NHS
East Cheshire
NHS Trust

East Cheshire NHS Trust Annual Report 2017/2018

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"Always treated as a person not a number!"

Community Nursing

Welcome

Thank you for taking the time to read this annual report which sets out the work of the trust during 2017/18.

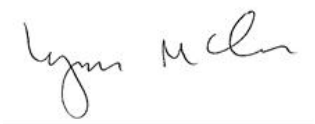
The last 12 months has been a challenging year for the trust and the NHS alike especially over the winter period. It is really gratifying therefore to have improved our Care Quality Commission rating to “good” against this backdrop. This comes alongside consistently good satisfaction ratings from patients on NHS Choices, through the family and friends test as well as the many compliments our teams receive each and every day. The Board are rightly proud of the work our staff do for the benefit of our patients and their families.

The people of east Cheshire are aging at a faster rate than elsewhere in the country and many of our patients have long term conditions which makes providing care for them that little more challenging. The ability to treat the person rather than their condition is something that has been at the forefront of our work with health, care and third sector partners as we develop our care communities within the five major areas of our catchment.

Looking after older people, many of whom are frail, brings more challenges to the way we provide care. We recognise the best place for these patients is in their homes and we do all we can to get patients back home as quickly as possible when safe to do so. A busy acute hospital ward is not always the best place for patients and we recognise that long periods of time on a ward can risk the loss of independence for many of our patients.

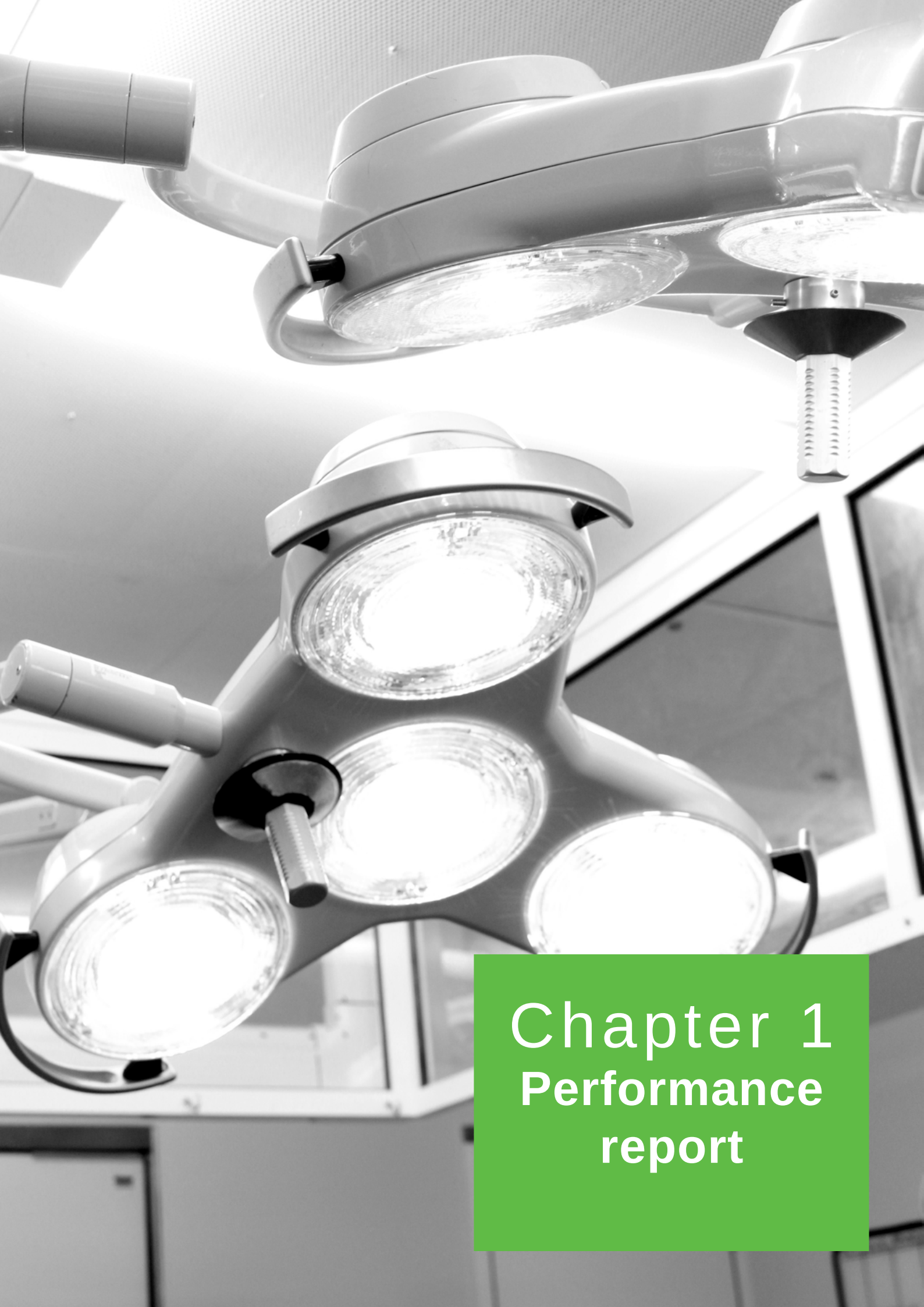
The financial position of the trust remains an issue and the trust has generated a deficit during the financial year, however it is pleasing to see that the deficit delivered was less than the level that had been expected at the start of the year. The trust has been able to invest capital resources in clinical areas such as the emergency department as well as in IT infrastructure which helped the trust mitigate against any future recurrence of the cyber attack which caused problems for many NHS and non NHS organisations last year.

We hope you enjoy reading about the work of the trust and that you feel confident that should you, a member of your family or a friend need our services then East Cheshire NHS Trust will provide the best care in the right place.



Lynn McGill
Chairman

John Wilbraham
Chief Executive



Chapter 1
Performance report

During 2017/18...

We dealt with 18,447 emergency admissions

We treated 50,452 people through our emergency department

1,593 babies were born at our hospital

We helped 34 babies be born at home

We had 282,513 community contacts

We treated 17,150 patients (planned admissions)

We saw 184,212 outpatients

Our income was £152 million

Our services were delivered by circa 2,500 employees and 260 volunteers

Care Quality Commission

A proportion of the income received at East Cheshire NHS Trust in 2017/18 was conditional on achieving quality improvements and innovation goals agreed between the trust and its commissioners. The goals agreed can be found at www.institute.org or through the trust website at www.eastcheshire.nhs.uk. East Cheshire NHS Trust has reviewed all of the data on the quality of care in 2017/18 and the reports, achievements and improvements planned can be seen throughout this report.

Registration under the Health and Social Care Act 2008 (Regulated Activity) Regulations 2009 and the Care Quality Commission (Registration) Regulations 2009.

