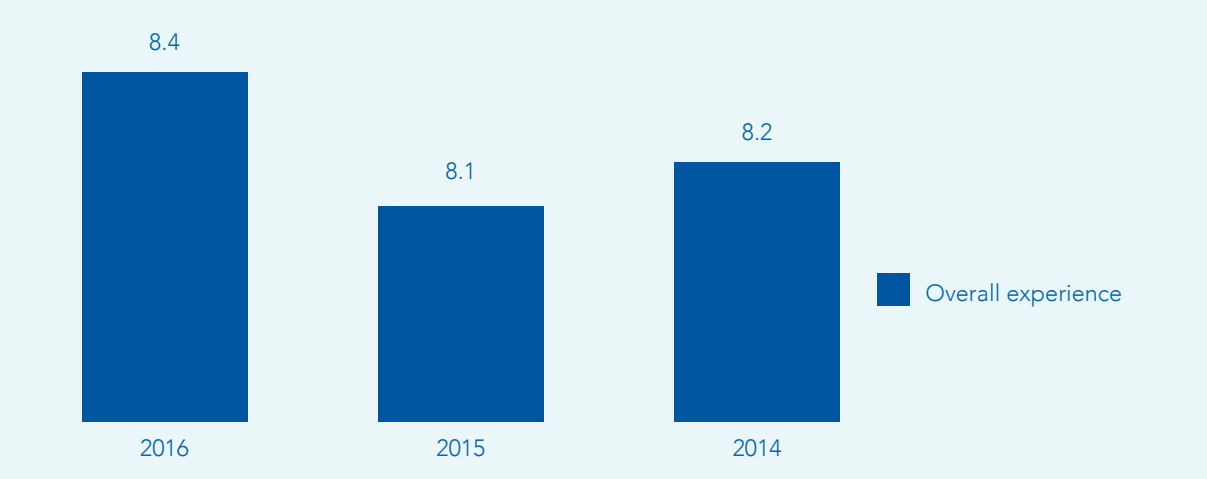
Our results at a glance

The survey highlighted a marginal increase in the reporting of overall experience, and demonstrates consistency in the rating of positive patient experience since 2014 (found in the graph below). The survey highlighted many positive aspects to patient experience, including but not limited to;

- **Overall**: 88% of patients rated care 7+ out of 10
- **Overall**: 85% of patients rated they were treated with respect and dignity
- **Doctors**: 84% of patients always had confidence and trust in the doctors treating them
- **Care**: 92% of patients reported always having enough privacy when being examined or treated

However, patients overall views about 'care and services' did show a lower category rating of 5.6 and highlighted 2 areas in particular that require attention (found in the table below). A rating of 1.8 was given to the question "were you ever asked to give your views on the quality of care" and 2.4 to the question "Did you see, or were you given, any information explaining how to complain to the hospital about the care you received". Despite the national comparative data demonstrating that this was 'about the same' as other participating organisations, further work is needed to raise awareness across the Trust of the existing mechanisms in place for patients and their families to share their views and make (if required) a complaint.

Overall Experience



Overall views about care and services

Question	2016	2015	2014	Comment
Overall, did you feel you were **treated with respect and dignity**	9.2	9.0	8.9	Marginal increase year on year
During your time in hospital did you feel **well looked after** by the hospital staff	9.1	8.9	8.8	Marginal increase year on year
During your hospital stay, **were you ever asked to give your views on the quality of care**	1.8	1.6	1.9	Marginal increase year on year, requires further improvement
Did you see, or were you given, any **information explaining how to complain to the hospital** about the care you received	2.4	2.3	3.0	Marginal since 2015 but reduction overall all in measure since 2014, requires further improvement
Overall rating for section	**5.6**	**About the same**		

Have we improved?

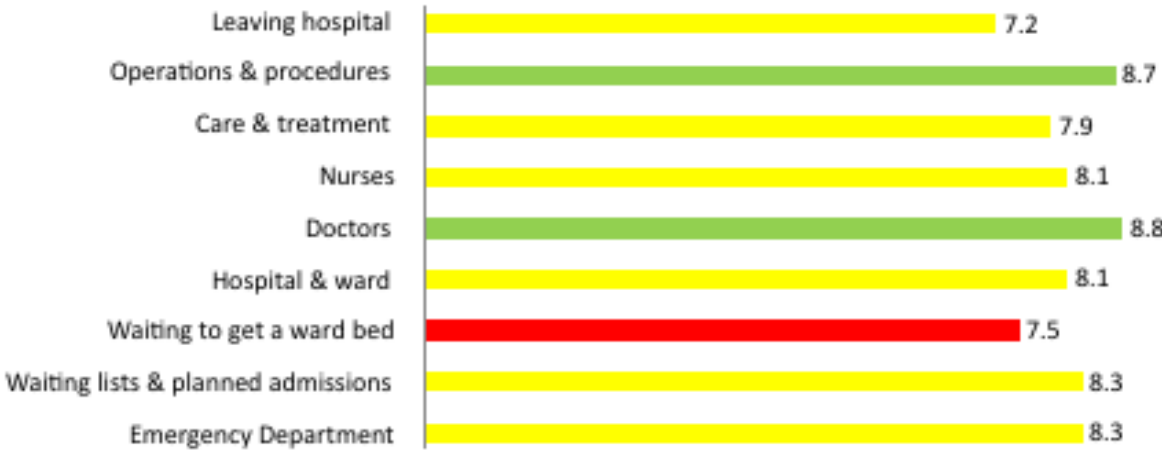
The findings reflect the national statistics and demonstrate that previous improvements have been maintained despite the current challenges in healthcare delivery, with some marginal improvement noted compared to last year's survey but more importantly that progress has been sustained and/or improved over time (CQC, 2017).

Categories shown to have made sustained improvement at the Countess include;

- Admission to hospital (across all questions with the exception of admission date being changed)
- Hospital & ward (across all questions)
- Doctors (across all questions)
- Nurses (across all questions)
- Care & treatment (across all questions)
- Operations & procedures (across all categories)

There has been a decline identified in the 'leaving hospital' category, which mirrors findings nationally (CQC, 2017). These declines are generally small but taken together appear to show a change in patients experience of their care. In addition, 1 category has been identified where the Countess of Chester Hospital NHS Foundation Trust was rated 'worse' than other participating organisations. "Waiting lists & planned admissions (answered by those referred to the hospital)" with particular reference to, changing patients' admission dates.

Overall rating by category



In response to the feedback received the following actions will be put in to place during 2018/19;

1. To ensure effective and inclusive systems are in place consistently for patients and the public to provide feedback on the quality of their care through a range of mechanisms including;

   > CQC surveys

   > Friends & family test & comments

   > NHS Choices

   > Health Watch

   > GovRounds

   > PLACE

   > PROMs

   > PALs/Complaints

   > FB & Twitter feedback

2. To develop a mechanism for real-time patient feedback, ensuring patients are aware of how to share views with us about the quality of care they receive and allowing clinical teams to respond to any concerns at the point of need

3. Increase the visibility of the patient experience team across the hospital to support patients, families & clinical teams to acknowledge the patients perceptions of quality whilst in our wards & departments

4. Continue to test the newly developed patient experience team structure, to ensure the capacity & capability within the team meets the needs of patients, families, staff and external agencies

5. Redesign the 'Listening & Responding to Concerns & Complaints' policy to include learning from patient feedback and develop a suite of Standard Operating Procedures to support staff

6. Update & distribute redesigned patient experience information

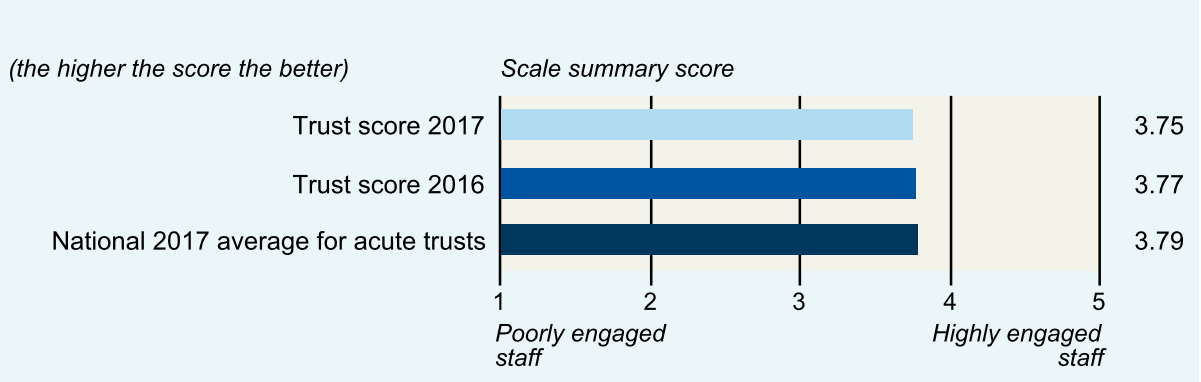
Trust's responsiveness to Staff Feedback

During the 2017/18 reporting period we undertook a national staff survey to gain feedback from our workforce on a range of different measures. We asked all our staff to participate and we received responses from 40%, we are pleased to say this was a 4% increase when compared to the previous years but still slightly below the national comparison for acute trusts (45%).

The tables & graphs below provide information on what our staff said about our hospital and the care we provide. The findings represent around 1600 staff views.

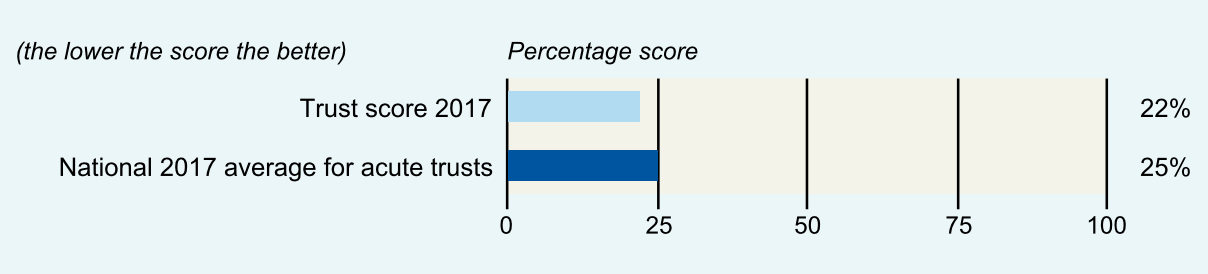
		Your Trust in 2017	Average (median) for acute trusts	Your Trust in 2016
Q21a	Care of patients/ service users is my organisation's top priority	70%	76%	74%
Q21b	My organisation acts on concerns raised by patients/ service users	67%	73%	72%
Q21c	I would recommend my organisation as a place to work	61%	61%	63%
Q21d	If a friend or relative needed treatment, I would e happy with the standard of care provided by this organisation	71%	71%	73%
KF1	Staff recommendation of the organisation as a place to work or receive treatment (Q21a,21c-d)	3.70	3.76	3.79

Overall Staff Engagement

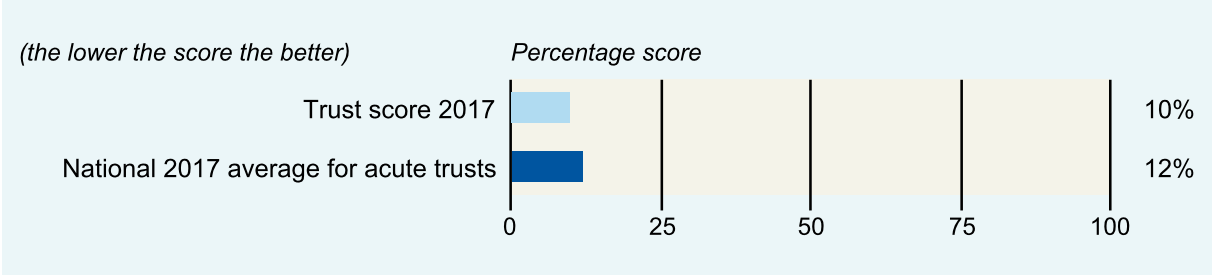


Our top 5 ranking scores which are favourable when compared to the national comparison

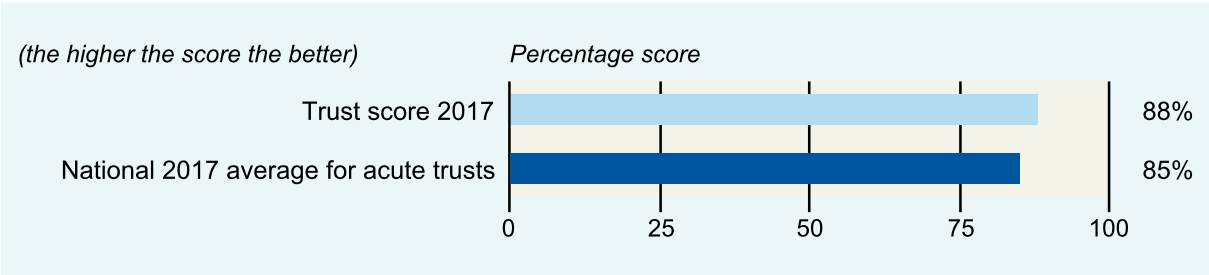
KF26. Percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months



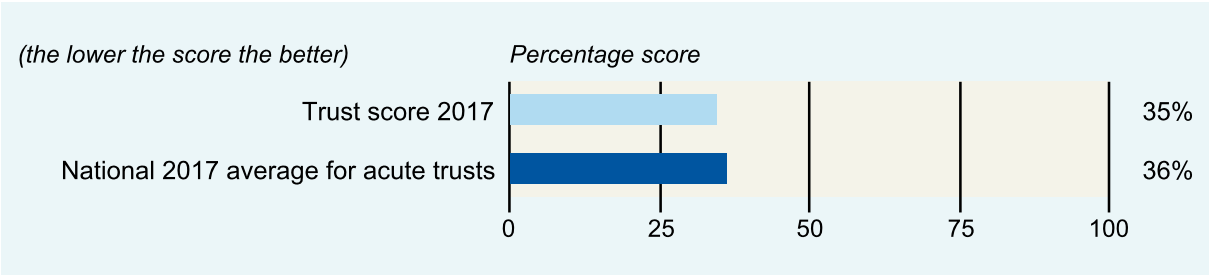
KF20. Percentage of staff experiencing discrimination at work in the last 12 months



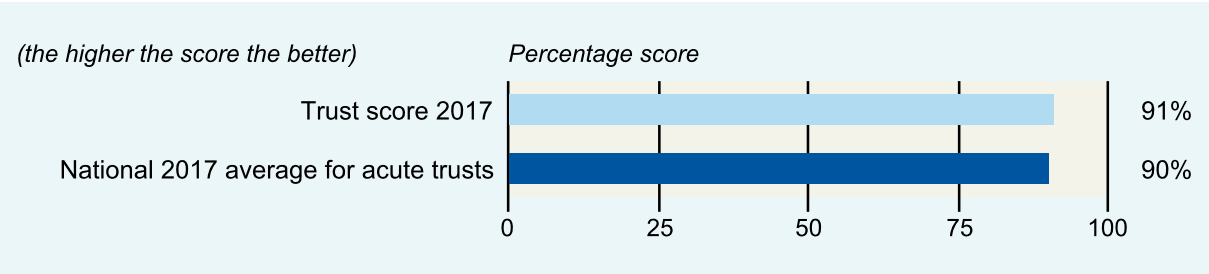
KF21. Percentage of staff believing that the organisation provides equal opportunities for career progression or promotion



KF17. Percentage of staff feeling unwell due to work related stress in the last 12 months