Since 2013/14 all NHS healthcare providers have been required by law to register with the Care Quality Commission (CQC) and declare compliance against 28 regulations. Of these, 16 regulations relate to quality and safety of care received by patients. Following inspection, any areas of non-compliance are responded to with an action plan, which is reviewed and monitored by the CQC. Registration can be issued with 'no condition' or 'with conditions'. The trust was not involved in a CQC special review during the year.

East Cheshire NHS Trust has been rated 'Good' by the Care Quality Commission (CQC) following inspections of the trust's services and leadership during January and February 2018.

Among the inspectors' findings, they identified multiple areas of outstanding practice including:

- Within community end of life care, staff consistently treated patients in a compassionate, dignified, and respectful way
- In surgery staff worked with local members of the public with learning disabilities to produce pictorial information booklets to prepare patients for surgery
- Boxes containing local memorabilia such as local history books were available for patients living with dementia.
- The frailty service had developed to provide 'wrap-around' treatment to support patients at home before and after hospital admission. The service linked with local care homes and meant that, for example, a podiatrist could refer patients to physiotherapy for a formal fall assessment if the patient was thought to be at potential risk of falling
- The children's ward was especially responsive to children and young people with learning disabilities and others on the autism spectrum and was accredited by the National Autistic Society
- The play specialists had developed special recreational bags for children with mental health issues
- The report also highlights opportunities for improvement. Please see our full report.

This rating shows our patients can be assured that they are receiving high-quality care delivered by professional and caring staff. It is a testament to the 2,500 hard-working and caring staff who make our organisation what it is. Inspectors found a number of examples of outstanding practice among community and acute teams and rated our Community End of Life Care Service as 'outstanding' under the CQC's 'Caring' domain. We will continue to work to improve what we do for those who need us.

See our CQC report at: www.cqc.org.uk/location/RJN71/reports

About the trust

Our mission is to provide high-quality, integrated services delivered by highly-motivated staff.
We provide safe, effective and personal care to our patients. As a community and acute trust serving a large population of over 200,000 our vision is to deliver the best care in the right place. We have over 2,500 staff who work across our community settings and our three hospital sites. The hospital locations can be seen here; http://www.eastcheshire.nhs.uk/Contact%20Us/Location-Directions.html

The trust consists of three hospitals providing inpatient services at Macclesfield and Congleton and outpatient services at Knutsford. Further outpatient and community services are delivered from other sites in the region.

Our community health services are delivered from locations including Knutsford and Congleton hospitals, clinics, GP premises and patients' own homes. They include child health, district nursing, intermediate care, occupational health and physiotherapy, community dental services, speech and language therapy, palliative care and sexual health.

Acute services provided at Macclesfield District General Hospital include A&E emergency care and emergency surgery, elective surgery in many specialities, maternity and cancer services.

We also provide a number of hospital services in partnership with other local trusts and private providers, including pathology, urology, cancer services and renal dialysis services. For more information about the trust visit our website at www.eastcheshire.nhs.uk

Caring Together

The trust has continued its work with Caring Together across Eastern Cheshire to seek opportunities to work as a fully integrated health and Wellbeing economy for the benefit of patients.

The priorities for the last year have centred around the care communities

East Cheshire Care Communities

Following clinical engagement over recent years the Caring Together ambition for communities moved into its delivery phase. For patients, carers and staff this will mean that primary, health and social care will be working together in the next year in order to deliver streamlined services with the patient at its heart. Patients will experience care closer to their own homes, delivered by health and social care professionals who understand their needs.

Over the last 12 months five "Care Communities" were formed, based on their geography and population size. These are: Knutsford, Bollington, Disley & Poynton, Macclesfield, Congleton & Holmes Chapel and Chelford, Handforth, Alderley & Wilmslow.
Knutsford and Bollington, Disley and Poynton (BDP) held wide-scale engagement events, developed their project groups and together launched a small number of initiatives to improve patient care. Some of these

included: dementia care, end of life care, care home support, whole system approach to older peoples services and closer working with the voluntary sector. More recently the additional three Care Communities have started to discuss the mobilisation of their priority plans.

The aims of the care communities are to:

- Design and develop innovative ways of working to deliver the best care possible for the individuals who need our services.
- Involve health and social care professionals to shape and develop the existing and future Care Communities across the region.

Towards the end of the year, Caring Together (Eastern Cheshire) and Connecting Care (Central Cheshire), which are transformational programmes working on the integration of health and social care combined their programme boards. This combined Board now represents one of nine “places”, which maps to the Cheshire East Council boundary established within the Health and Care Partnership (HCP) of Cheshire and Merseyside.

The coming year will see clinicians and staff from across Eastern Cheshire come together to create a new model of care that will build on the good work that has taken place to date.

Statutory basis

The trust was established under the National Health Service Act 1977. In line with the legislation governing the NHS in England, East Cheshire National Health Service Trust was established as a trust in November 1992 in line with the National Health Service and Community Care Act 1990 (Statutory Instrument No 1992 No 2461). Statutory basis now includes the Health and Social Care Act 2012 and the NHS Constitution. A copy of this document can be found on www.legislation.gov.uk

Sources of funding

Information relating to funding sources can be found within the financial statements on page 79 of this report.

Key issues and risks

Please refer to the Annual Governance Statement 2017/18 on page 37 of this document.

Adoption of going concern

The trust prepares its accounts as a going concern. Full information can be found within the financial statements on page 79 of this report.

Organisational structure

Planned Care Services	Allied Health and Clinical Support Services	Acute and Integrated Community Care
Clinical Director Mr Usman Khan	Clinical Director Kash Haque	Clinical Director Dr Marta Babores
Associate Director Michael Brown	Associate Director Fiona Walton	Associate Director Anne Marriott

Spotlight on 2017/18

Macclesfield's Annual Pancake race 2018

April

The Cheshire Career and Engagement Hub hosted by the trust won best large stand at the Greater Manchester Skills, Careers and Apprenticeship 'CHOICES SHOW'. The hub aims to promote careers and apprenticeships in acute, primary and social care to young people across Cheshire.

May

The trust was named one of the top 40 hospitals in the country for the seventh consecutive year via the CHKS Top Hospitals Programme. The award was given to the trust once more following evaluation of over 22 key performance indicators covering safety, clinical effectiveness, health outcomes, efficiency, patient experience and quality of care.

June

The Loyalty and Long Service Award Ceremony took place during June this year. 35 employees received an award. The vouchers and certificates are awarded to trust employees for achieving 20 years continuous service with the trust and to those who had achieved 25 years continuous NHS service.

October

In October the trust's Children's Research Team were finalists for Research Team of the Year at the fifth annual Greater Manchester Clinical Research Awards in November 2017.

November

The trust helped to develop national hospital standards for autistic patients. The standard consists of six site visits and completion of evidence against the four elements of the standard: Commitment and consultation, understanding the autistic person, enabling the autistic person and positive outcomes.

December

The trust's Information Standard accreditation was renewed by NHS England following a vigorous assessment of its patient information processes. The Information Standard provides a recognised 'quality mark' which indicates that an organisation is a reliable source of health and social care information.

The trust's Clinical Simulation Centre gain accreditation with NWSEN

July

A group of teenagers taking part in the National Citizen Service scheme spent a week fundraising for the hospital. They raised over £700 by holding cake sales, raffles and hosting a quiz night. Meanwhile, volunteers from Astra Zeneca spent the day sprucing up the Children's Ward outdoor play area.

August

A ladies' lunch at Macclesfield Rugby Club raised more than £5,000 for the trust's breast screening services.
Over 200 people attended the annual event.

September

The trust held its third staff wellbeing walk which was enjoyed by all. Around a dozen members of staff and their family members walked a steady few miles along the Gritstone Way. The purpose of these walks is to encourage staff to get their walking shoes on and get outside.

January

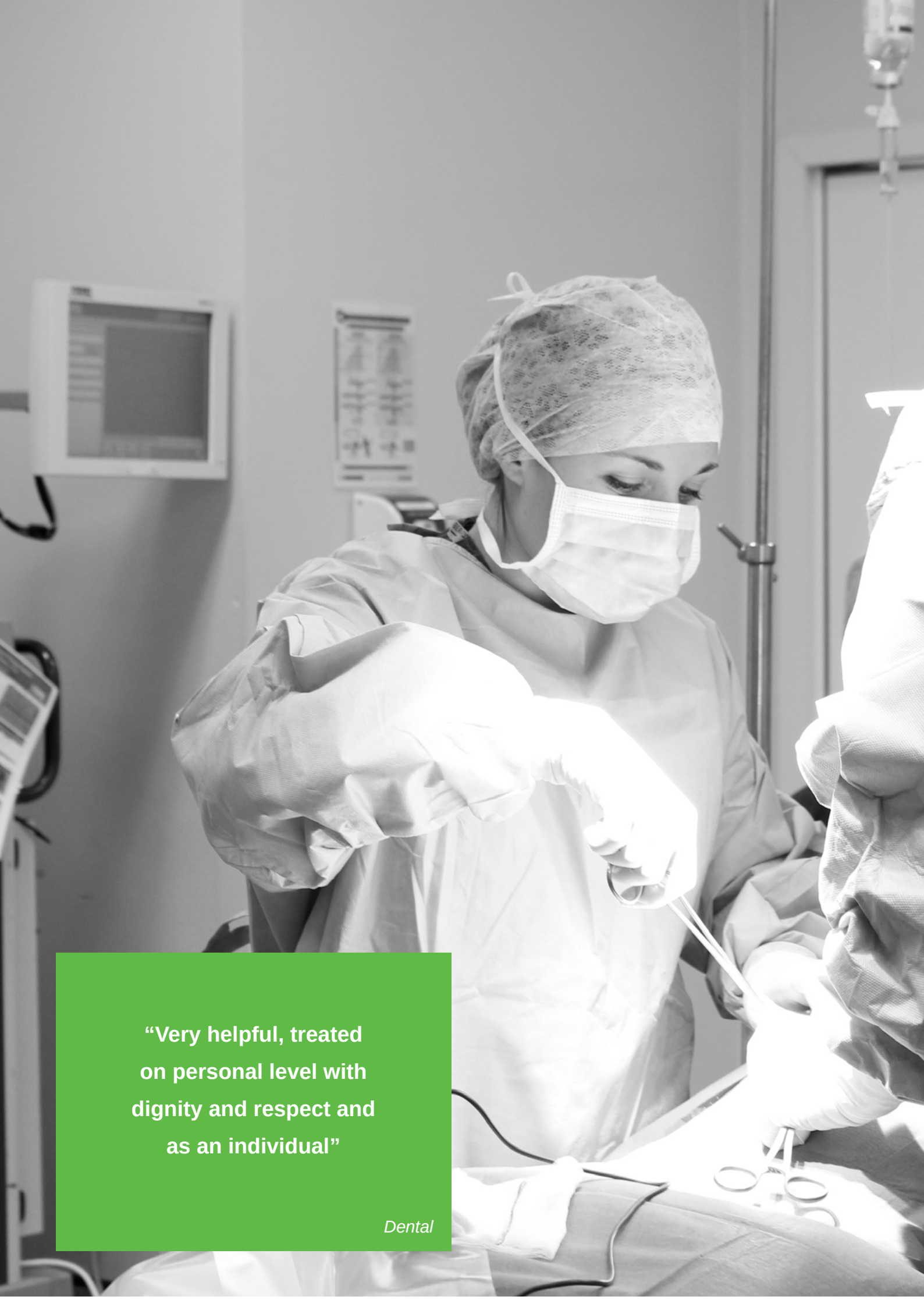
The Clinical Simulation Centre at Macclesfield hospital received accreditation with The North West Simulation Education Network (NWSEN). The trust underwent a service and well led inspection from the CQC.

February

The 2018 Macclesfield Pancake Race enjoyed a record turnout, with 18 teams battling it out despite the cold weather and rain.
The annual event, which was the fourth held in aid of East Cheshire NHS Trust's official charity ECHO, raised £300.

March

Feedback from the National NHS Staff Survey shows more staff would recommend the trust as a place to work or receive treatment. We are also performing better than the national average in overall staff engagement and staff motivation, and staff say the support and communication they receive from senior managers has improved.



“Very helpful, treated on personal level with dignity and respect and as an individual”

Dental

An overview of performance

A statement from the Chief Executive on organisational performance

During 2017/18 the trust focused its activities on:

- Patients
- People
- Partners and
- Resources.

The Care Quality Commission re-inspected the trust in early 2018 and their assessment resulted in an improved rating of “Good”. Our community end-of-life service was rated “outstanding” for the care given and this independent assessment shows that our staff continue to put the patient at the centre of all they do. The trust met its cancer waiting time standards and continued to receive good patient satisfaction feedback from a number of different sources.

The winter period was however a challenging time for both the NHS at large and East Cheshire NHS Trust and it is with regret that we were unable to meet the four hour emergency care standard. The pressure over the winter period also led to the cancellation of elective activity and the waiting time for patients has increased. We never underestimate the impact that delays in waiting for treatment has on our patients and apologise to those who were affected.

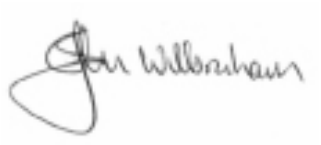
During the year we have won a number of awards for services we provide and have most recently been shortlisted for a national patient safety award which will be awarded to the successful team in early 2018/19.

Our ambition during the year was to reduce the level of vacancies within the trust and to continue to improve engagement with the staff and both of these were achieved. The trust’s staff engagement score increased again during the year and we continue to value our relationship with the union representatives. Many of the workforce standards we set ourselves were achieved including the number of appraisals undertaken and information governance training.