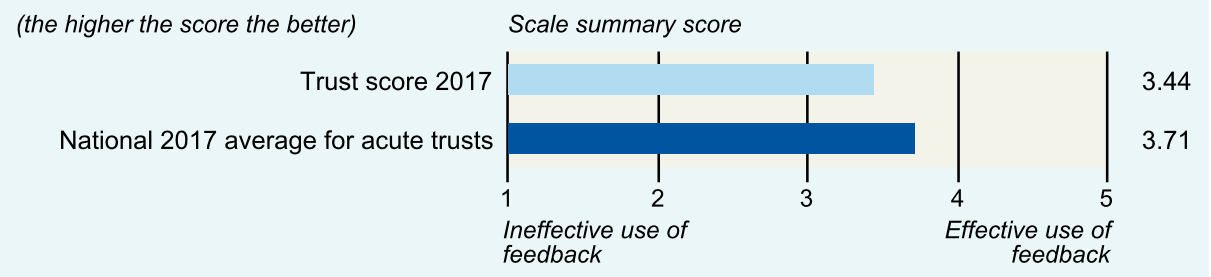


KF29. Percentage of staff reporting errors, near misses or incidents witnessed in the last month

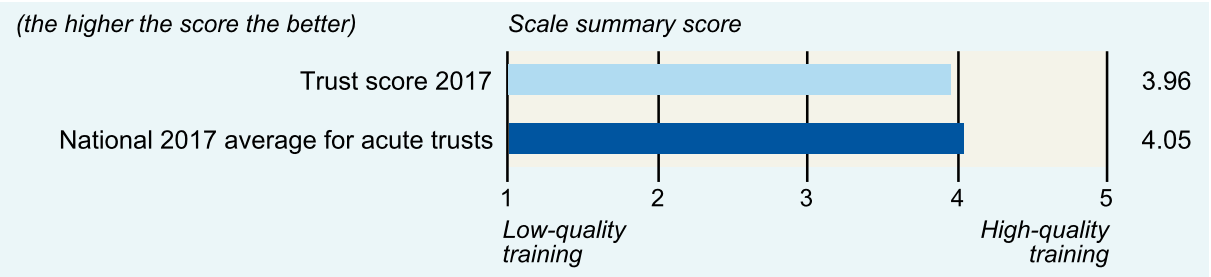


Our bottom 5 ranking scores which are slight less favourable when compared to the national comparison

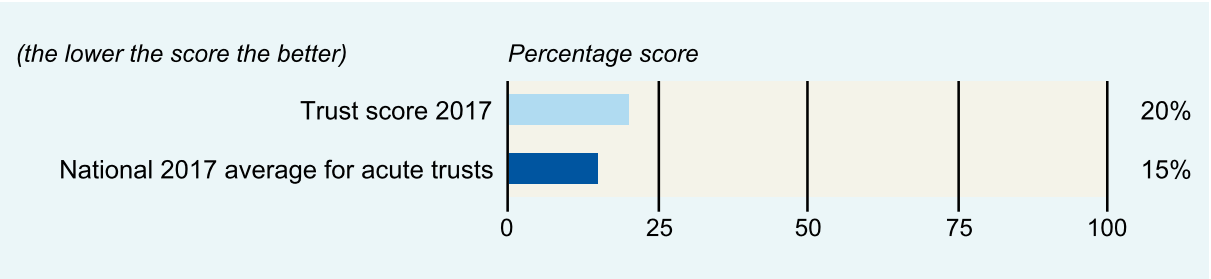
KF32. Effective use of patient / service user feedback



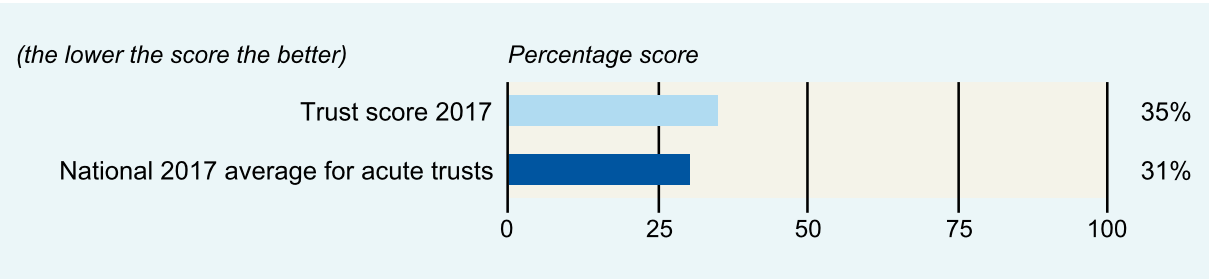
KF13. Quality of non-mandatory training, learning or development



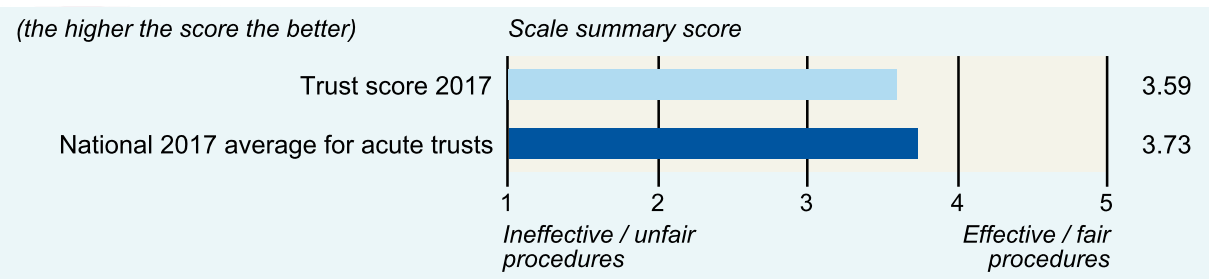
KF22. Percentage of staff experiencing physical violence from patients, relatives or the public in last 12 months



KF28. Percentage of staff witnessing potentially harmful errors, near misses or incidents in last month



KF30. Fairness and effectiveness of procedures for reporting errors, near misses and incidents



Job Satisfaction

We asked staff, would they recommend our organisation to others? Do they look forward to going to work? Are they enthusiastic about their role? & Do they have sufficient resources to do their job?

Staff recommendation of the organisation as a place to work or receive treatment

- This has declined from **3.78** in 2016 to **3.70** in 2017
- National average for Acute Trusts is **3.75**

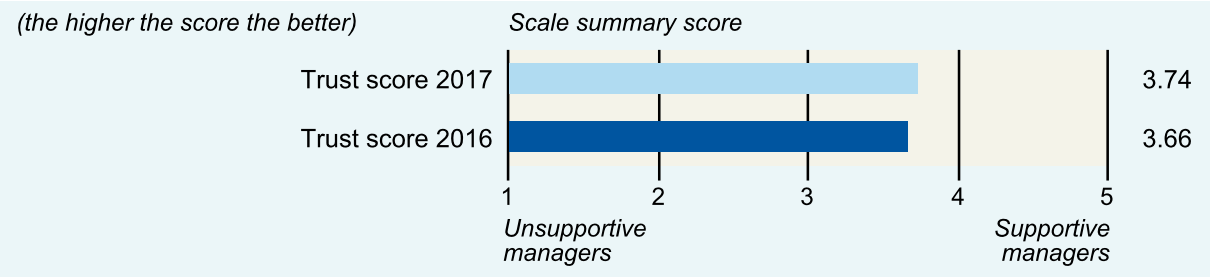
Violence, harassment & bullying

We asked staff, how frequently are they suffering violence, harassment or bullying in the workplace? & Do they report these incidents?

% experiencing physical violence from patients, relatives or the public in last 12 months

- This increased from **15%** to **20%** year on year
- National average for Acute Trusts is **15%**.

KF10. Support from immediate managers



Our hospital's commitment to improving staff experience during 2018/19

Further analysis needs to take place to understand the context for the responses received and to breakdown the findings by division and where able the ward/ department area. This will allow us to fully determine the areas for improvement and assist us in addressing any shortfalls as quickly as possible, this is particularly important for the measures which rank below the national comparison and/or our previous years score. The actions identified will be monitored through the People & Organisational Development Committee, a subcommittee of the Board of Directors. Where the analysis identifies themes and trends by professional group, these actions will be designed and implemented through the Nursing & Midwifery Workforce Board and the Medical Workforce Board both of which report directly to the People & Organisational Development Committee.

We will be involving our Staff Governors and our Staff-side and Union partners to design actions that will deliver sustainable improvements and ones that are supported by our staff and focus on their priorities. In addition, we will re-establish our 'Barometer Groups' to support our wider Communication & Engagement Strategy.

During 2017/18 we have experienced some challenges with the staff friends & family recommendation survey; this has been a direct result of a breakdown in process and as such we are not able to present data for this reporting period. We recognise that the staff friends and family feedback is a key measure in understanding the perceptions and experiences of our workforce. Our process has already been redesigned to ensure robust and timely reporting during 2018/19.

3.7 Other Information

3.8 An overview of the quality of care offered based on 2017/18 performance

Patient Safety

Improve the experience of colorectal patients;´ work has progressed during 2017/18 to improve the care we provide to our colorectal patients. This has been centred on improving the patient pathway by introducing triage and straight to diagnostic test at first outpatient appointment.

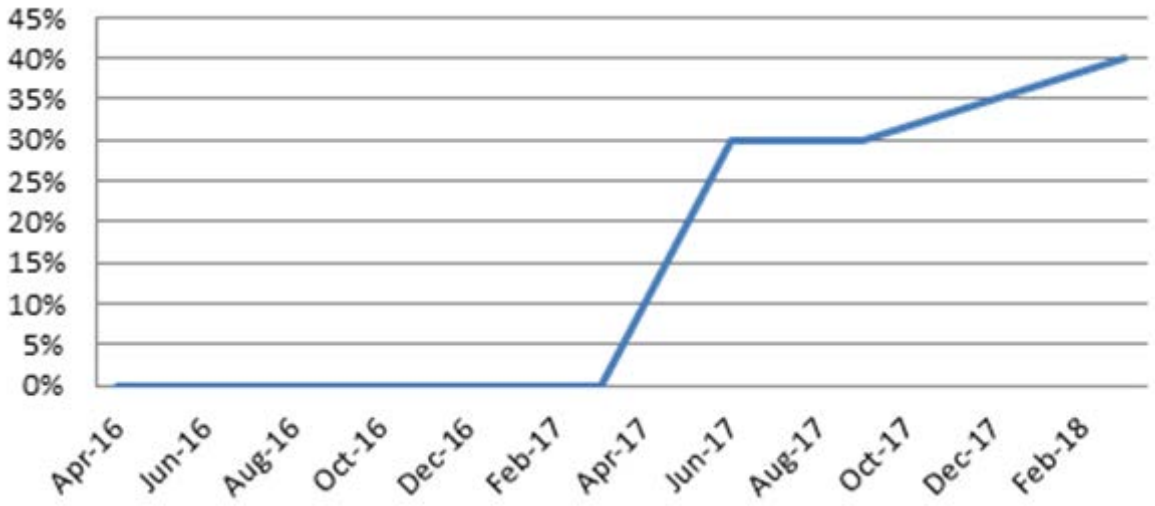
Our measure of success was;

To increase the number of fast track (cancer patients) patients going straight to tests

What we have achieved;

- ✓ we have now reached 40% compliance with fast track cancer patients going straight to test

Percentage of FT Colorectal Patients (Straight to Test)



Data source: Meditech (Electronic Patient record) number of patients recorded as having telephone consultation and referred straight to test (Fast Track patients only).

Prior to April 2016 all patients went straight to a face to face outpatient appointment; they would then be seen and sent after their appointment for diagnostic tests. Recognising this caused an unnecessary delay in June 2017 we created 15 weekly telephone review slots which automatically meant a 30% increase in fast track patients going straight to diagnostic test. In January 2018 we increased this further to 20 weekly telephone review slots meaning a further increase in improvement to 40% of all fast track patients going straight to diagnostic test. Further developments are planned during 2018/19 to redesign the outpatient service model further to include our routine and urgent patient pathway.

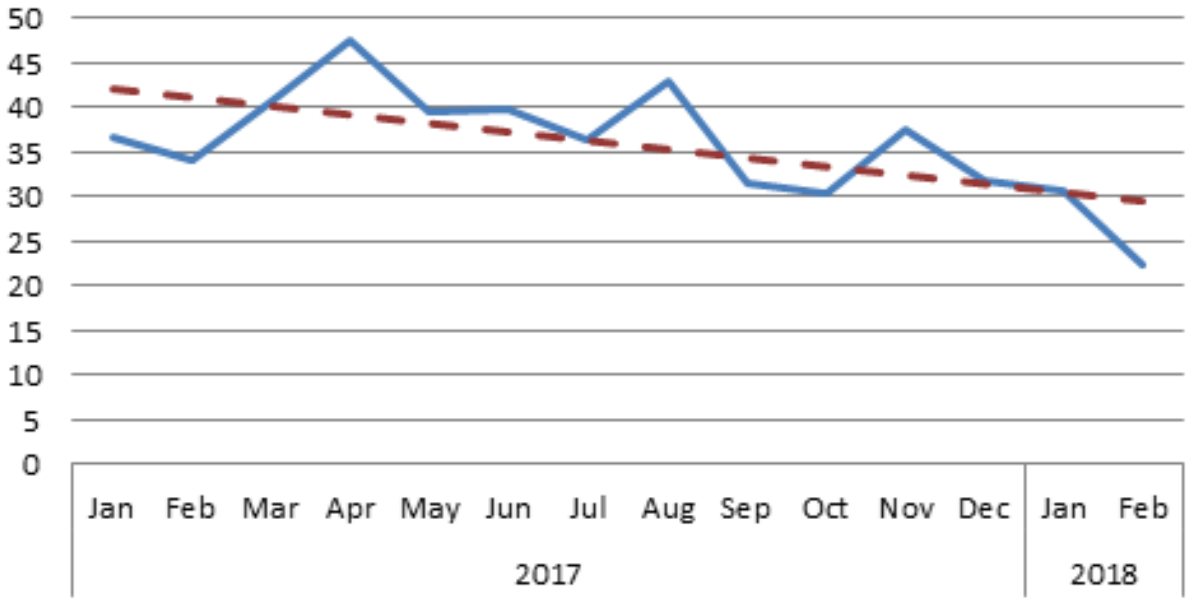
Enhance pathway for patients with head and neck cancer; we set out to improve the pathway by introducing a neck lump clinic to reduce patient delays and reduce the between date of receipt of referral and diagnosis. During 2017/18 significant improvements have been made within outpatients capacity to improve both first (at 7 days) and follow-up appointments

(at 14 days), and successful funding for a permanent full-time Head & Neck Clinical Nurse Specialist. Radiology and histology have been informed of the current schedule of fast track patient slots, so they are now aware of the expected diagnostic capacity required; this is an interim step to a one stop clinic. In addition a weekly meeting is currently being piloted between the Cancer Clinical Lead and ENT Consultants to reduce the number of late tertiary transfers over 38 days and patients waiting for more than 62 days.

What we have achieved;

The graph below demonstrates the continuing improvement seen to the head & neck cancer pathway, showing clearly that patients are not waiting as long.

Average length of H&N pathway; receipt of referral to confirmed cancer/non-cancer diagnosis



Data source: Somerset Cancer Register, the data items used to create this query is part of the reporting structure for National Cancer Waiting Times Standard and are therefore collected and reported in accordance with the national guidance and data definitions.