We recognise that we need to provide care with our partners and the development of Care Communities commenced in 2017/18. These teams, based in the five main towns/communities of East Cheshire are bringing together our staff with primary care teams, mental health staff and social workers to look after the needs of the local populations to try to help people stay healthier and avoid hospital treatment. Where they do need hospital care these teams will be able to facilitate better and quicker discharge for patients.

Finally in terms of resources the trust has posted a deficit during the year however this deficit was less than was planned for at the start of the year and the staff have focused on delivering cost savings whilst still providing good safe care.

The year has been a difficult one for the trust but the CQC rating of good for services and for being well-led gives external assurance that the trust has faced its challenges, has provided good care for our patients and remains a good place to work.



John Wilbraham
Chief Executive

Performance report

The performance report which follows is one part of the trust's Annual Report and Accounts. This report contains the full financial accounts for year ending 31st March 2018. A full copy of this report can be downloaded from the trust's website at www.eastcheshire.nhs.uk. Copies of this report in large print, braille and other languages must be requested via 01625 661184 or by emailing ecntstaff.comms@nhs.net

The auditor's report on the accounts can be found on page 116 of this document. Value for money (VFM): The overall VFM conclusion can also be found at page 118 of this document. The remuneration report can be found on page 51 and sets out the directors' remuneration as required. The report has been approved by the Board.

Performance summary against Key Performance Indicators (KPIs)

All of our performance activities can be found in full within the monthly Trust Board reports found at www.eastcheshire.nhs.uk. The trust's annual performance against national standards can be seen overleaf and other performance standards for quality of care can be found in the trust's Quality Account found also on the trust website at www.eastcheshire.nhs.uk

	Performance Standard	Target	17/18
Mortality	Risk Adjusted Morality Index 2017 - Latest peer (97)	< Latest peer (91.35)	90
	Summary Hospital Mortality Indicator (HSCIC)	Within expected range	Within expected range 1.04
Infection	Ecoli - includes hospital and community	<147 (previous year's performance)	139
	Hospital MRSA confirmed bacteraemia	0	2
	Hospital Acquired Clostridium *Difficile* 17/18	<=14	9
	Incidence of newly-acquired cat 3 and 4 pressure ulcers - hospital	20% reduction in Cat 2, 3 & 4	10
	Incidence of newly-acquired cat 3 and 4 pressure ulcers - out of hospital	20% reduction in Cat 2, 3 & 4	17
Incidents	Medication errors causing serious harm	0	0
	Never events (please refer to page 33)	0	2
	Patient Safety: Falls resulting in patient harm per 1000 occupied bed days	2.5	2
Complaints	Number of investigations with Ombudsman (please refer to page 19)	0	1
	Number of complaints	198	140
Experience	Ward Family and Friends Test % response	20%	37.9%
	ED Family and Friends Test % response	20%	22.2%
	Mixed sex accommodation breaches (please refer to page 17)	0	154
Access	18 week - incomplete patients	92%	85.7%
	Diagnostic 6 week Wait	>=99%	93.3%
	ED: Maximum wait of 4 hours	95%	81.1%
	ED: The recording of a completed handover	85%	88.4%
Cancer	2 Weeks maximum wait from urgent referral for suspected cancer	93.0%	97.3%
	2 Weeks maximum wait from referral for breast symptoms	93.0%	94.3%
	31 days maximum from decision to treat to subsequent treatment - Surgery	96.0%	100.0%
	31 day wait from cancer diagnosis to treatment	94.0%	98.8%
	62 day maximum wait from urgent referral to treatment of all cancers	85.0%	87.1%
	62 days maximum from screening referral to treatment	90.0%	100.0%
LoS	Average Length of Stay - non elective	4.7	5.6
	Average Length of Stay - elective	2.8	3.09
	Delayed transfers of care - Acute	3.50%	5.18%
	Delayed transfers of care - Non Acute	3.50%	12.3%
Staff	Core Staff in Post (FTE)	2222.19	2179.8
	Total Staff (FTE)	2464.86	2501.8
	Sickness Absence - Rolling year	4.8%	4.90%
	Statutory and Mandatory Training - Rolling 3 year period	90%	92.6%
	Corporate Induction attendance - Rolling year	90%	99.4%
	Appraisals and Personal Development Plans - Rolling year	90%	85.7%
	Information Governance training	95%	95.0%
	Safeguarding - Level 1 Compliance	80%	92.60%
	Safeguarding Children - Level 2	80%	83.8%
	Safeguarding Adults- Level 2	80%	87.2%
	Safeguarding Children - Level 3	80%	81.3%
Finance	Total Pay Expenditure (£000)	£106,411k	£108,210k
	Bank Staff Expenditure (£000)	£3,473k	£4,922k
	Agency Staff Expenditure (£000)	£8,441k	£6,929k
	Cash (£000's)	£1,000k	£7,313k
	EBITDA (£000)	(£16,132k)	(£11,995k)
	Deficit	(£20,241k)	(£16,189k)

Healthwatch

This year the trust has worked with Healthwatch Cheshire CIC, which provides Healthwatch services in Cheshire East and Cheshire West. Healthwatch is an organisation which champions local people's views on health and social care.

Healthwatch visited A&E departments across Cheshire and Merseyside in July 2017 and the report for Macclesfield was received in November 2017. Although a small number of responses were received there were positive comments about care and treatment and all those spoken with rated the trust no lower than four out of five. A further visit in January 2018 saw Healthwatch representatives impressed by the helpful, welcoming nature of staff, the 'atmosphere of calmness, control and professionalism' and the new handover area for ambulance patients promoting privacy. Improved screening and additional seating at triage has been implemented and a signage review undertaken, along with improved management of patients waiting in corridors.

Healthwatch also visited Macclesfield's Maternity Unit in February 2018. Feedback was extremely positive, echoing the national maternity survey 2016 results. The only area for improvement was recliner chairs in the Neonatal Unit which has been actioned.

Healthwatch has also undertaken engagement visits across the trust to ascertain priorities for east Cheshire residents, was involved in our Complaints Scrutiny Group and have commented on the trust's Quality Account which can be found at: http://www.eastcheshire.nhs.uk/About-The-Trust/Trust-Board/Quality-account.htm

Accessible Information Standard 2016

This standard sets out a specific, consistent approach to identifying, recording, flagging, sharing and meeting the information and communication support needs of patients, service users, carers and parents with a disability, impairment or sensory loss. Action taken during the year to meet this standard has included:

- The introduction of mandated e-learning training
- The development of an information and communication needs passport
- Display of posters advertising the standard
- Launch of an Accessible Information Standard toolkit for staff
- The introduction of methods to flag people's information and communication support needs.

Equality and human rights

Work to ensure that equality, diversity and inclusion is an integral part of what we do has been ongoing throughout the year. This is clearly demonstrated in the trust's values – 'being aware of individual's diverse needs and seeking to provide the appropriate support.'

Key areas completed during 2017-2018:

- Compliance with the requirements of the Equality Act (2010)
- Stakeholder engagement to assess performance against the national Equality Delivery System 2, a framework for measuring equality performance
- Development of new equality impact assessment (EIA) templates for service change proposals
- Development of a lesbian, gay, bisexual and transgender webpage which can be found here: http://www.eastcheshire.nhs.uk/About-The-Trust/sexual-orientation.htm
- Securing permanent multi-faith prayer facilities
- Undertaking a range of service user disability access assessments across the trust
- Continued progress with the Workforce Race Equality Standard (WRES)
- Preparation for the Workforce Disability Equality Standard (WDES)
- Becoming a NHS Employers Partner
- Achievement of Disability Confident Level 3
- A better understanding of the mental health issues experienced has been gained by staff and ensures our workforce has access to support
- Participation in the NHS Employers Partner Programme
- Gender pay gap reporting

Unfortunately the trust had an unprecedented number of mixed sex accommodation breaches this year due to operational pressures. Although no harm was associated with these breaches, the trust acknowledges that this does not provide the experience for our patients that we would wish for.

Autism and learning disabilities

A key area of work for the trust continues to be improving access for both patients with autism and/or learning disabilities and their carers. This year work has included:

1. As part of our work towards attaining the National Autistic Society's (NAS) autism hospital accreditation standard, the trust has undergone two successful visits during the year:
   - A&E – where the assessor praised awareness raising around the Open2Autism approach in the department, training, staff knowledge and reasonable adjustments being made
   - Children's Ward – knowledge and awareness of staff making reasonable adjustments including pre-visits, the input of the play specialists, new sensory garden and the 'All about me' sheet that children and parents can complete themselves to highlight key information about a child
2. Patients, relatives and carers value staff support when visiting trust services. This may include:
   - Visits to the hospital before an appointment or admission
   - Accompanying people to their appointments
   - Implementing reasonable adjustments such as waiting in a low-stimulus environment or being first on the theatre list
3. Refresher training on how a person with autism and/or learning disabilities might experience a visit or admission to hospital and how we can make their experience and that of their carers a positive one has been delivered in A&E and wards 4 and 8
4. Trust staff have successfully worked together to facilitate a number of extremely complex admissions requiring multiple investigations
5. The Open2Autism webpage and email helpline have been used to contact the Patient Experience Team and request assistance, plan a visit or discuss any worries or concerns.
6. Patient stories are gathered to review patient experience in order to identify areas of good practice and any areas for further improvement as part of the trust's learning culture.

Fundraising in the community

This year, ECHO has continued to welcome generous donors as well as supporters with fantastic fundraising ideas. Thank you to all who contribute and donate, you make it possible for our staff to deliver ever-improving care to our patients across the area. For more information on ECHO, please visit our website http://www.echonhscharity.org/

Communications and engagement

Engagement through digital and social media

This year the trust continued to use digital and social media channels to engage the public, patients and stakeholders. We have:

- Reached 5,349 followers on our main Twitter account @EastCheshireNHS – an increase of almost 750 year-on-year
- Reached 529 followers for our Twitter account promoting the trust's sexual health services, @ GoSexualHealth
- Continued to promote our staff-facing Twitter account - @ECTStaff - to share key messages and information with staff, partner organisations and stakeholders.
- Further developed the trust's main Facebook page and launched a recruitment-specific page - 'Team NHS at East Cheshire'
- Added further patient information and self-help videos to the trust's YouTube channel, which now has 435 subscribers - a year-on-year increase of 265.

Freedom of Information

The Freedom of Information Act (FOI) provides the public with a general right of access to recorded information held by East Cheshire NHS Trust, subject to certain conditions and exemptions. We are committed to the disclosure of Freedom of Information Act requests in line with our open and honest approach to public information, and also in line with our corporate social responsibility. Key information routinely published on our website, within the Publication Scheme, includes Trust Board agendas and minutes, and the trust's Annual Reports and Accounts.

During 2017/2018, the trust received 465 requests relating to a wide variety of issues such as agency staffing, car parking arrangements, interpreting services, catering and dementia care. During the year 83.5% of all FOI requests were completed in the standard timeframe of 20 working days.

A full list of all Freedom of Information Act responses can be found in our Disclosure Log on the trust's website at: www.eastcheshire.nhs.uk/About-The-Trust/Our-disclosure-log.htm

NHS Choices

The NHS Choices website allows patients and members of the public to write public reviews of their experiences of our services, providing valuable feedback which helps the trust continually improve the quality of its services and act on any concerns or complaints.

Positive comments are passed on directly to the department, team or individual concerned, and the trust provides people, who have raised concerns, a named clinical contact to discuss their concerns with. This helps raise awareness of patient feedback among clinicians and provides a swift route for appropriate concerns to be investigated and resolved.

The trust continued to increase patient awareness of NHS Choices reviews via social media and the creation of a section on the trust's website signposting people to post their reviews. NHS Choices allows patients to award hospitals a rating out of five stars and by the end of 2017/18, Macclesfield District General Hospital and Congleton War Memorial Hospital had an overall 4.5 star rating, while Knutsford District and Community Hospital both had a five star rating.

Customer Care

The aim of our Customer Care Department is to focus on the positive aspects of our users' experiences and identify areas for improvement. Information and learning is shared across the organisation and reported to the trust board. It is also published in quarterly reports and on the trust website.

In 2017/2018 we received:11,714 compliments and 140 formal complaints (12% increase on 2016/17). We were involved with 892 PALS cases (8% decrease on 2016/17) and 2124 patients/relatives were seen as part of PALS Outreach (23% decrease on 2016/17).

Compliments

The trust received 11,714 compliments last year, an 8% increase in comparison to the previous year. Compliment themes included comments on the professionalism of staff stating excellence and staff going above and beyond what is expected of them. All compliments are shared with the staff concerned.

Complaints

The trust received 140 complaints all of which were acknowledged in the agreed timescales.137 complaints were responded to and of these 94% (129) were responded to within the initial timeframes agreed with the complainant.

The nature of complaints received can be themed as follows: ineffective communication, dates for appointments and surgery and staff attitude and behaviour, with the majority focused around clinical treatment. All complaints conclude with an action plan for the department and/or staff member concerned.

The Parliamentary and Health Service Ombudsman (PHSO) requested information for three complaints to investigate in 2017/2018. One complaint was partly upheld and had a recommendation in this period. Two complaints from this year remain under investigation by the PHSO. Two remain under investigation from 2016/17.

The role of PALS (Patient Advice Liaison Service) offers support and information to patients, their families and carers at the time of their concern. Patients and visitors are able to talk freely about their experience and any issues or concerns they have are dealt with as soon as possible with the appropriate staff.