Further improvements are planned during 2018/19, these include;

- Triage in ENT with a proposal to spilt referrals across neck lump, thyroid and other
- Recruit to the Clinical Nurse Specialist (CNS) post
- Review pathway further when CNS has started
- Develop the 'one stop' clinic in partnership with neighbouring organisation or within a clinical network

Reduce the number of falls with harm; we set out to improve patient safety whilst in our care by reducing the number of falls with harm.

In September 2017 a quality improvement nurse was recruited to work on a falls prevention programme across the hospital. Since joining team Countess they have completed the following activities;

- ✓ Review of clinical incident data in relation to falls
- ✓ Established themes and trends to support improvement
- ✓ Reviewed current evidence base and scoped best practice

- ✓ Formed strong relationships across the local health and social care system to share best practice and join up ways of working
- ✓ Designed a standard of practice to support staff to prevent the risk of falls
- ✓ Designed a patient assessment tool to identify those most at risk
- ✓ Piloted concepts within the adult inpatient ward areas
- ✓ Designed an education & training programme to support staff across professional groups

What we have achieved

On evaluation of the data collected it shows that there has been an overall reduction in falls during 2017/18, with 1,248 inpatient falls reported in 2016/17 compared to 1,173 in 2017/18 (6.1% reduction overall). There has also been a reduction in the number falls causing low or severe harm during the reporting period, however falls resulting in moderate harm have increased (from 22 in 2016/17 to 32 in 2017/18).

Risk Category	2016/17	2017/18
Falls with no harm	994	966
Falls with low harm	222	173
Falls with moderate harm	22	32
Falls with severe harm	10	2
Death caused by fall	0	0

Data source: Datix Incident Management System (data range 1st April 2016-31st March 2017 & 1st April 2017-31st March 2018, categorisation of clinical incidents with harm are based on national NHS Serious Incident definitions.

This would indicate that further work needs to be undertaken and falls will remain a key safety priority for 2018/19, where the intention is to roll out the falls prevention programme into the wider organisation.

Patient Experience

Implement a new model of care in the Urogynae department that offers support for patients suffering from incontinence; to improve patient experience by creating a support group for patients suffering from incontinence and measure the number of patients attending clinic.

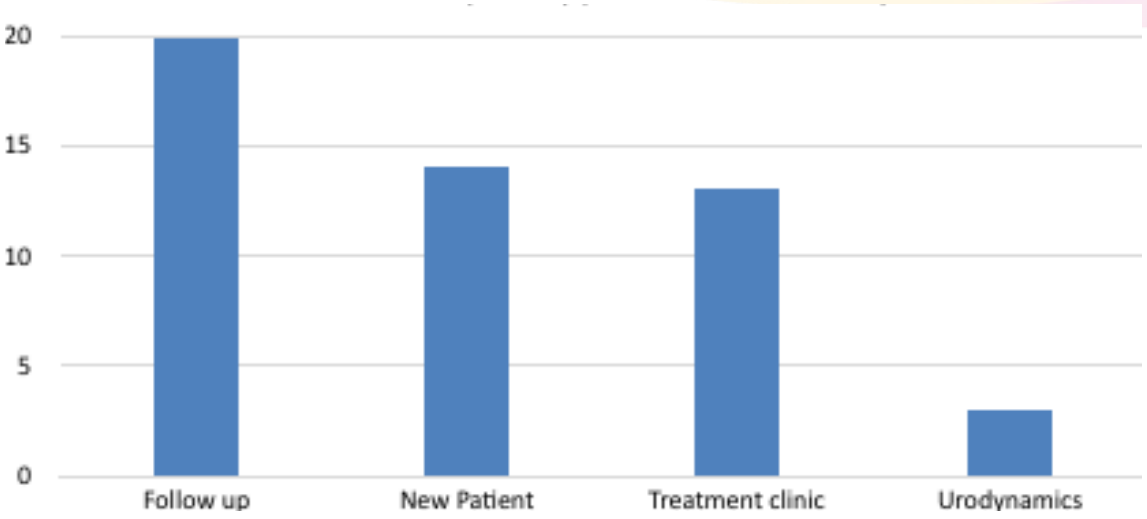
What we have achieved;

- ✓ Completed patient survey to assess the quality of the services provided in the Urogynaecology Clinic

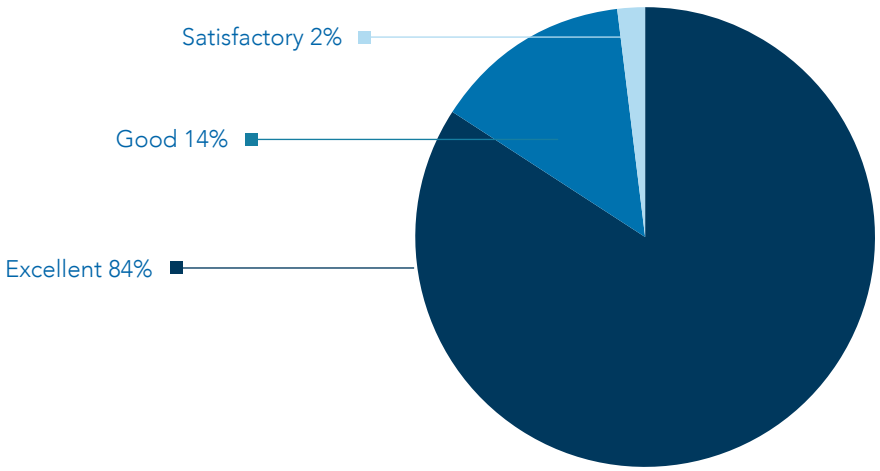
Survey findings;

From the patients attending Urogynaecology we received responses from 50 patients in our care. The responses represent feedback from new patients; follow up patients and those accessing the treatment clinic and urodynamics.

What was your appointment for today?



How do you rate your overall experience today?



Data source: 50 patients surveyed during the 2017/18 reporting period

We are pleased that 84% of patients said their overall experience was '*excellent*', with a further 14% answering '*good*'. We also asked patients to provide information on waiting times, the welcome provided by staff and whether they had been involved in decisions made relating to their care including the information provided to them about their care. Overall the responses from the 50 patients surveyed were very positive and indicate that doctors & nurses always introduce themselves, 94% of patients answered 'yes' to being involved in decisions about their care and 98% indicated that they were given enough information and that it was presented in a way in which they could understand. However, wait times were reported to have been unreasonable by 8% of responders which is a recognised challenge within the Outpatient Department and one that we continuously monitor and look for ways to further improve.

The team has also started work on developing a patient experience focus group and this will be progressed further during 2018/19, the relevant stakeholder have already been engaged and we are liaising with the local Bladder & Bowel Foundation Support Group subdivision for Chester and inviting them to advertise their meetings with ourselves within the Department.

Using the Governors to establish a peer review process to review redacted complaints; we set out to establish a quality assurance process, working with the Governors to ensure that the Countess Complaint responses were easily understood and meaningful to the complainant.

Unfortunately, due to operational pressure within the Patient Experience team, this initiative has been deferred during 2017/18 and therefore it has not been achieved. During this reporting period focus has had to be placed on the redesign of the team and resolving the backlog of open complaints. Although this particular priority could not be progressed, it is important to share the teams successes during 2017/18 which have positively impacted on patients, families and external organisations who have raised a concern or complaint with the hospital.

What we have achieved;

- ✓ Redesign of the patient experience team to increase capacity (time) and capability (team skills)
- ✓ Recruited to team vacancies and are now up to establishment
- ✓ Offered apprenticeship opportunity
- ✓ Resolved the backlog of historic open complaints
- ✓ Improved complaint response times to meet national and local standards and meet the expectations of complainants
- ✓ Established strong relationships with external partners and agencies (including Parliamentary Ombudsman Service, MP and commissioners)
- ✓ Designed a complaints & concerns dashboard to track trends and themes
- ✓ Redesigned divisional reporting templates to share key information & lessons learnt
- ✓ Provided root cause analysis training to team members
- ✓ Improved policy and guidelines in relation to complaints & concerns handling (to be ratified in 2018/19)

Work will continue during 2018/19 to sustain the improvements made and to introduce further assurance processes including;

- Using the Governors to establish a peer review process to review redacted complaints
- Designing and implementing a survey following receipt of a complaint to evaluate performance and identify areas for improvement

Increase the involvement of volunteers to support patient experience; we set out to ensure patient and carer/family experience feedback is factored into service change and improvement in satisfaction.

What we have achieved;

- ✓ Volunteers have played a key role in the maintenance of the patient experience boards and collecting comment cards for return to the patient experience team for logging and, where necessary, appropriate action to be taken
- ✓ Volunteers have ensured that the boards are stocked with PALS and Complaints leaflets and comment cards
- ✓ Volunteers have made the patient experience team aware when leaflets or comment cards have been required on patient experience boards and the main reception desk
- ✓ Volunteers are collecting Friends and Family tests which are returned to the patient experience team for appropriate action

Effectiveness

Increase effectiveness of the model of discharge to assess (D2A); we set out to ensure that patients spend only the minimum amount of time in acute hospital care and that where possible they returned to their usual place of residence.

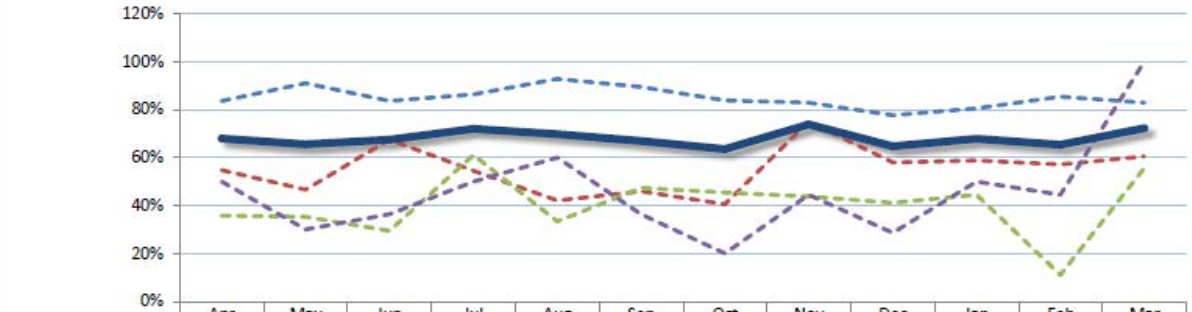
During 2017/18 we reviewed our discharge to assess (D2A) model to improve the experience of patients who were medically fit for discharge. This included redesigning four intermediate care areas across the Trust, with a focus on building multi-professional teams to meet the complex needs of patients who have ongoing and/or long term health and social care needs. To support the D2A model we also implemented the 'Red day-Green day' process to support proactive and timely patient discharge across all inpatient wards and departments. This process is designed to make every day a productive day by moving the patient forward and preventing any delays in discharge. This means patients are more likely to be able to return to their usual place of residence.

Red day-Green day has standardised our approach to discharge planning and supports a consistent approach across all inpatient areas. It involves a morning board round with a range of staff with differing expertise coming together to focus on the discharge needs of our patients. At the board round the following key points are discussed;

- Why the patient has been admitted?
- What the current medical plan is?
- Does the patient have any functional difficulties and require input from the Integrated Discharge Team or therapy staff
- Could the patient be cared for away from an acute hospital environment?

What we have achieved;

Percentage of patients discharged home directly from intermediate care

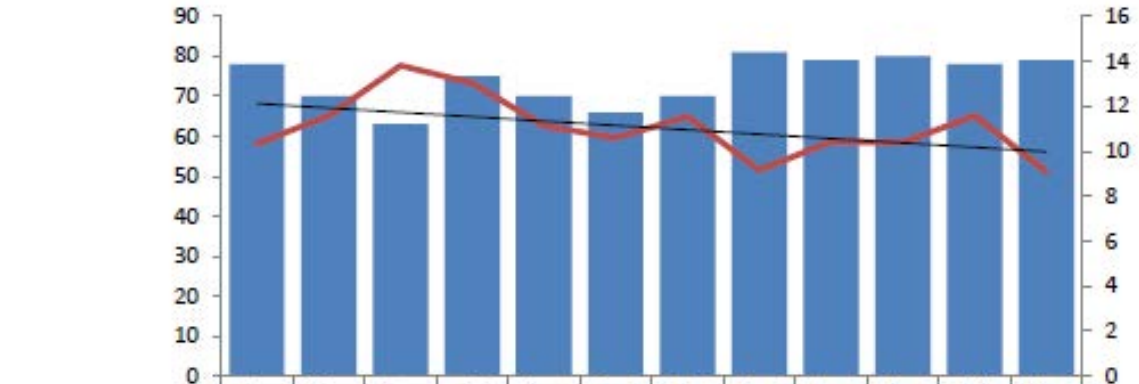


	Apr 2017	May 2017	Jun 2017	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018
IMCU 34	84%	91%	84%	86%	93%	89%	84%	83%	78%	81%	85%	83%
Bluebell	55%	47%	68%	55%	42%	46%	40%	75%	58%	59%	57%	60%
Poppy	36%	35%	29%	61%	33%	47%	45%	44%	41%	44%	11%	56%
UptonDene	50%	30%	36%	50%	60%	36%	20%	44%	29%	50%	44%	100%
IC Overall	68%	65%	67%	72%	70%	67%	63%	74%	65%	68%	65%	72%

In 2016/17 835 out of 1,471 patients returned to their place of usual residence (57%). When comparing our performance in 2017/18 the data presented in this graph demonstrates a consistent improvement throughout the reporting period, showing an increase of between 8-15% (by month) in the number of patients who are discharged home or to their usual place of residence.

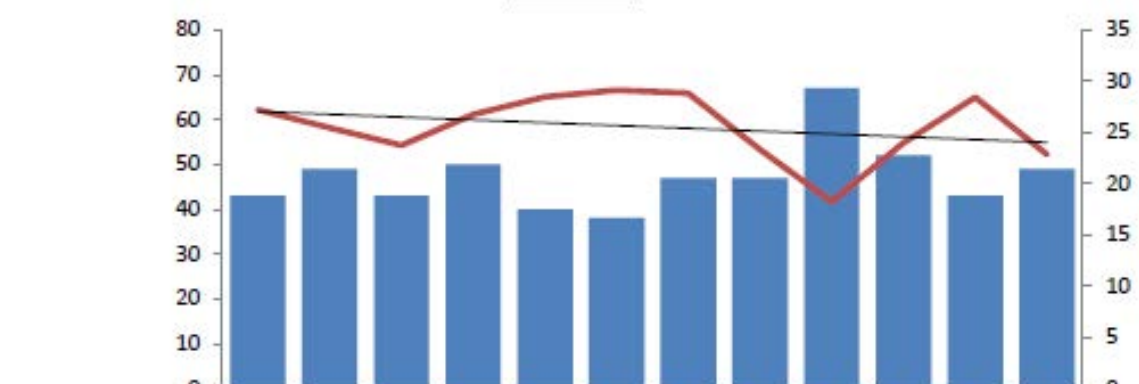
We have also seen a reduction in the length of time patients have stayed in hospital in 3 out of the 4 intermediate care areas (as shown in the graphs below).

IMCU 34



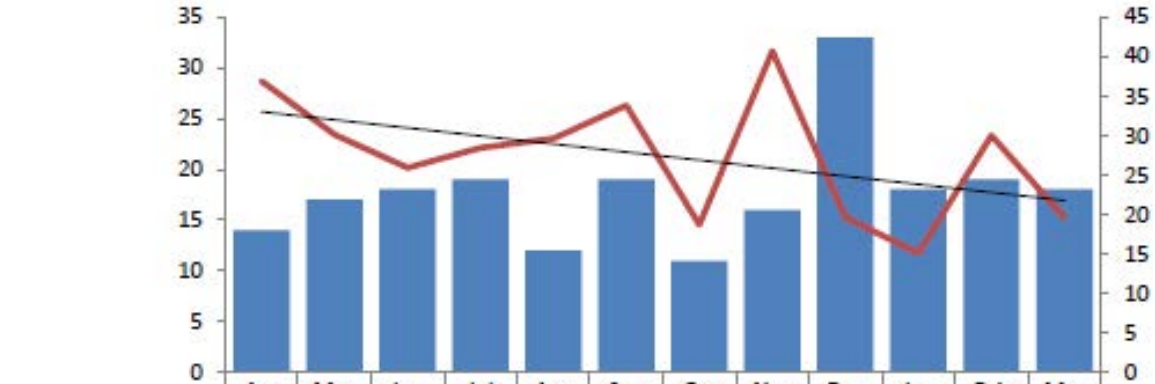
	Apr 2017	May 2017	Jun 2017	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018
No. Discharges	78	70	63	75	70	66	70	81	79	80	78	79
Average LOS	10.3	11.6	13.8	13.0	11.1	10.6	11.5	9.2	10.4	10.4	11.6	9.1

Bluebell



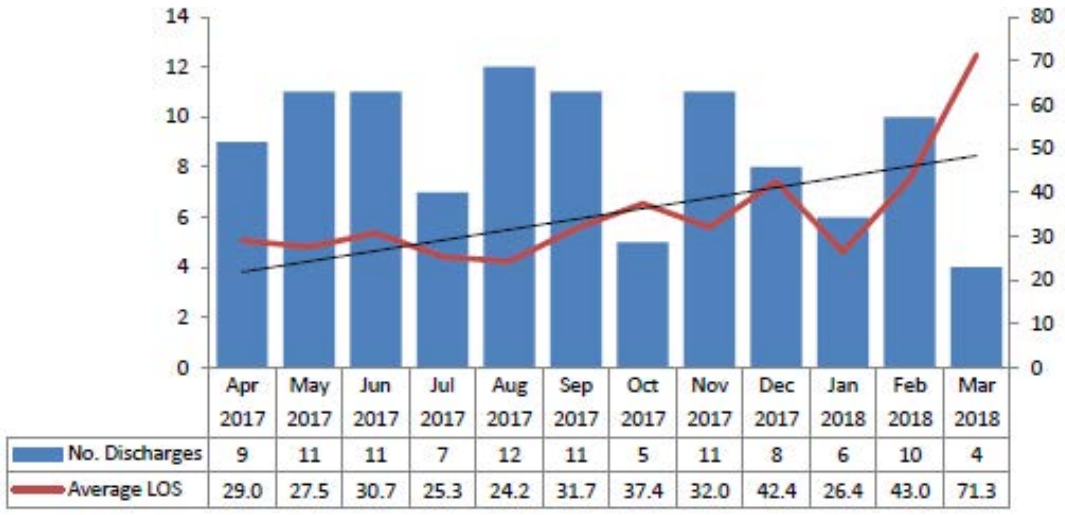
	Apr 2017	May 2017	Jun 2017	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018
No. Discharges	43	49	43	50	40	38	47	47	67	52	43	49
Average LOS	27.2	25.4	23.7	26.8	28.5	29.1	28.8	23.3	18.2	24.0	28.4	22.8

Poppy



	Apr 2017	May 2017	Jun 2017	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018
No. Discharges	14	17	18	19	12	19	11	16	33	18	19	18
Average LOS	36.9	30.1	25.9	28.4	29.6	33.8	18.7	40.7	19.6	15.1	30.0	19.6

Upton Dene



	Apr 2017	May 2017	Jun 2017	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018
No. Discharges	9	11	11	7	12	11	5	11	8	6	10	4
Average LOS	29.0	27.5	30.7	25.3	24.2	31.7	37.4	32.0	42.4	26.4	43.0	71.3

Data source: Meditech (Electronic Patient record); national codes for discharge destinations can be found at https://www.datadictionary.nhs.uk/data_dictionary/

Improve the efficiency of outpatient utilisation; we set out to ensure that we increased utilisation of outpatient clinics by increasing appointment slot utilisation in each clinic and reducing un-booked slots as well as patients that do not attend (DNAs).

What we have achieved;

- ✓ a reduction in the percentage of un-booked appointment slots from 2016/17 to 2017/18 by 8.4% which equates to a total annual reduction of 25,927 slots
- ✓ DNA rate has remained static at approx. 8% for new and review appointments
- ✓ text reminders were introduced in March 2018 and DNA rate will continue to be monitored to assess effectiveness
- ✓ current cancel/ rebook rate for March 18 is 3% which gives potentially 1000 appointments to be reused increasing clinic utilisation.

Unbooked Clinic Slots 2016/17 vs 2017/18

Data source; Qlikview dashboard which is fed data from Meditech (Electronic Patient Record)

This will remain a key priority for 2018/19.

Increase the effectiveness of theatres; we set out to ensure we increased utilisation of our day case theatres to maximise patient flow and reduce hospital and/or patient led cancellations and DNAs.

What we have achieved; we have seen a reduction in the combined hospital & patient cancellation rates during 2017/18. However, it is recognised that further improvement work needs to be undertaken to understand the reasons for cancellation and structure our plans for improvement accordingly, as such this will remain a key priority for 2018/19.

Item	2016/17	2017/18	Narrative
Session Utilisation	77.4%	75.6%	In session utilisation (utilisation from start of first patient to end of last patient) has improved year on year.
In-Session Utilisation	70.4%	74.1%	Patients have spent more time in anaesthetics in 17/18 indicating a more complex case mix.
Turnaround Time	8.7%	6.3%	Turnaround time has improved, as has downtime across sessions.
Downtime	29.6%	25.9%	Activity across day case has dropped 8.44%, cancellations as a percentage of activity has stayed reasonably static at around 14%.
Time In Anaesthetic	10.2%	17.0%	Cancelled on the day (Q4 16/17 vs Q4 17/18) has dropped across both patient and hospital led cancellations.
Number Of Procedures	6632	6072	The Theatres Operation Excellence project plan for 2018/19 has a number of key focuses including: • Starting on time • Reducing the number of avoidable cancellations • Increasing the number of procedures across the trust completed as a day case
Cancelled Ops	930	874	
Start Time - Arrival In Anaesthetics	09:15/14:11	09:14/14:11	
Finish Time	12:12/16:50	12:11/16:48	Year end validation is currently being undertaken (a data quality validation exercise) which means this current 17/18 position is draft.

Data source: Qlikview which is fed data from Meditech (Electronic Patient record) comparison data from the national Model Hospital portal is used as a point of reference (this data comes from the theatre diagnostic of 100 trusts by Four Eyes Insight completed during the 2015 to 2016 financial year. Only those trusts involved in the exercise will be able to access detailed theatres data on the Model Hospital, but all trusts can view workforce productivity metrics which are derived from the Electronic Staff Record)

3.9 Performance against the relevant indicators and performance thresholds

Indicators

Indicator	Target	Performance
Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate – patients on an incomplete pathway	92%	90.5%
A&E: maximum waiting time of four hours from arrival to admission/ transfer/ discharge	95%	82.9%
All cancers: 62-day wait for first treatment from:		
Urgent GP referral for suspected cancer	85%	80.5%
NHS Cancer Screening Service referral	90%	92.9%
Maximum 6-week wait for diagnostic procedures	99%	97.9%

The implementation of the nationally mandated e-RS system on 12th March 2018 has affected a small amount of the data collected in the 18 week referral to treatment figures presented in the table above. The e-RS system automatically changes the date of referral to the date the appointment was booked and as such shortens the reported wait time. However, this has only affected a small number of specialities and only since 12th March 2018 when the system was implemented. The specialities affected include Respiratory Medicine, Haematology, Urology, Plastic Surgery, Dermatology, Rheumatology, Cardiology, Endocrine and Diabetes. All other data submitted (other specialities & pre 12th March for the listed specialities above) have accurate RTT clock starts. The Trust has documented this risk on the divisional risk register and in the board assurance framework.

The 2017/18 full year performance for Cancer 62 day wait for first treatment for patients referred urgently from their GP referral for suspected cancer was 80.5% below the expected 85%. The 2017/18 full year performance for Cancer 62 day wait for first treatment for referrals made from the NHS Cancer Screening Service was 92.9% above the expected 90%. The under achievement against this standard was due to increased demand on services with capacity issues within areas such as Radiology, Endoscopy and specific tumour sites. This has resulted in some delays in patient treatments and referring patients out to tertiary centres for treatment. In January 2018 we launched the 'Cancer Improvement Programme' focusing on the following areas:

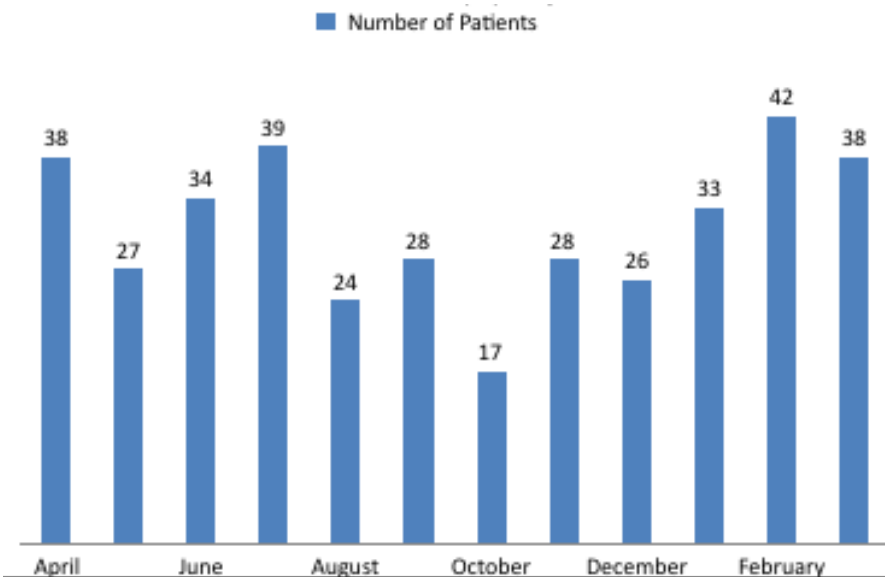
- Diagnostics
- Workforce and education
- Internal processes
- Multi-disciplinary teams
- Optimal clinical pathways
- Technology and data

Each of these work streams is led by an Executive Director and we have already seen improvements in the reduction of patients waiting over 62 days and our aim is to achieve these standards in full by the end of Q1 in 2018/19.

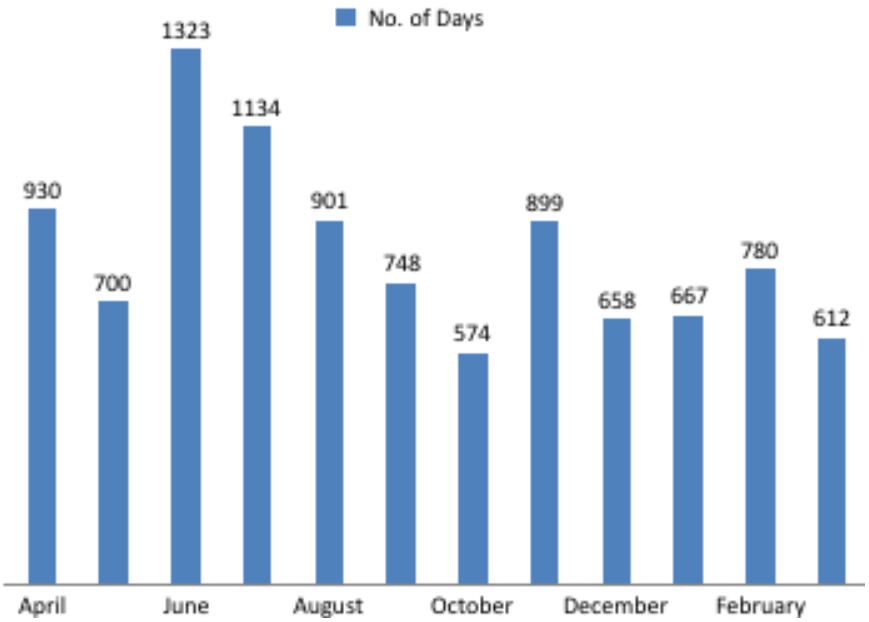
Delayed Transfer of Care (DTOC)

Patients who are ready to be discharged from hospital can sometimes be stranded whilst they are waiting on a placement in another care setting. This can happen for a variety of reasons, delays in the assessment of care needs, delays in the appropriate funding being allocated and the number of beds or care packages available outside of the hospital. Patients who remain in hospital longer than they require are likely to have a poorer experience. The hospital collects data on the number of patients meeting the NHS England DTOC criteria and this information is submitted to the national database for analysis. It is important to track the number of patients who have been affected by delays but also the number of bed days lost as a result. The graphs below provide information on the number of DTOC during 2017/18 and includes information on the number of hospital bed days lost as a result.

2017/18 DTOC (N) of patients



2017/18 (N) of days lost to DTOC



Data source: Monthly National Situation Report (unify), national definitions can be found at https://www.england.nhs.uk/statistics/wp-content/uploads/sites/2/2015/10/mnth-Sitreps-def-dtoc-v1.09.pdf

Seven Day Hospital Standards

It is important to ensure timely access to expertise and diagnostic test whenever patients may need them. In 2013 Sir Bruce Keogh developed a number of standards to support seven day service delivery. In 2016 NHS England further defined the recommendations and outlined the requirement for all acute hospitals to have four priority standards in place to maintain patient safety and ensure a quality experience regardless of the day of the week the person was admitted or their clinical condition dictated they needed it.

The four priority standards are;

- Standard 2 – Time to first consultant review
- Standard 5 – Access to diagnostic tests
- Standard 6 – Access to consultant-directed interventions
- Standard 8 – Ongoing review by consultant twice daily if high dependency patients, daily for others

These standards are audited nationally every year. Below is information on how we are doing at the Countess in relation to ensuring these standards are met.

September 2017 audit;

Only required audit against Standard 2 'time to first consultant review' and we achieved 71%

March 2017 audit;

Required audit against the four priority standards

Standard	Descriptor	% achieved
Standard 2	Time to first consultant review	73%
Standard 5	Access to diagnostic tests	94%
Standard 6	Access to consultant-directed interventions	89%
Standard 8	Ongoing review by consultant twice daily if high dependency patients, daily for others	89%

Using these audits we have highlighted those specialties whose results were lower than others and have worked with the Sustainable Improvement Team at NHS England to understand the results and to learn and implement good practice from other Trusts. This has included reviewing pathways to ensure that those patients who are mandated by the standards to receive the care do so, whilst documentation supports the decisions made for those who don't require that level of care or review.

3.10 ANNEX 1
Statements from commissioners, local health watch organisations and overview scrutiny committees

Statement from the Trust's Council of Governors 2017/18

The Council of Governors is pleased to be invited to comment on the work of the Trust at a time where pressures are so extreme that it is hard to see how the Trust manages to achieve what they do. And yet, they continue to provide high standards of care despite this.

The Governors are naturally disappointed to see that many of the key indicators have not been met. As is the case nationally, A&E has continued to fail to reach the target of 95% of patients being either treated and admitted or discharged in 4 hours. In addition, the Trust has slipped in the targets for 18 weeks RTT and 62 days cancer. The Governors understand the pressures that the Countess and the NHS as a whole continue to be under, but a reduction in what are key indicators is of concern.