28 meetings took place with clinicians and users of our service as a result of a complaint or PALS concern. These meetings were either held before the concerns were looked into to assist in clarifying issues and facts from the person's perspective or to feedback the outcome of any form of investigatory action.

PALS outreach

During PALS outreach the customer care team spoke to 2,124 patients and relatives. The aim of the outreach service is to reduce the number of formal complaints received by providing a resolve to concerns by early intervention on the hospital wards and in the community. The outreach team also assist in audits and patient checks identified as concerns by staff. During 2016/17 we have introduced patient wristband checks during PALS Outreach.

Progress of PALS Outreach was presented to the Trust Board in 2017 to share with board members the positive effect PALS Outreach is adding to the patient experience.

Further information about customer care can be found on the trust website at http://www.eastcheshire.nhs.uk/Patients-Visitors/Complaints-and-concerns.htm

Sustainability report

Continued success and high operational efficiency of the CEF (Carbon Energy Fund) scheme, has enabled the trust to achieve cost and carbon benefits in 2017/18. Annual carbon savings equivalent to the emissions produced from 700 large family homes were achieved in year three of the scheme. The CEF scheme, comprising 3,250 LED lights, CHP (Combined Heat & Power Plant), air conditioning systems and plant control measures will realise a total cost saving of £2.5m over 15 years until at least 2029.

The trust remains on target for 2020 to achieve a 34% reduction in carbon emissions against 1990 emission levels. This target has been set by the Government NHS Carbon Reduction Strategy 'Saving Carbon Improving Health' which also aims to deliver an NHS carbon reduction target of 80% by 2050. The trust is working closely with other public sector and low carbon bodies to identify innovation in order to deliver the 2050 target.

During the 2017/18 financial year the trust consumed from the National Grid 2,241,011 kWh of electricity; 20,715,394 kWh of gas and 64,489 m3 of water. 2017/18 annual expenditure for utilities is forecast at £1,420,000, inclusive of CEF Scheme and Carbon Reduction Committee (CRC) payments. ECT energy consumption produced 4,602t/CO2e. This is a slight increase from 2016/17, mainly due to increase gas demand with electricity demand decreasing. The primary reason for the increased may be down to increased heating demands due to a relatively cold winter and will be subject to a detailed degree day analysis.

The trust participates in the Government Carbon Reduction Commitment (CRC) energy efficiency scheme which is designed to make the UK's largest energy users reduce consumption over the coming years. The CRC scheme will create an estimated saving for ECT of £49,852 per annum from 2019/20 onwards based on 2016/17 energy costs. Energy and environmental efficiency measures continue to be delivered across the trust with small scale measures implemented, where possible, during plant upgrades and equipment replacement schemes.

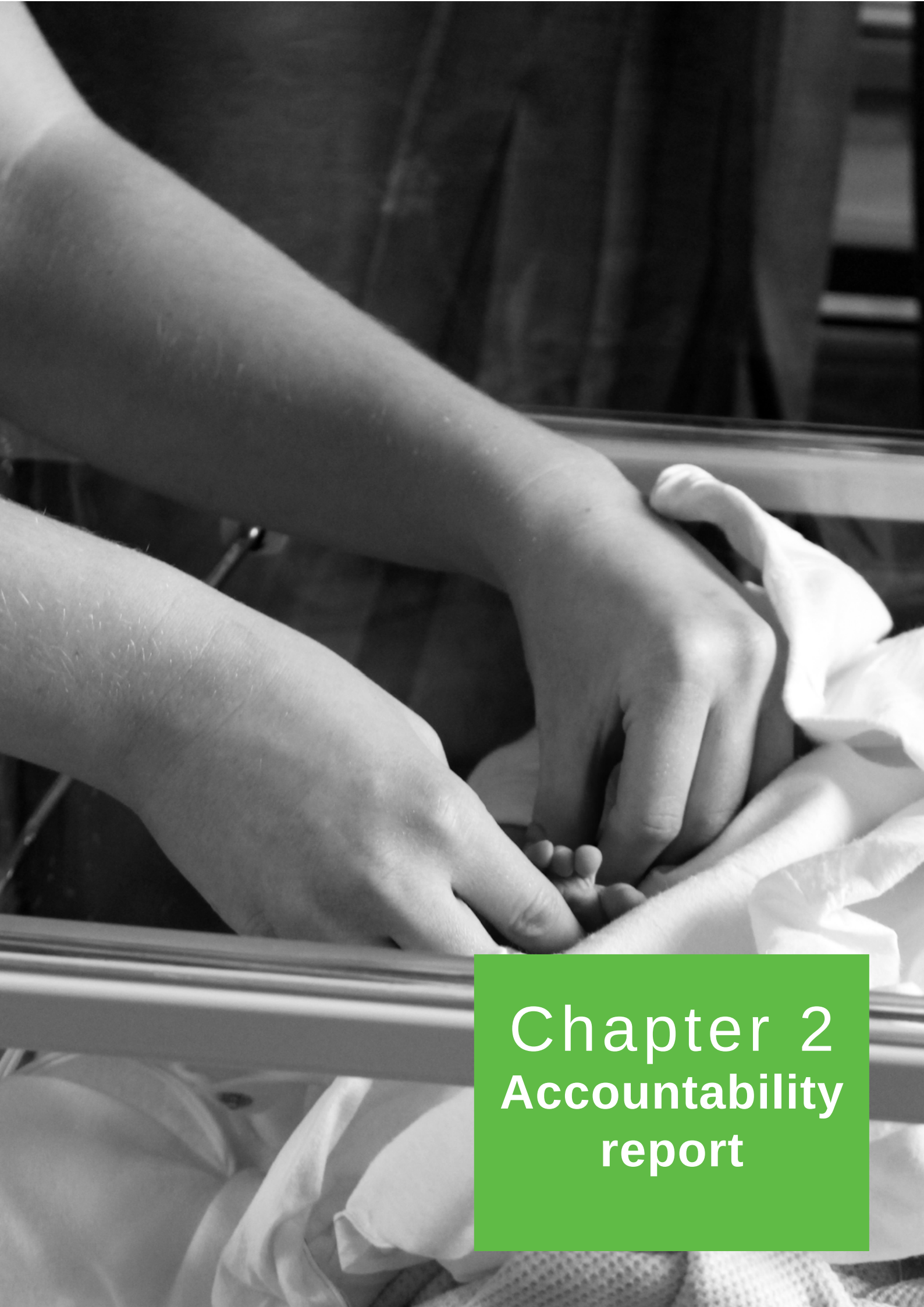
One such example is the identification and repairing of a water leak resulting in a significant reduction in water consumption from 90,000m3 in 2016/17 to 64,489m3 in 2017/18, saving circa £43,623.81. Further measures are now being considered to address operational efficiencies such as property rationalisation schemes, use of technology in the workplace and in service delivery and service redesign in collaboration with other service providers.

The trust's Space Utilisation Group oversees control of accommodation in over 50 properties across Cheshire which has proven extremely successful and enables all stakeholders to make aggregate decisions on accommodation use to ensure that we make best use of our resources.

2018/19 will see new opportunities for the trust to work together with other public sector organisations including NHS trusts, CCGs and local councils in order to ensure that the local health economy is sustainable and meets our population's health needs now and in the future. The trust will explore opportunities to share premises, facilities and even services where benefits and cost savings can be identified.

From 2018/19 we plan to develop our sustainability agenda to encompass other estates and facilities functions such as waste and travel. Introducing sustainable working practices into these areas has the potential to reduce costs and inefficiencies and create a better patient environment.

We will pursue energy procurement opportunities as part of the wider Cheshire and Merseyside estates partnership, which includes reviewing current tariffs via Crown Commercial Services conducting a full review of suppliers and assessing the potential which may exist with the greater buying power of multiple trusts.



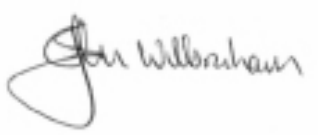
Chapter 2
Accountability report

The Trust Board is responsible for the leadership, management and governance of the organisation and setting the strategic direction. It also has a role in ensuring high standards are maintained.

All of the trust's non-executive directors, including the Chairman, are appointed by NHS Improvement (NHSI) for a fixed term, following open invitations among members of the local community.

The NHS and trust recruitment guidance and policies are followed in these appointments, including open competition and the involvement of an independent external assessor. The Chief Executive is appointed by the Chairman and non-executive directors. The executive directors are recruited by a panel usually led by the Chairman and the Chief Executive.

The NHS Very Senior Manager Pay Framework has been adopted by the Remuneration Committee as guidance regarding pay for the executive team. Full details can be found in the Remuneration Report on page 51 of this report.

Signature:  Date: 22 May 2018

John Wilbraham, Chief Executive East Cheshire NHS Trust

Chairman, Chief Executive, directors and non-executive directors

Management arrangements – Trust Board

The Trust Board comprises ten voting members and one non-voting member. There are five non-executive directors (including the Chairman) and five voting executive directors.

Directors' approvals

In the case of each of the directors, at the time of the report, there is no relevant audit information of which East Cheshire NHS Trust auditors are unaware and we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the entity's auditor is aware of that information.

Update to the Board during 2017/18

There has been one change to the Board membership this financial year. Dr Cowan left the trust on 14th February 2018. The trust would like to put on record our thanks to Dr Jane Cowan for her contribution to the trust during her time served and extend its thanks to the members who have served the Trust Board this year and look forward to working together in the year ahead. Full details of meetings and committees on which our board members serve can be found in the 'About us' section of our website www.eastcheshire.nhs.uk A committee structure summary can be found on page 30.

Conflicts of interest

East Cheshire NHS Trust and the people who work with and for us collaborate closely with other organisations delivering high quality care for our patients. These partnerships have many benefits and should help ensure that public money is spent efficiently and wisely; but there is a risk that conflicts may arise. The trusts Conflict of Interest Policy identifies 11 different categories that we ask staff to make a declaration in should one arise; this includes outside employment, gifts and hospitality and clinical private practice to name a few. In addition to this, all staff members on agenda for change at band 8C or above (or equivalent pro-rata) are required to make an annual 'nil' declaration if they have not declared anything previously.

All information is made available to the general public via the electronic system which can be found at https://eastcheshire.mydeclarations.co.uk

Board diversity

The trust's board and clinical management board members are broadly representative of the population served by East Cheshire NHS Trust.

Board effectiveness

All executives and non-executive directors have annual appraisals and performance development plans identified. They also undertake a self-assessment in line with fit and proper persons requirement (FPPR) and in line with NHS Improvement quality governance framework. No issues or concerns have been raised. The board has regular structured development sessions as set out in the Annual Governance Statement on page 35 of this report.

Board performance

Board member	Appraised
Lynn McGill, Chairman	Yes
Ian Goalen, Non-Executive Director	Yes
Dr Anthony Coombs, Non-Executive Director	Yes
Dr Jane Cowan, Non-Executive Director	Yes
Mike Wildig, Non-Executive Director	Yes
Ali Harrison, Non-Executive Director	Yes
John Wilbraham, Chief Executive	Yes
Kath Senior, Deputy CEO and Director of Nursing, Performance and Quality	Yes
Dr John Hunter, Medical Director	Yes
Mark Ogden, Director of Finance	Yes
Rachael Charlton, Director of Human Resources & Organisational Development	Yes
Julie Green, Director of Corporate Affairs & Governance	Yes

“Excellent personal service. Top marks to all the team - they are a credit to the community”

Community Nursing

Executive directors

John Wilbraham

Chief Executive
Appointed: March 2003

John joined the trust in 2002 as the Director of Finance before becoming Chief Executive in 2003. During his 16 years leading the trust John has overseen the trust's integration of acute and community services which is a key element of the current integration agenda.
John is a qualified accountant and Chair of the Institute of Healthcare Management North West

John is the chair or a member of the following committees or groups on behalf of ECT:

Chair

Clinical Management Board, A&E Delivery Board, executive management team meetings and the Local Negotiating Committee (LNC)

Member

Trust Board, Finance, Performance & Workforce Committee, Safety, Quality & Standards Committee, Audit Committee, ECHO – the trust charity, Partnership Forum, Pathology Executive Committee, CT/CC Transformation Board.

Other

- Chair: Institute of Healthcare Management (North West)
- Member: Cavendish Group

Qualifications

- BA (Hons) Business Studies, Liverpool
- IPFA (Institute Public Finance & Accountancy)

Kath Senior

Deputy CEO and Director of Nursing, Performance and Quality
Appointed:October 2010

Kath began her career as a registered A&E nurse in 1982 and has clinical and managerial experience across a wide range of clinical services. She went on to work in various service improvement roles, with a focus on improving patient and staff experience, clinical access, productivity and efficiency. She became Chief Operating Officer in 2009 and Director of Nursing, Performance and Quality in 2010. Kath became the trust's Deputy Chief Executive in April 2013.

- Executive Lead: Safety, Quality and Standards Committee
- Executive Lead: Safeguarding Children and Vulnerable Adults
- Executive Lead: Community Service Transformation
- Director of Infection Prevention and Control (DIPC)
- Chief Operating Officer
- Chair: Infection Prevention and Control Committee
- Chair: Safeguarding Sub-Committee
- Chair: Clinical Directorate Performance Meetings

Other interests

- Visiting Professorship of University of Chester

Qualifications

- BSc (Hons) Nursing
- MSc in Management
- Registered General Nurse

Executive Directors

Rachael Charlton
Director of Human Resources & Organisational Development
Appointed: May 2011

Rachael joined the trust as Director of Human Resources and Organisational Development in May 2011 and leads on the trust's people management, organisational development and education, library and training agendas.