Infection control has seen an improvement during the year, as has the incidence of falls. The Governors are encouraged to see that the Trust has now appointed a Quality Improvement nurse who has responsibility for ensuring that falls continue to reduce.

Monthly meetings with the Trust management team provide the Governors with up-to-date information on how the Trust is performing and what measures are in place to make improvements. In addition, there is a Council of Governors meeting 4 times a year when a variety of topics are discussed. Both of these occasions are opportunities for the Governors to probe and review the information being provided.

Very recently, the Governors have re-started their ward observation rounds now badged as GovRounds. The structure of the visits has been designed between the Governors and the Associate Director for Nursing – Corporate. The structure essentially follows the 15-step approach but has been adapted to reflect the Trust's standards of Safe, Kind and Effective. It's early days, but the Governors see this as an opportunity to not only hear what's happening in the Trust but also to see it for themselves. Patients too have the prospect of seeing and meeting their Governors.

The Governors have become increasingly involved in, not just their own committees, but many existing Trust committees. Some of these have had Governor involvement for some time, whilst others are either new to the Trust or have now invited Governors to participate. The committees include Medical Devices, Remunerations, Patient Experience, Learning from Deaths, A&E Delivery Board, Organ Donation, End of Life, Charitable Donations.

In common with the majority of the NHS in its 70th year, the Trust has faced really difficult times and the Governors fully understand the situation and continue to support them. During the year the Governors were invited to attend the apprenticeship awards where they witnessed for themselves the dedication of all those involved; the apprentices themselves, their mentors and tutors as well as the Trust. It was reassuring to see that, at a time when demands on the Trust are extremely high, the future looks brilliant.

Statement from West Cheshire Clinical Commissioning Group

We are committed to commissioning high quality services from our providers and we make it clear in our contract with this Trust the standards of care that we expect them to deliver. We manage their performance through regular progress reports that demonstrate levels of compliance or areas of concern. It is through these arrangements that the accuracy of this Quality Account has been validated.

The Trust is commended for their approach to reviewing any hospital acquired pressure ulcers by maximising opportunities to improve practice and actively sharing learning across partners.

The Trust has begun to see a small reduction in the number of patients who sustain an injury as a result of a fall whilst in hospital. This is a welcome improvement and would want to see this positive trajectory continue through your falls prevention programme.

We are pleased to note the progress in reducing the length of time patients have stayed in hospital through the use of intermediate care beds and recognise your ongoing commitment to the partnership working that strengthens the success of this work in promoting the safe discharge of patients.

It is of concern that the Trust were unable to deliver on a 2016-17 Quality Account priority to use the Governors to establish a peer review process to review redacted complaint responses. This was also a priority in your 2015-16 Quality Accounts and it is regrettable that resources were again not available to deliver this priority.

We acknowledge the significant contribution of the Trust in developing the whole health economy plan to reduce gram negative blood stream infections. The Trust has been a key player in delivering progress in achieving this national ambition.

We note through our CQUIN reporting mechanism that you have been unable to consistently achieve best practice in the recognition and management of sepsis. We share your view that this must improve and look forward in the next 12 months to seeing progress reports against this.

Your programme of work on Care Hours per Patient Day is innovative and we would value learning more about how this work contributes to maximising the impact your staff can have in delivering safe care.

The Quality Account references that the Trust has continued its work towards compliance with the National Safety Standards for Invasive Procedures. We welcome this and anticipate that meaningful change will be evident through changes in the root causes and contributory factors of any invasive procedure incidents reported.

It is important that we see a sustained acceleration in the number of deaths that are reviewed as part of your learning from deaths work.

We support the priorities that the Trust has identified for the forthcoming year and look forward to continuing to work in partnership with you to assure the quality of services commissioned in 2018/19.

3.11 ANNEX 2 Statements of directors' responsibilities for the quality report

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

NHS Improvement has issued guidance to NHS foundation trust boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that NHS foundation trust boards should put in place to support the data quality for the preparation of the quality report.

In preparing the Quality Report, directors are required to take steps to satisfy themselves that;

- the content of the Quality Report meets the requirements set out in the NHS foundation trust annual reporting manual 2017/18 and supporting guidance
- the content of the Quality Report is not inconsistent with internal and external sources of information including;
  - > board minutes and papers for the period April 2017 to May 2018;
  - > papers relating to quality reported to the board over the period April 2017 to May 2018;
  - > feedback from commissioners, dated 22nd May 2018;
  - > feedback from governors, dated 17th May 2018;
  - > feedback from local Healthwatch organisations, requested on 8th

May 2018 but not received;

> feedback from Overview and Scrutiny Committee, requested on 8th May 2018 but not received;

> the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009;

> the 2016 national patient survey, published in May 2017;

> the 2017 national staff survey, dated 6th March 2018;

> Care Quality Commission Inspection, dated 29th June 2016;

> the 2017/18 Head of Internal Audit's annual opinion over the trust's control environment, dated 17th April 2018; and

> the Quality Report presents a balanced picture of the NHS foundation trust's performance over the period covered

> the performance information reported in the Quality Report is reliable and accurate

> there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice

> the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review and

> the Quality Report has been prepared in accordance with NHS Improvement's annual reporting manual and supporting guidance (which incorporates the Quality Accounts regulations) as well as the standards to support data quality for the preparation of the Quality Report.

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

Sir Duncan Nichol CBE
Chairman
22nd May 2018

Tony Chambers
Chief Executive
22nd May 2018

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF COUNTESS OF CHESTER HOSPITAL NHS FOUNDATION TRUST ON THE QUALITY REPORT

We have been engaged by the Council of Governors of Countess of Chester Hospital NHS Foundation Trust to perform an independent assurance engagement in respect of Countess of Chester Hospital NHS Foundation Trust's Quality Report for the year ended 31 March 2018 (the 'Quality Report') and certain performance indicators contained therein.

Scope and subject matter

The indicators for the year ended 31 March 2018 subject to limited assurance consist of the following two national priority indicators (the indicators):

- percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period; and
- A&E: maximum waiting time of four hours from arrival to admission, transfer or discharge.

We refer to these national priority indicators collectively as the 'indicators'.

Respective responsibilities of the directors and auditors

The directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* issued by NHS Improvement.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in the *Detailed requirements for quality reports for foundation trusts 2017/18* ('the Guidance'); and
- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual and the six dimensions of data quality set out in the *Detailed Requirements for external assurance for quality reports for foundation trusts 2017/18.*

We read the Quality Report and consider whether it addresses the content requirements of the NHS Foundation Trust Annual Reporting Manual and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the Quality Report and consider whether it is materially inconsistent with:

- Board minutes and papers for the period April 2017 to May 2018;
- papers relating to quality reported to the board over the period April 2017 to May 2018;
- feedback from commissioners, dated 22 May 2018;
- feedback from governors, dated 17 May 2018;
- feedback from local Healthwatch organisations, requested on 8 May 2018 but not received;
- feedback from Overview and Scrutiny Committee, requested on 8 May 2018 but not received;
- the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009;
- the 2016 national patient survey, published in May 2017;

- the 2017 national staff survey, dated 6 March 2018;
- Care Quality Commission Inspection, dated 29 June 2016;
- the 2017/18 Head of Internal Audit's annual opinion over the trust's control environment, dated 17 April 2018; and
- any other information included in our review.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively, the 'documents'). Our responsibilities do not extend to any other information.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the conclusion, has been prepared solely for the Council of Governors of Countess of Chester Hospital NHS Foundation Trust as a body, to assist the Council of Governors in reporting the NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2018, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicator. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and Countess of Chester Hospital NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicator;
- making enquiries of management;
- testing key management controls;
- limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;
- comparing the content requirements of the NHS Foundation Trust Annual Reporting Manual to the categories reported in the Quality Report; and
- reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change

over time. It is important to read the quality report in the context of the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* and supporting guidance.

The scope of our assurance work has not included governance over quality or the non-mandated indicator, which was determined locally by and Countess of Chester Hospital NHS Foundation Trust.

Conclusion

Based on the results of our procedures, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2018:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the NHS Foundation Trust Annual Reporting Manual and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in the Guidance; and
- the indicators in the Quality Report subject to limited assurance have not been reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual and the six dimensions of data quality set out in the Guidance.

KPMG LLP

KPMG LLP
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

25 May 2018

4. Annual Accounts

KPMG

Independent auditor's report

to the Council of Governors of Countess of Chester Hospital NHS Foundation Trust

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Our opinion is unmodified

We have audited the financial statements of Countess of Chester Hospital NHS Foundation Trust ("the Trust") for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Taxpayers' Equity, Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion:

— the financial statements give a true and fair view of the state of the Trust's affairs as at 31 March 2018 and of its income and expenditure for the year then ended; and

— the Trust's financial statements have been properly prepared in accordance with the Accounts Direction issued under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006, the NHS Foundation Trust Annual Reporting Manual 2017/18 and the Department of Health Group Accounting Manual 2017/18.

Basis for opinion

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

Overview		
Materiality: financial statements as a whole	£3.9m (2017:£3.8m) 1.75% (2017: 1.75%) of total revenue	
Risks of material misstatement		**vs 2017**
Recurring risks	Valuation of land and buildings	◀▶
	Recognition of income from activities	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on:the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2016/17):

	The risk	Our response
Valuation of land and buildings Land and buildings (£74.7 million; 2016/17: £61.6 million) *Refer to page 48 (Audit Committee Report), note 1.6 (accounting policy) and note 8 (financial disclosures – Annual Accounts).*	**Subjective valuation:** Land and buildings are required to be maintained at up to date estimates of year- end market value in existing use (EUV) for non-specialised property assets in operational use, and, for specialised assets where no market value is readily ascertainable, the depreciated replacement cost (DRC).of a modern equivalent asset that has the same service potential as the existing property (MEA) The Trust's accounting policy requires an annual review for impairment, a periodic desk top valuation (usually every three years) and a full valuation (usually in five yearly intervals). In 2017/18, in line with their accounting policies, the Trust did not commission a full valuation of its land and building assets. The Trust performed a review of impairment indicators across the Trust's estate and calculated the potential movements in market values, using Royal Institution of Chartered Surveyors (RICs) property value indices data provided by Cushman and Wakefield. The asset valuation and impairment review processes are both estimates and therefore present a significant risk to the audit The Trust also values its specialised properties net of VAT on the basis that there is a clear indication that VAT would be recoverable on the construction of replacement assets. There is a risk that this assumption is not consistent with the Trust's circumstances and that assets measured at DRC are materially undervalued.	Our procedures included: — **Assessing valuer's credentials**: We assessed the competence, capability, objectivity and independence of the Trust's external valuer and considered the information provided to the Trust in 2017/18, to inform its assessment of market value movements, for consistency with the requirements of the NHS Group Accounting Manual; — **Benchmarking assumptions:** We critically assessed whether the Trust used appropriate indices and assessed the calculation of market value indices movements completed by the Trust, including re-performing this calculation to check that the year end valuations were accurately reflected in the accounts; — **Test of detail**: We agreed the data underpinning the Trust's calculation of market value movements to the RICS data obtained by the external Valuer; — **Test of detail:** We critically assessed the Trust's formal consideration of indications of impairment and surplus assets within its estate, including the process undertaken; and — **Our sector experience:** We challenged the treatment of VAT in the DRC valuation by reference to the Trust's estates strategy and the Board's decisions relating to the creation of a property subsidiary.

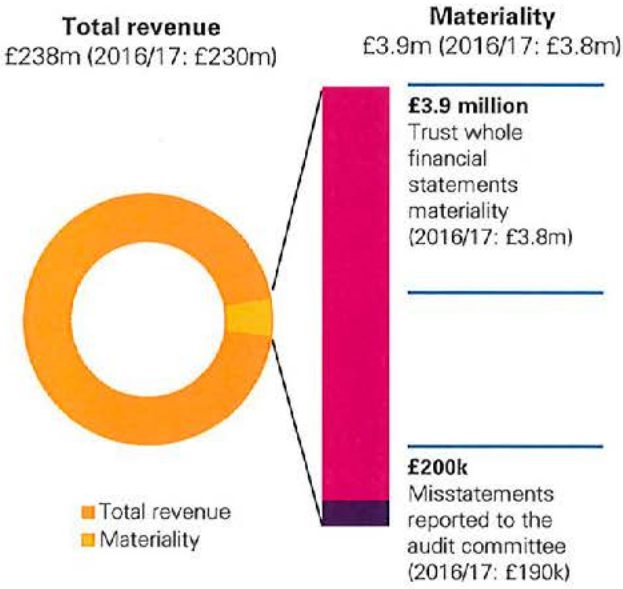
	The risk	Our response
Recognition of income from activities Income from activities (£211.4 million; 2016/17: £207.4 million) Sustainability and Transformation Funding Income (£8.67 million, 2016/17: £7.55 million) *Refer to page 48 (Audit Committee Report), note 1.3 (accounting policy) and note 2.2 and 2.4 (financial disclosures – Annual Accounts)*	**Subjective estimate** The main source of income for the Trust is the provision of healthcare services to the public under contracts with NHS commissioners. The Trust participates in the national Agreement of Balances (AoB) exercise for the purpose of ensuring that intra-NHS balances are eliminated on the consolidation of the Department of Health's resource accounts. The AoB exercise identifies mismatches between income and expenditure and receivable and payable balances recognised by the Trust and its commissioners, which will be resolved after the date of approval of these financial statements. Mis-matches can occur for a number of reasons, but the most significant arise were: — the Trust and Commissioners record different accruals for completed periods of healthcare which have not yet been invoiced; or — income relating to partially completed period of healthcare is apportioned across the financial years and the Commissioners and the Trust make different apportionment assumptions. Where there is a lack of agreement, mis-matches can also be classified as formal disputes as set out in the relevant contract. **Accounting Treatment** In 2017/18 there is a risk of misstatement due to the estimation of income from Sustainability and Transformation Funding. The Trust has recognised STF income of £8.67 million with 70% of the STF based on achievement of the Trust's financial control total and 30% based on the achievement of operational trajectories for Key Performance Indicators (KPIs) agreed with NHS Improvement.	Our procedures included: — **Test of detail:** We compared the actual income for the Trust's most significant commissioners against the block contracts agreed at the start of the year and checked the validity of any significant variations between the actual income and the contract via agreement to appropriate third party confirmations; — **Test of detail:** We inspected confirmations of balances provided by the Department of Health as part of the AoB exercise and compared the relevant receivables recorded in the Trust's financial statements to the expenditure balances recorded within the accounts of Commissioners. Where applicable we investigated variances and reviewed relevant correspondence to assess the reasonableness of the Trust's approach to recognising income from Commissioners; — **Test of detail:** We agreed the receipt and recognition of Sustainability and Transformation Funding monies, including the basis for agreement of quarter four funding based on relevant financial and performance measures, and agreed that the treatment is in line with guidance from the NHS Improvement; and — **Test of detail :** We have considered the impact of any identified audit adjustments on the delivery of the Trust's control total and reconciled the year-end performance to the original plan to understand any deviations.

3. Our application of materiality

Materiality for the Trust financial statements as a whole was set at £3.9 million (2016/17: £3.8 million), determined with reference to a benchmark of total revenue (of which it represents approximately 1.75% (2016/17: 1.75%). We consider operating income to be more stable than a surplus- or deficit-related benchmark.

We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £200 thousand (2016/17:£190 thousand), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Trust was undertaken to the materiality level specified above and was all performed at the Trust's headquarters in Chester.



4. We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

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

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

In our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements

Remuneration report

In our opinion the part of the remuneration report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2017/18.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Trust's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2017/18, is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements.

We have nothing to report in these respects.

6. Respective responsibilities

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 74, the Accounting Officer is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity

Auditor's responsibilities

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

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

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

We have nothing to report on the statutory reporting matters

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

— any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006.

— any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit.

We have nothing to report in these respects.

We have nothing to report in respect of our work on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

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

We have nothing to report in this respect.

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

The Trust is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources

Under Section 62(1) and Schedule 10 paragraph 1(d), of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources .

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

Report on our review of the adequacy of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required by guidance issued by the C&AG under Paragraph 9 of Schedule 6 to the Local Audit and Accountability Act 2014 to report on how our work addressed any identified significant risks to our conclusion on the adequacy of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources. The 'risk' in this case is the risk that we could come to an incorrect conclusion in respect of the Trust's arrangements, rather than the risk of the arrangements themselves being inadequate.

We carry out a risk assessment to determine the nature and extent of further work that may be required. Our risk assessment includes consideration of the significance of business and operational risks facing the Trust, insofar as they relate to 'proper arrangements'. This includes sector and organisation level risks and draws on relevant cost and performance information as appropriate, as well as the results of reviews by inspectorates, review agencies and other relevant bodies.

The significant risk identified during our risk assessment is set out overleaf together with the findings from the work we carried out on each area.

Significant Risk	Description	Work carried out and judgements
Financial sustainability	Due to a combination of regulatory scrutiny and significant financial challenge in the sector and locally across the health economy, we undertook a detailed review of the Trust's arrangements for planning its finances effectively to support the sustainable delivery of strategic priorities and the maintenance of its statutory functions.	Our work included: — Performing an analysis of the Trust's forecast position against plan; — Considering the core assumptions in the Trust's 2018/19 Annual Plan submission; — Considering the extent to which recurrent cost improvement schemes were achieved in 2017/18 and identified for 2018/19; — Reviewing the Trust's cash flow forecasts and the use of distress funding, as well as consideration of the overall level of debt within the Trust; and — Reviewing the number of material contracts with commissioners which had been agreed for 2018/19 and the supporting risk analysis as reported to the Board. The Trust reported a surplus of £1.7m in 2017/18. The Trust achieved £11.4m of cost savings in 2017/18 of which 64% was recurrent. The target for 2018/19 is £10.7m with £3.5m currently unidentified. This is in line with previous years at this early stage in the year. The current 2018/19 forecasts show a (pre-impairments) planned surplus of £3.0m including £7.3m of Provider Sustainability Funding. This has been agreed with NHSI. The Trust is also planning to repay the distress funding from 2017/18, and current cash flow projections do not indicate a requirement for further revenue funding. Contracts with the Trust's main English Commissioner, West Cheshire CCG, have been agreed for 2018/19. We concluded that the Trust had adequate arrangements in place to plan its finances effectively to support the sustainable delivery of strategic priorities and maintain its statutory functions.

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

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006 and the terms of our engagement by the Trust. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Trust, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Countess of Chester Hospital NHS Foundation Trust in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office.

Timothy Cutler
for and on behalf of KPMG LLP (Statutory Auditor)

Chartered Accountants
1 St Peter's Square, Manchester, M2 3AE
25 May 2018

4.2 Foreword to the Accounts
Countess of Chester Hospital NHS Foundation Trust

These accounts for the year ended 31 March 2018 have been prepared by the Countess of Chester Hospital NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.

Tony Chambers, Chief Executive
22nd May 2018

4.3 Statement of comprehensive income for the year ended 31st March 2018

	Note	2017/18 Total £000	2016/17 Total £000
Operating Income from Continuing Operations	2	238,156	230, 244
Operating Expenses of Continuing Operations (including Impairment - see below)	3	(222,912)	(228,634)
Operating Surplus		15,244	1,610
Net Finance Costs:			
Finance Income	7.1	41	58
Finance Expense - Financial Liabilities	7.2	(609)	(634)
PDC Dividends payable	1.14	(778)	(708)
Net Finance Costs		(1,346)	(1,284)
Losses of disposal of assets		(61)	(8)
SURPLUS FOR THE YEAR		13,837	318
Other comprehensive income:			
Revaluation gains and (impairment losses) property, plant and equipment	1.6	1,067	(1,952)
TOTAL COMPREHENSIVE INCOME AND EXPENSE FOR THE YEAR		14,904	(1,634)

Included in the Total Comprehensive Income and Expense are amounts in respect of a reversal of impairment of Property which is detailed below:

Surplus before Reversal of Impairment	2017/18 Total £000	2016/17 Total £000
Operating Surplus (as above)	15,244	1,610
SURPLUS FOR THE YEAR (as above)	13,837	318
Add back impact of Reversal of Impairment		
Reversal of Impairment	(12,054)	(3,874)
Adjusted Operating Surplus/(Deficit)	3,190	(2,264)
ADJUSTED SURPLUS/(DEFICIT) FOR THE YEAR	1,783	(3,556)

The notes on page 167 to page 197 form part of these financial statements

4.4 Statement of financial position as at 31st March 2018

	Note	Saturday, March 31, 2018 £000	Friday, March 31, 2017 £000
NON-CURRENT ASSETS:			
Property plant and equipment	8	97,880	81,508
Total Non-Current Assets		**97,880**	**81,508**
CURRENT ASSETS:			
Inventories	10	1,437	1,654
Trade and other receivables	11	14,478	10,233
Other investments	15.1	2,591	-
Cash and cash equivalents	15.2	9,112	7,093
Total Current Assets		27,618	18,980
CURRENT LIABILITIES:			
Trade and other payables	12	(19,225)	(15,862)
Borrowings	13	(4,723)	(5,184)
Provisions	14	(1,232)	(3,092)
Tax payables		(3,022)	(2,888)
Other liabilities	12.1	(1,803)	(1,917)
Total Current Liabilities		(30,005)	(28,943)
Total Assets less Current Liabilities		95,493	71,545
NON-CURRENT LIABILITIES:			
Borrowings	13	(34,002)	(23,886)
Provisions	14	(1,350)	(2,383)
Other liabilities	12.1	(1,658)	(1,963)
Total Non-Current Liabilities		(37,010)	(28,232)
Total Assets Employed		58,483	43,313
FINANCED BY:			
Public dividend capital		63,600	63,334
Revaluation reserve		5,625	4,558
Income and expenditure reserve		(10,742)	(24,579)
TOTAL TAXPAYERS' EQUITY		58,483	43,313

The notes on page 167 to page 197 form part of these financial statements

Tony Chambers, Chief Executive
22nd May 2018

4.5 Statement of changes in taxpayers' equity 31st March 2018

	Total £000	Public Dividend Capital £000	Revaluation Reserve £000	Income and Expenditure Reserve £000
Taxpayers' Equity at 1 April 2017	43,313	63,334	4,558	(24,579)
Changes in Taxpayers' Equity for 2017/18				
Public Dividend Capital received	266	266	-	-
Surplus for the year	13,837	-	-	13,837
Revaluation gains/(losses) and impairment losses property, plant and equipment	1,067	-	1,067	-
Taxpayers' Equity at 31 March 2018	58,483	63,600	5,625	(10,742)

The notes on page 167 to page 197 form part of these financial statements

4.6 Statement of cash flows for the year ended 31st March 2018

	2017/18 £000	2016/17 £000
Cash flows from operating activities:		
Operating surplus from continuing operations	15,244	1,610
Operating surplus	15,244	1,610
Non-cash income and expense:		
Depreciation and amortisation	4,324	4,063
Income recognised in respect of capital donations	(183)	(98)
Reversals of impairments	(12,054)	(3,874)
Amortisation of PPP credit	(67)	(66)
Increase in Trade and Other Receivables	(4,093)	(2,670)
Decrease in Inventories	217	274
Increase/(Decrease) in Trade and Other Payables	179	(1,857)
(Decrease)/Increase in Other Liabilities	(352)	158
(Decrease)/Increase in Provisions	(2,893)	106
Net cash generated from operations	322	(2,354)
Cash flows from investing activities:		
Interest Received	41	58
Purchase of investments	(2,591)	-
Purchase of Property, Plant and Equipment	(4,349)	(4,468)
Sales of property, plant and equipment	12	82
Receipt of cash donations to purchase capital assets	183	98
Net cash used in investing activities	(6,704)	(4,230)
Cash flows from financing activities:		
Public dividend capital received	266	-
Movement in loans from the Department of Health and Social Care	9,710	(5,128)
Capital element of Public Private Partnership obligations	(55)	(91)
Interest paid	(406)	(437)
Interest element of Public Private Partnership obligations	(184)	(197)
PDC Dividend paid	(930)	(578)
Net cash generated from financing activities	8,401	(6,431)
Increase/(Decrease) in cash and cash equivalents	2,019	(13,015)
Cash and Cash equivalents at 1 April	7,093	20,108
Cash and Cash equivalents at 31 March	9,112	7,093

The notes on page 167 to page 197 form part of these financial statements

4.7 Notes to the accounts

1. Accounting Policies

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2017/18 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to accounts.

1.1 Accounting Convention

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

1.1a Going Concern

These accounts have been prepared on a going concern basis. International Accounting Standard (IAS) 1 requires management to assess, as part of the accounts preparation process, the NHS Foundation Trust's ability to continue as a going concern. In accordance with the Department of Health and Social Care Group Accounting Manual the financial statements have been prepared on a going concern basis as we do not either intend to apply to the Secretary of State for the dissolution of the NHS Foundation Trust without the transfer of the services to another entity, or consider that this course of action will be necessary.

The Trust's performance in-year showed a pre-impairment reversal surplus of £1.8m after the receipt of £4.9m additional 'incentive' Sustainability and Transformation (STF) funding, which is better than the original plan submitted to NHS Improvement at the start of the year.

During the year, the Trust required £6.7m interim revenue loans from the Department of Health and Social Care to support it's revenue cash position.

The current 2018/19 forecasts show a (pre-impairments) planned surplus of £3.0m including £7.3m of STF funding. To achieve this the Trust will need to meet it's performance targets and deliver cost reductions of £10.4m (equivalent to 4.3% of expenditure), which includes £4.5m which has been classified as high risk.

In addition, the Trust will apply for an interim capital loan to finance its 2018/19 capital program. The Trust finished the year with £9.1m cash and the £4.9m Incentive STF available to support the £3.9m of outstanding capital creditors and ongoing revenue position. The latest operating and cash flow forecasts currently show that the Trust should be able to finance its revenue requirements from internal sources, although this is dependent on the successful delivery of it's financial plan and will potentially be a revenue cash requirement in the early

part of the year due to phasing of cost reduction schemes. Further capital financing will be required for 2018/19 and beyond.

Due to the significant reduction in capital funding available to the sector, NHS Improvement will review the interim capital loan application, to ensure that it meets its requirements of being 'urgent and necessary' only. It is possible that not all of the required capital loan will be approved, in which case the relevant capital expenditure would need to be deferred until a later date, when funding would be reapplied for.

Contracts for 2018/19 have been agreed with all English Commissioners, securing over 80% of our clinical income. Our contract with Betsi Cadwaladr LHB remains outstanding but with no significant issues to resolve we anticipate agreement will be reached by the end of June.

1.2 Consolidation

These accounts are for The Countess of Chester Hospital NHS Foundation Trust alone.

The NHS Foundation Trust is the Corporate Trusteee to The Countess of Chester Hospital NHS Charitable Fund. The Foundation Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the Foundation Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the Charitable Funds and has the ability to affect those returns and other benefits through its power over the fund. However the transactions are immaterial in the context of the group and the transactions have not been consolidated. Details of the transactions with the charity are included in the related parties note.

1.3 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with commissioners in respect of healthcare services. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete.

Where income is received for a specific activity which is to be delivered in a subsequent financial year, that income is deferred.

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

Revenue grants and other contributions to expenditure

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

The value of the benefit received when accessing funds from the the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition for the benefit.

1.4 Expenditure on Employee Benefits

Short-Term Employee Benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken

by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Termination Benefits

Termination benefits are recognised as an expense when the Trust is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement age, or to provide termination benefits as result of an offer made to encourage voluntary resignations in accordance with IAS 37. Termination benefits for voluntary resignations are recognised as an expense if the Trust has made an offer of voluntary resignation, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If the benefits are payable more than twelve months after the reporting period, then they are discounted to their present value.

Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the schemes are accounted for as though they are defined contribution schemes.

Employers pension costs contributions are charged to operating expenses as and when they become due.

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

1.5 Expenditure on other goods and services

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

1.6 Property, Plant and Equipment

1.6.1 Recognition

Property, plant and equipment is capitalised where;

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

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

1.6.2 Measurement - Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Thereafter they are stated at cost less accumulated depreciation and any recognised impairment loss. All assets are measured subsequently at fair value.

Subsequent to their initial recognition, property, plant and equipment are carried at revalued amounts. Valuations are carried out by Cushman & Wakefield, professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation Standards. These valuations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the balance sheet date. In practice this is usually achieved by a full valuation exercise at least every five years, and an interim valuation in the third year following the last full valuation.

Fair values are determined as follows:

- Land and non specialised operational property - market value for existing use
- Specialised operational property - depreciated replacement cost

The depreciated replacement cost of specialised buildings has been valued on a modern equivalent asset basis and, where it would meet the location requirements of the service being provided, an alternative site has been used. For the current year, an interim valuation was carried out, based on market indices provided by Cushman & Wakefield. The last full asset valuation was undertaken as at 1 April 2016.

Fixtures and equipment are carried at depreciated historic cost, as this is not considered to be materially different from fair value.

An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

Subsequent expenditure

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

Depreciation

Items of Property, plant and equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Depreciation is charged using the straight-line method. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use.

Useful economic lives of property, plant and equipment

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

Plant and Equipment are depreciated evenly over the estimated life of the asset, as follows:

- Plant and Equipment - 5 to 15 years
- Transport Equipment - 5 to 7 years
- Information Technology - 5 to 10 years
- Furniture & Fittings - 5 to 10 years

Disposals

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

Revaluation Gains and Losses

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

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

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

Impairments

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

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

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

1.6.3 De-recognition

Assets intended for disposal are reclassified as 'Held for Sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.;
  - > management are committed to a plan to sell the asset;
  - > an active programme has begun to find a buyer and complete the sale;
  - > the asset is being actively marketed at a reasonable price;

> the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and

> the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

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

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

1.6.4 Donated, Government Grant and Other Grant Funded Assets

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

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

1.6.5 Public Private Partnership (PPP) Transactions

PPP transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM are accounted for as 'on-Statement of Financial Position' by the Trust. In accordance with IAS 17 the underlying assets are recognised as property, plant and equipment at their fair value together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment.

Where a significant part of the operators income derives from charges to users rather than payments from the Trust a deferred income credit is established and released to the Statement of Comprehensive Income over the life of the agreement.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme.

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

1.7 Revenue grants and other contributions to expenditure

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

The value of the benefit received when accessing funds from the the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition for the benefit.

1.8 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the weighted average method.

1.9 Financial Assets and Financial Liabilities

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made.

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

All other financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

De-recognition

All financial assets are de-recognised when the rights to receive cashflows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership.

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

Classification and Measurement

Financial assets are all categorised as loans and receivables.

Financial liabilities are all classified as Other Financial Liabilities.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets. The Trust's loans and receivables comprise cash and cash equivalents, trade receivables, accrued income and other receivables.

Loans and receivables are recognised initially at fair value, net of transaction costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

Cash and Cash Equivalents

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

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

Financial Liabilities

All financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

The Trust's financial liabilities comprise trade creditors, accruals and other creditors.

They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the costs of those assets.

Fair value is determined from market prices, independent appraisals and discounted cashflow analysis as appropriate to the financial asset or liability. Where required, cashflows are discounted at the Treasury's discount rate, except for finance leases and on-Statement of Financial Position PPP transactions, which use the interest rate implicit in the agreement.

Impairment of Financial Assets

At the Statement of Financial Position date, the Trust assesses whether any financial assets, other than those held at 'fair value through income and expenditure' are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cashflows of the asset.

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

1.10 Leases

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

1.10.1 The Trust as Lessee

Where substantially all risks and rewards of ownership of a leased asset are borne by the trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for as an item of property plant and equipment.

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

Operating leases

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

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

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

1.10.2 The Trust as Lessor

Finance leases

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

Operating leases

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

1.11 Provisions

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

Clinical Negligence Costs

NHS Resolution operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 14.1, but is not recognised in the NHS Foundation Trust's accounts.

1.12 Non-Clinical Risk Pooling

The NHS Foundation 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 NHS Resolution 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 when the liability arises.

1.13 Contingencies

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

Contingent liabilities are not recognised, but are disclosed, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

1.14 Public Dividend Capital (PDC)

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

At any time, the Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the NHS Foundation Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets (including lottery funded assets) (ii) average daily cash balances held with the Government Banking Service (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility (iii) any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the 'pre-audit' version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts.

1.15 Value Added Tax

Most of the activities of the NHS Foundation 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.

1.16 Corporation Tax

The Countess of Chester Hospital NHS Foundation Trust is a Health Service body within the meaning of s519AICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is a power for the Treasury to disapply the exemption in relation to the specified activities of a Foundation Trust (s519A (3) to (8) ICTA 1988). Accordingly, the Trust is potentially within the scope of Corporation Tax but there is no tax liability arising in respect of the current financial year.

1.17 Foreign Exchange

The functional and presentational currencies of the Trust are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items (other than financial instruments measured at 'fair value through income and expenditure') are translated at the spot exchange rate on 31 March;
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

1.18 Third Party Assets

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

1.19 Critical judgements in applying accounting policies

In the application of the Trust accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The main area which requires the exercise of judgement is the calulation of provisions in note 14.1.

1.20 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Asset valuation and impairments: the valuation of the Trust's Land and Buildings is subject to significant estimation uncertainty, since it derives from estimates provided by the Trust's external valuers who base their estimates on local market data as well as other calculations to reflect the age and condition of the Trust's estate. Further details are included in note 1.6.2.

1.21 Losses and special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that the individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the NHS Trust not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

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

1.22 Accounting standards that have been issued but have not yet been adopted in the Annual Reporting Manual

The DHSC GAM does not require the following Standards and Interpretations to be applied in 2017/18. These standards are still subject to HM Treasury FReM adoption, with IFRS9 and IFRS 15 being for implementation in 2018/19, and the government implementation date for IFRS16 and IFRS17 still subject to HM Treasury consideration. The DHSC GAM for 2018/19 was published on 27 April 2018. This contains the final guidance on the implementation of new accounting standards for NHS Group bodies in 2018/19 and the Trust will review and implement this guidance for that period.

IFRS 9 Financial Instruments
Application required from 2018/19, but not yet adopted by the FReM: early adoption is not therefore permitted

IFRS 15 Revenue from Contracts with Customers
Application required from 2018/19, but not yet adopted by the FReM: early adoption is not therefore permitted

IFRS 16 Leases
Application required from 2019/20, subject to adoption by the HM Treasury's FReM: early adoption is not therefore permitted

IFRS17 Insurance Contracts
Application required from 2020/21, but not yet adopted by the FReM:early adoption is not therefore permitted

IFRIC 22 Foreign Currency Transactions and Advance Consideration
Application required from 2018/19

IFRIC 23 Uncertainty over Income Tax Treatments
Application required from 2018/19

The Trust has considered the above new standards, interpretations and amendments to published standards that are not yet effective and concluded that they are either not relevant to the Trust or that they would not have a material impact on the Trust's financial statements, apart from some additional disclosures.

In the case of IFRS 16, there will be a requirement for the Trust to recognise the underlying assets (represented by the present value of the lease payments) and corresponding liabilities inherent in all of it's lease agreements (and contracts containing leases), in addition, the income statement will be charged with depreciation and interest instead of the lease payments, which is expected to 'front load' the expense to the earlier part of the agreement, but at this stage it is not expected that this will represent a material adjustment.

1.23 Accounting standards, amendments and interpretations issued that have been adopted early

No new accounting standards or revisions to existing standards have been early adopted in 2017/18.

2. Income

2.1 Segmental Reporting

All of the Countess of Chester Hospital NHS Foundation Trust's activities are in the provision of healthcare, which is an aggregate of all the individual speciality components included therein, and the very large majority of the healthcare services provided occur at the one geographical main site.

Similarly, the large majority of the Countess of Chester Hospital NHS Foundation Trust's revenue originates with the UK Government. The majority of expenses incurred are payroll expenditure on staff involved in the production or support of healthcare activities generally across the Trust together with the related supplies and overheads needed to establish this production. The business activities which earn revenue and incur expenses are of one broad combined nature and therefore on this basis one segment of 'Healthcare' is deemed appropriate.

The operating results of the Countess of Chester Hospital NHS Foundation Trust are regularly reviewed by the Trust's chief operating decision maker which is the overall Foundation Trust Board and which includes senior professional non-executive directors. The Trust Board review the financial position of the Countess of Chester Hospital NHS Foundation Trust as a whole in their decision making process, rather than individual components included in the totals, in terms of allocating resources. This process again implies a single operating segment under IFRS 8.

The finance report considered monthly by the Trust Board contains summary figures for the whole Trust together with graphical line and bar charts relating to different total income activity levels, and directorate expense budgets with their cost improvement positions.

Likewise only total balance sheet positions and cashflow forecasts are considered for the whole of the Countess of Chester Hospital NHS Foundation Trust. The Board as chief operating decision maker therefore only considers one segment of healthcare in its decision-making process.

The single segment of 'Healthcare' has therefore been identified consistent with the core principle of IFRS 8 which is to enable users of the financial statements to evaluate the nature and financial effects of business activities and economic environments

2.2 Total Income from activities

	NOTE	2017/18 £000	2016/17 £000
Income from activities	2.2	211,400	207,416
Other operating income	2.4	26,756	22,828
Operating Income from Continuing Operations		238,156	230,244

Income from activities comprises:	2017/18 £000	2016/17 £000
Elective income	31,944	34,552
Non elective income	65,310	60,693
Outpatient income	11,213	10,251
Follow up outpatient income	30,522	35,135
Other type of activity income	49,607	45,914
A&E income	8,491	7,654
High cost drugs income from commissioners	13,955	12,925
Total Income from activities - Commissioner Requested Services	211,036	207,124
Private patient income	358	292
Income from activities	211,400	207,416

As an NHS Foundation Trust, the majority of income in respect of patient care is received under a block contract with our host Clinical Commissioning Group with the remainder under Payment by Results (PBR).

The Terms of Authorisation set out the goods and services that the Trust is required to provide (Commissioner Requested Services). All of the income from activities before private patient income shown above is derived from the provision of Commissioner Requested Services.

All other income arises from non-mandatory services.

2.3 Income from Patient Care Activities (by source)

	2017/18 £000	2016/17 £000
Income from patient care activities received from:		
NHS England	14,228	12,531
Clinical commissioning groups	159,488	157,453
NHS Foundation Trusts	8,805	8,023
NHS Trusts	247	19
Local authorities	240	761
NHS other (including Public Health England)	25,448	26,839
Non NHS: private patients	358	292
Non NHS: overseas patients (non-reciprocal, chargeable to patient)	117	247
Injury cost recovery scheme	776	707
Non NHS: other	1,693	544
	211,400	207,416

2.4 Other Operating Income

	2017/18 £000	2016/17 £000
Research and development	636	615
Education and training	7,688	7,652
Charitable contributions to expenditure	2,299	206
Non-patient care services to other bodies	1,630	1,583
Sustainability and Transformation Fund Income	8,670	7,550
Car parking	1,318	1,401
Catering	1,234	1,264
Other income	3,214	2,491
Amortisation of PPP deferred credits	67	66
	26,756	22,828

2.5 Directly Invoiced Overseas Visitors

	2017/18 £000	2016/17 £000
Income recognised	117	247
Cash payments received in-year (relating to invoices raised in current and previous years)	(51)	(29)
Amounts added to provision for impairment of receivables	53	181
Amounts written off in-year	57	19

3. Operating expenses

	2017/18 £000	2016/17 £000
Operating expenses comprise:		
Purchase of healthcare from non-NHS and non-DH bodies	146	1,691
Staff and executive directors costs	160,922	155,320
Remuneration of non-executive directors	118	121
Drug Costs	20,660	19,625
Supplies and services (excluding drug costs)		
- clinical	23,001	23,527
- general	3,375	3,467
Establishment	2,177	2,178
Transport	178	201
Premises	9,028	9,779
Depreciation & Amortisation	4,324	4,063
Increase in bad debt provision	1,301	483
Provisions arising / released in year	(2,277)	(1,687)
Audit fees - statutory audit	53	50
Other services: audit related assurance services	12	15
Other services: other	-	13
Contribution to clinical negligence scheme	9,661	8,669
Consultancy	140	194
Internal audit costs	89	104
Training courses	598	469
Notional training funded from apprenticeship fund	47	-
Insurance	37	281
Reversal of Impairment of property, plant and equipment	(12,054)	(3,874)
Other	1,376	3,945
	222,912	228,634

4. Arrangements containing an operating lease

	2017/18 £000	2016/17 £000
Minimum lease payments	1,815	2,481
	1,815	2,481

4.1 Total future minimum operating lease payments

	2017/18 £000	2016/17 £000
- Payable:		
- not later than one year;	1,566	2,091
- later than one year and not later than five years;	6,521	2,846
- later than five years.	2,003	500
Total	10,090	5,437

The Trust has short term operating leases for various types of equipment usually on a short term basis and the payments for these are included in the minimum lease payments for the financial year.

The Trust is also committed under contract for five managed service contracts which provide equipment as part of the contract. These contracts have between 1 and 5 years left before expiry, with an opportunity to extend to 10 years. Also included are a number of lease cars and vans. These leases are for a period of three years.

5. Employee Expenses and Numbers

5.1 Employee expenses

	Total 2017/18 £000	Total 2016/17 £000
Short term employee benefits - salaries and wages	130,086	127,142
Social security costs	11,483	11,064
Apprenticeship levy	605	-
Employer's contributions to NHS pensions	14,433	13,859
Other Employment Benefits	3	5
Temporary staff (including agency)	4,373	3,452
	160,983	155,522

5.2 Retirements due to ill-health

During 2017/18 (prior year 2016/17) there were 4 (4) early retirement from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £203,000 (£270,000). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division. This information was supplied by NHS Business Services Authority - Pensions Division.

5.3 Directors' Remuneration

	Total 2017/18 £000	Total 2016/17 £000
Executive Directors Remuneration	776	1,022
Employers contributions for national insurance	101	93
Employer contributions to the pension scheme	91	103

There is a total of 6 Executive Directors in total, 5 to whom benefits are accruing under defined benefit pension schemes. For further information please see the remuneration report on page 57 of the annual report.

5.4 Losses and special Payments

NHS Foundation Trusts are required to record cash payments and other adjustments that arise as a result of losses and special payments. In the year the Trust had 131 (2016/17 148) separate losses and special payments, totalling £154,000 (2016/17 £253,000). These losses were mainly due to bad debts and damage/loss of property, and are reported on an accruals basis.

6. Pension Costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2018, is based on valuation data as 31 March 2017, updated to 31 March 2018 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website

and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations allow for the level of contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The latest actuarial valuation was carried out as at 31 March 2016. This will set the employer contribution rate payable from April 2019, and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

6.1 Auto-Enrolment

The Pensions Act 2008 introduced automatic enrolment of eligible workers into a qualifying workplace pension scheme. The NHSPS is such a scheme and the legislation took effect from 2013. This took effect for the Countess of Chester Hospital NHS Foundation Trust from July 2013.

The Trust has a duty to automatically enrol eligible workers, between the ages of 22 and State Pension age subject to certain pay criteria. For the Countess of Chester Hospital NHS Foundation Trust the number of enrolments and contributions are immaterial.

7. Net Finance Costs

7.1 Finance Income

Finance Income	2017/18 £000	2016/17 £000
Interest on loans and receivables	41	58

7.2 Finance Costs

	2017/18 £000	2016/17 £000
Interest on Loans from the Department of Health and Social Care	425	437
Interest on obligations under PPP contracts:		
- finance cost	112	117
- contingent finance cost	72	80
Total	609	634

8. Property Plant and Equipment Fixed Asset Movement 2017/18

	Land £000	Buildings Excluding Dwellings £000	Dwellings £000	Assets Under Construction £000	Plant & Machinery £000	Transport Equipment £000	Information Technology £000	Furniture & Fittings £000	Total 31 March 2018 £000
Cost or valuation									
At 1 April 2017	4,092	57,539	2,591	73	31,702	43	7,547	4,438	108,025
Additions - purchased	-	974	-	4,078	1,492	-	853	68	7,465
Additions - donated and grant funded	-	20	-	-	163	-	-	-	183
Reclassifications	-	-	-	(1,416)	963	-	453	-	-
Impairments / Reversals	-	11,021	-	-	-	-	-	-	11,021
Other in year revaluation	-	1,067	-	-	-	-	-	-	1,067
Disposals	-	-	-	-	(1,190)	(23)	-	-	(1,213)
At 31 March 2018	4,092	70,621	2,591	2,735	33,130	20	8,853	4,506	126,548
Accumulated depreciation									
At 1 April 2017	-	-	558	-	18,616	43	4,086	3,214	26,517
Impairments / Reversals	-	(1,033)	-	-	-	-	-	-	(1,033)
Disposals	-	-	-	-	(1,117)	(23)	-	-	(1,140)
Provided during the year	-	1,033	62	-	1,721	-	1,233	275	4,324
At 31 March 2018	-	-	620	-	19,220	20	5,319	3,489	28,668
Net book value									
- Purchased at 1 April 2017	2,982	56,316	-	73	12,507	-	3,461	1,224	76,563
PPP Obligations at 1 April 2017	1,110	-	2,033	-	-	-	-	-	3,143
Donated at 1 April 2017	-	1,223	-	-	579	-	-	-	1,802
Total at 1 April 2017	4,092	57,539	2,033	73	13,086	-	3,461	1,224	81,508
Net book value									
Purchased at 31 March 2018	2,982	69,193	-	2,735	13,309	-	3,534	1,017	92,770
PPP Obligations at 31 March 2018	1,110	-	1,971	-	-	-	-	-	3,081
Donated at 31 March 2018	-	1,428	-	-	601	-	-	-	2,029
Total at 31 March 2018	4,092	70,621	1,971	2,735	13,910	-	3,534	1,017	97,880

8.1 Net Book Value of Assets held under PPP Obligations

PPP Arrangements	2017/18 £000	2016/17 £000
Cost or valuation at 1 April	4,033	4,033
Cost or valuation at 31 March	4,033	4,033
	2017/18 £000	2016/17 £000
Depreciation at 1 April as previously stated	890	828
Accumulated depreciation at 1 April as restated	890	828
Provided during the year	62	62
Accumulated depreciation at 31 March	952	890
Net Book Value under PPP obligations at 31 March	3,081	3,143

In 2005/06, the Trust entered into a Public Private Partnership with Frontis Homes Limited, a registered social landlord, to provide our staff accommodation and on-call facilities. The £5.9m scheme has significantly improved the quality of the previous accommodation, and increased the ability of the Trust to continue to attract the best staff. The Trust will contribute annually toward the cost of the rent and services to be provided for the on-call facility. The term of the agreement is 40 years.

9.1 Gross PPP Obligations

	31 March 2018 £000	31 March 2017 £000
Gross PPP Liabilities	3,420	3,587
of which liabilities are due:		
Not later than one year	146	167
Between one and five years	751	711
After five years	2,523	2,709
Finance charges allocated to future periods	(1,305)	(1,417)
Net PPP Liabilities	2,115	2,170
Not later than one year	37	55
Between one and five years	343	288
After five years	1,735	1,827
	2,115	2,170

9.2 Total On-SOFP PPP commitments

	31 March 2018 £000	31 March 2017 £000
Total On-SOFP PPP commitments		
of which due:		
- not later than one year;	420	410
- later than one year and not later than five years;	1,787	1,744
- later than five years.	9,549	10,013
Total future payments committed	11,756	12,167

9.3 Analysis of Amounts Payable to Service Concession Operator

	31 March 2018 £000	31 March 2017 £000
Unitary payment payable to service concession operator		
Consisting of:		
Interest Charge	112	117
Repayment of finance lease liability	55	91
Service element	171	112
Contingent rent	72	80
	410	400

10. Inventories

	March 31, 2018 £000	March 31, 2017 £000
Drugs	993	1022
Consumables	444	632
	1,437	1,654

10.1 Inventories recognised in expenses

	March 31, 2018 £000	March 31, 2017 £000
Inventories recognised in expenses	21,934	21,213
Write-down of inventories recognised as an expense	70	47
Total Inventories recognised in expenses	22,004	21,260

11. Trade and Other Receivables

	31 March 2018 £000	31 March 2017 £000
Current		
Trade receivables	3,807	2,863
Amounts due in respect of NHS Improvement Sustainability and Transformation Fund (STF)	6,191	3,493
Amounts due under the NHS Injury Costs Recovery Scheme	872	896
PDC Dividend Receivable	357	205
VAT recoverable	244	227
Other receivables	342	280
Accrued Income	717	531
Prepayments	1,948	1,738
Total Current Trade and Other Receivables	14,478	10,233
Of which receivables from NHS and DHSC group bodies:		
Current	11,298	7,691

There are no non-current trade receivables.

The carrying values of trade receivables, STF, accrued income and other receivables approximate to their fair value.

The majority of trade is with other NHS organisations, which are funded by government, therefore no credit scoring of them is considered necessary.

Trade receivables is stated net of an estimate for irrecoverable amounts. The movement in the year was as follows:

11.1 Analysis of Impaired Receivables

	Gross	Impairment	Net	Gross	Impairment	Net
	31 March 2018 £000	31 March 2018 £000	31 March 2018 £000	31 March 2017 £000	31 March 2017 £000	31 March 2017 £000
Not past due date	1,862	279	1,583	1,642	148	1,494
Up to 3 months	2,316	379	1,937	1,656	287	1,369
over 3 months	2,332	2,045	287	1,281	1,281	-
	6,510	2,703	3,807	4,579	1,716	2,863

11.2 Provision for Impairment of Receivables

	31 March 2018 £000	31 March 2017 £000
Balance at April	1,716	1,591
Increase in allowance	2,061	1,391
Amount written off during the year	(314)	(358)
Amount recovered during the year	(760)	(908)
At 31 March	2,703	1,716

12. Trade and Other Payables

	Current		Non-current	
	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
Trade payables	12,846	9,805	-	-
NHS Pension Scheme	2,018	1,875	-	-
Other payables	2,355	2,327	-	-
Accruals	2,006	1,855	-	-
Total	19,225	15,862	-	-
Of which payable to NHS and DHSC group bodies:				
Current	3,209	2,099	-	-

The carrying values of trade payables, accruals and other payables approximate to their fair value.

The date of settlement for all payables will be in accordance with agreed payment terms.

12.1 Other Liabilities

	Current		Non-current	
	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
Deferred Income	1,737	1,850	-	239
Deferred PPP Credits	66	67	1,658	1,724
Total	1,803	1,917	1,658	1,963

13. Borrowings

	Current		Non-current	
	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
Loans from the Department of Health and Social Care	4,686	5,129	31,924	21,771
Obligations under PPP Contracts	37	55	2,078	2,115
Total	4,723	5,184	34,002	23,886

Schedule of Borrowing	Date Started	Date to be completed	Interest Rate	Amount £000
Loan 1 - Normal course of business capital loan	Mar-10	Mar-20	3.09%	6,000
Loan 2 - Normal course of business capital loan	Mar-12	Sep-21	2.46%	5,000
Loan 3 - Normal course of business capital loan	Mar-13	Mar-18	0.48%	4,500
Loan 4 - Normal course of business capital loan	Mar-13	Sep-27	1.39%	16,800
Loan 5 - Normal course of business capital loan	Oct-14	Nov-21	1.36%	11,000
Loan 6 - Normal course of business capital loan	Sep-17	Aug-32	1.03%	8,090
Loan 7 - Interim revenue loan	Jan-18	Jan-21	1.50%	1,724
Loan 8 - Interim revenue loan	Feb-18	Feb-21	1.50%	1,305
Loan 9 - Interim revenue loan	Mar-18	Mar-21	1.50%	3,720

The fair values of borrowings approximate to their carrying value.

14. Provisions

	Current	Non Current	Current	Non Current
	31 March 2018 £000	31 March 2018 £000	31 March 2017 £000	31 March 2017 £000
Pensions relating to other staff	15	173	14	184
Legal Claims	566	-	1,623	-
Other	447	-	1,182	-
Restructuring Costs	168	-	214	-
Permanent Injury Benefit	36	1,177	59	2,199
	1,232	1,350	3,092	2,383

	Pensions Relating to Other Staff £000	Legal Claims £000	Other £000	Permanent Injury Benefit £000	Restructuring £000	Total £000
At 1 April 2017	198	1,623	1,182	2,257	214	5,475
Arising during the year	5	173	447	-	168	793
Utilised during the year	(15)	(180)	-	(35)	(186)	(416)
Change in Discount Rate	-	-	-	57	-	57
Reversed unused	-	(1,050)	(1,182)	(1,067)	(28)	(3,327)
At 31 March 2018	188	566	447	1,213	168	2,582
Expected timing of cashflows:						
- not later than one year	15	566	447	36	168	1,232
- later than one year and not later than five years	58	-	-	155	-	213
- later than five years	115	-	-	1,022	-	1,137
	188	566	447	1,213	168	2,582

14.1 Provisions

Pensions relating to other staff

Provisions for capitalised pension benefits are based on tables provided by the Office for National Statistics, reflecting years to normal retirement age and the additional pension costs associated with early retirement. No further capitalisations of pension benefits have been applied during the financial year. This provision relates to two former employees.

Legal claims

Legal claims consist of amounts due as a result of third party and employee liability claims. The values are based on information provided by the Trust's solicitors and the NHS Litigation Authority.

Other

The other provision relates to outstanding pay reform assimilations and changes in legislation.

Permanent Injury Benefits

Permanent Injury Benefits are payable to eligible individuals, and are calculated in the same way as capitalised pension benefits. The calculations are based on current payments in relation to expected life tables as issued by the Office for National Statistics. These are discounted using the Treasury published discount rate.

Restructuring

The restructuring provision is for those staff that have applied for the Mutually Agreed Resignation Scheme but which have not yet been paid out.

£153,892,000 Is included in the provisions of the NHS Litigation Authority at 31/3/18 in respect of clinical negligence liabilities for the Trust (31/3/2017 £142,089,000)

The provisions for legal claims are calculated by reference to expected cash flows discounted back at the relevant current Treasury discount rate.

14.2 Contingent Liabilities

The Trust is currently engaged in a number of legal proceedings with significant uncertainty regarding outcomes such that any potential liability to the Trust cannot be quantified.

15.1 Other Investments

	31 March 2018 £000	31 March 2017 £000
Balances at 1 April	-	-
Net change in year	2,591	-
Other Investments	2,591	-

Other investments at 31 March 2018 represent amounts held in a designated deposit account set up as part of a funding agreement to deliver a new Neonatal Unit. The account is denominated in sterling. The account attracts interest at rates based on LIBOR or equivalent market rates. The carrying amounts are equivalent to their fair values.

15.2 Cash and cash equivalents

	31 March 2018 £000	31 March 2017 £000
Bank balances at 1 April	7,093	20,108
Net change in year	2,019	(13,015)
Cash and cash equivalents in the statement of cash flows at 31 March	9,112	7,093

Cash and cash equivalents at 31 March 2018 are held in instant access bank accounts, short-term money market investments and other deposit accounts denominated in sterling. They attract interest at rates based on LIBOR or equivalent market or public sector rates. The carrying amounts are equivalent to their fair values.

16.1 Capital Commitments

	31 March 2018 £000	31 March 2017 £000
Contractual Capital Commitments at 31 March not otherwise included in these financial statements:		
Property, Plant and Equipment	76	953

16.2 Events After the Reporting Date

There are no disclosable events after the reporting date.

17. Third Party Assets

The Trust held £0 In the Bank (2016/17 £0) which relates to monies held by the NHS Foundation Trust on behalf of patients.

18. Related Party Transactions

The Countess of Chester Hospital NHS Foundation Trust is a public interest body Authorised by NHS Improvement the Independent Regulator for NHS Foundation Trusts.

The Trust has received £2,284,000 (2016/17 £199,000 total) payments from a number of charitable funds for which the Trust acts as Corporate Trustee. A donation was also received from the Chester Childbirth Trust of £29,000.

Other NHS entities that interact with the Countess of Chester Hospital NHS Foundation Trust are regarded as related parties. The transactions are in the normal course of business and are on an arms length basis. During the year the Countess of Chester Hospital NHS Foundation Trust had a number of material transactions with other NHS entities which are listed below.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

	2017/18 Income £000	2017/18 Expenditure £000	2017/18 Current receivables £000	2017/18 Current payables £000
Value of transactions with Other NHS Bodies:				
Department of Health	12	4	4	61
Other NHS Bodies	201,337	17,083	10,924	3,363
Charitable Funds	2,284	-	85	-
Other WGA Bodies	26,293	27,834	1,185	5,201

Material Related Party transactions with Other NHS Bodies are further detailed below:

	2017/18 Income £000	2017/18 Expenditure £000	2017/18 Current receivables £000	2017/18 Current payables £000
Alder Hey Childrens NHS Foundation Trust	203	168	17	43
Bridgewater Community Healthcare NHS Foundation Trust	172	14	10	13
Cheshire and Wirral Partnership NHS Foundation Trust	1,384	603	182	322
Liverpool Women's NHS Foundation Trust	20	260	8	81
Mid Cheshire NHS Foundation Trust	274	11	2	-
The Clatterbridge Cancer Centre NHS Foundation Trust	290	18	-	27
The Walton Centre NHS Foundation Trust	145	10	128	4

Related Party Transactions (continued)

	2017/18 Income £000	2017/18 Expenditure £000	2017/18 Current receivables £000	2017/18 Current payables £000
Warrington and Halton Hospitals NHS Foundation Trust	661	266	309	42
Wirral Community NHS Foundation Trust	133	-	1	-
Wirral University Teaching Hospital NHS Foundation Trust	6,596	3,878	1,063	1,149
East Cheshire NHS Trust	369	253	118	250
Royal Liverpool & Broadgreen University Hospitals NHS Trust	539	532	18	182
St Helens and Knowsley Hospitals NHS Trust	6	7	1	20
NHS Eastern Cheshire CCG	134	-	14	-
NHS Halton CCG	1,050	-	2	28
NHS Liverpool CCG	257	-	9	-
NHS Shropshire CCG	573	-	-	7
NHS South Cheshire CCG	496	-	-	8
NHS St Helens CCG	144	-	3	-
NHS Vale Royal CCG	1,507	-	2	30
NHS Warrington CCG	1,557	-	109	-
NHS West Cheshire CCG	147,696	-	950	362
NHS Wirral CCG	4,986	-	98	-
NHS England	22,903	-	6,491	122
Public Health England	38	431	5	15
Health Education England	7,686	3	14	-
NHS Resolution	-	9,661	-	-
Care Quality Commission	1	202	-	-
NHS Property Services	123	153	288	306
NHS England - Cheshire and Merseyside Local Office	2,092	-	230	-
NHS England - North West Specialised Commissioning Hub	10,257	-	-	122
HM Revenue & Customs - VAT	-	3	244	-
HM Revenue & Customs - Other	18	12,088	-	3,022
National Heath Service Pension Scheme	-	14,433	-	2,018
Welsh Health Bodies - Betsi Cadwaladr University Local Health Board	25,290	-	203	2
NHS Blood and Transplant	22	1,039	13	-
Cheshire East Unitary Authority	119	-	-	-
Cheshire West and Chester Unitary Authority	538	202	481	158
Flintshire County Council	127	1	126	1

19. Financial Instruments

Disclosure is required under International Accounting Standards of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. The Countess of Chester Hospital NHS Foundation Trust actively seeks to minimise its financial risks. In line with this policy, the Trust neither buys nor sells financial instruments. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

Market Risk

Interest-Rate Risk

All of the Trust's financial liabilities carry nil or fixed rates of interest. In addition, the only element of the Trust's assets that are subject to a variable rate are short term cash investments. The Trust is not, therefore, exposed to significant interest-rate risk. Interest rate profiles of the Trust's relevant financial assets and liabilities are shown in notes 12 and 15.

Foreign Currency Risk

The Trust has negligible foreign currency income or expenditure.

Credit Risk

The Trust operates primarily within the NHS market and receives the majority of its income from other NHS organisations, as disclosed in note 18. There is therefore little risk that one party will fail to discharge its obligation with the other. Disputes can arise, however, around how the amounts owed are calculated, particularly due to the complex nature of the Payment by Results regime. For this reason the Trust makes a provision for irrecoverable amounts based on historic patterns and the best information available at the time the accounts are prepared. The Trust does not hold any collateral as security.

Liquidity Risk

The Trust's net operating costs are incurred under three year agency purchase contracts with local Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Trust receives such contract income in accordance with Payment by Results (PBR), which is intended to match the income received in year to the activity delivered in that year by reference to the National Tariff procedure cost. The Trust received cash each month based on an annually agreed level of contract activity and there are quarterly payments made to adjust for the actual income due under PBR. This means that in periods of significant variance against contracts there can be a significant cash-flow impact. The Trust has adequate liquidity to deal with these variances.

The Trust finances it's capital expenditure from internally generated funds or funds made available from Government, in the form of additional Public Dividend Capital, under an agreed limit. In addition, the Trust has borrowed from the Department of Health Financing Facility and may also borrow commercially in order to finance capital schemes. Financing is drawn down to match the capital spend profile of the scheme concerned and the Trust is not, therefore exposed to significant liquidity risks in this area.

20. Auditors Liability Limitation Agreements

As determined in the engagement letter with KPMG, external auditors to the trust, the liability of either party under or in connnection with the contract, whether arising in contract, tort, negligence, breach of statutory duty or otherwise, shall not exceed the sum of £2 million in any one year.

Limititation on Auditors Liability

2017/18 £000	2016/17 £000
2,000	2,000