- Lead Director: Leading the trust's people management, organisational development and education and training agendas
- Lead Director: Remuneration Committee
- Lead Director: Partnership Forum
- Senior Responsible Officer: Single Partnership Workforce

Other interests

- Member: Chartered Institute of Personnel Directors
- Executive sponsor: North West Workforce Streamlining Programme

Qualifications

- BA (Hons) Education and Nursing, MA Health Services Management, both from the University of Manchester

Dr John Hunter
Medical Director
Appointed: May 2015

John joined the trust in September 2000 as a consultant in anaesthetics with a special interest in critical care and was appointed as Interim Medical Director in November 2014, before being appointed to the role permanently in May 2015. John is leading the development of the trust's clinical strategy and is building collaborative partnerships with clinical leads in primary, community and secondary care settings, supporting and developing new models of care.

- Consultant in anaesthetics and critical care
- Clinical Lead for Organ Donation
- Chair: Human Tissue Authority Governance Sub-committee
- Lead Director: Clinical Audit Research and Effectiveness Sub-committee
- Lead Director: Medicines Management Sub-committee
- Lead Director: Mortality review Sub-committee
- Lead Director: Local Negotiating Committee

Other Interests

- Fellow of the Royal College of Anaesthetists
- Member of Intensive Care Society

Mark Ogden
Director of Finance
Appointed: July 2015

In addition to being accountable for the trust's overall financial sustainability, Mark leads on the delivery of the trust's financial strategy, including the cost improvement programme, informatics programme and estates and facilities strategy. Mark brings a wealth of experience to his role, having been a director of finance since 1998 and working across a number of acute and integrated NHS trusts, along with a strategic health authority.

- Chair: Digital Transformation Group, Recovery Programme Board and Capital and Space Planning
- Lead Director: Audit Committee
- Lead Director: Trust's Nominated Local Counter-Fraud Specialist
- Lead Director: Estates and Facilities (including security)
- Lead Director: Procurement
- Lead Director: Security Management
- Lead Director: Informatics

Qualifications

- Fellow of the Chartered Institute of Management Accountants

Julie Green
Director of Corporate Affairs & Governance
Appointed: February 2011

Julie has over 30 years' experience working within the NHS in both commissioning and provider organisations. She brings a vast amount of experience to her role and leads on trust governance, emergency preparedness, business continuity, health and safety and communications and engagement. Julie also acts as the trust's Senior Information Risk Owner.

- Chair: Serious Incident Review Sub-Committee
- Chair: Information Governance and Health Records
- Continuity Sub-Committee
- Chair: Emergency Preparedness and Business Continuity Sub-Committee
- Trust's Senior Information Risk Owner (SIRO)
- Lead Director: Finance, Performance and Workforce Committee
- Lead Director: Risk Management
- Lead Director: Policies and Procedures Sub-Committee
- Trust's Accountable Emergency Officer

Other interests

- Member: North West Foundation Trust Secretaries
- Member: Safety Quality Standards (SQS)

Qualifications

- MSc Healthcare Governance with Distinction (Loughborough)
- Post Graduate Certificate in Clinical Risk Management and Clinical Handling

Non- executive directors

Lynn McGill
Chairman

Lynn was reappointed as Chairman by NHS Improvement in November 2016 having initially served as a non-executive director from 2003. She brings a wealth of experience to the trust from a number of leading change roles in industry and from the charitable sector.

As Chairman, Lynn has led the trust through the acquisition of community services and the associated due diligence processes. Under Lynn's chairmanship, the trust has on successive years been nominated seven times and won awards for being one of the top 40 performing trusts in England by CHKS. Lynn chairs the Remuneration Committee, is the Non-Executive Lead for Equality and the trust's volunteer service and is a member of a national leadership advisory group.

Dr Anthony Coombs
Non-Executive Director and Senior Independent Director

Tony has over 28 years' experience in the pharmaceutical industry both in national and international commercial and development roles. Most recently he was the CEO of a Swiss pharmaceutical company.

Tony joined East Cheshire NHS Trust in 2009 and was reappointed in 2017. He chaired the committee overseeing the integration with the local community services and subsequently chaired the trust's Finance, Performance and Workforce Committee for four years.

Tony is the Senior Independent Director for the trust. Tony is Interim Non-Executive Director Lead for Safeguarding and also the Chairman of ECHO, the trust's charitable funds committee (February 2018). Tony holds a D.Phil in Medicinal Chemistry from Oxford University and had a Royal Society Travelling Fellowship from the University of Otago, New Zealand.

Mike Wildig
Non-Executive Director

Mike joined the trust in November 2013 following more than 35 years with a major accounting firm specialising in taxation and corporate transactions.

He is a fellow of the Institute of Chartered Accountants and a member of the Chartered Institute of Taxation.

Mike brings to the trust significant experience of large change programmes and building strong and successful businesses. This included areas such as mergers and acquisitions, legal structures, valuations of business and realising post-acquisition synergies.

Mike chairs the Finance Performance and Workforce (FPW) Committee. He is the trust's Non-Executive Lead for Procurement and also the Interim Lead for Organ Donation.

Ali Harrison
Non-Executive Director

Ali joined East Cheshire NHS Trust in July 2013 following more than 30 years' experience working in the pharmaceutical industry in areas including research and development, commercial, legal, medical and manufacturing.

Ali is a chemist by training and was educated at Oxford University. Ali brings to the trust significant experience of large organisational change and building strong and successful regulatory partnerships with government bodies. Ali chairs the trust's Safety, Quality and Standards Committee.

Ian Goalen
Non-Executive Director

Ian brings to the trust 33 years of experience as an accountant and auditor. He is a fellow of the Institute of Chartered Accountants and has acted as Deputy Chair of East Cheshire NHS Trust since October 2013.

Ian also chairs the trust's Audit Committee and is Lead Non-Executive Director for Emergency Planning.

Committee arrangement

EAST CHESHIRE NHS TRUST BOARD
Setting Strategy
Holding Accountability
Establishing Culture

FINANCE, PERFORMANCE AND WORKFORCE COMMITTEE
Chair: Mike Wildig
Lead Director: Julie Green

This committee provide the Trust Board with assurance that standards relating to finance and workforce are being met. It will discuss the integrated performance of the organisation and provide assurance that there is a robust performance management framework in place. Its quality focus will be on systems and processes which underpin sound performance and workforce modelling to deliver redesigned clinical pathways.

REMUNERATION COMMITTEE
Chair: Lynn McGill
Lead Director: Rachael Charlton

The Remuneration Committee is one of the 2 Committees the Trust is required to have by statute. Its role is to oversee and agree the remuneration and terms of service of the Chief Executive, the Executive and other Directors who are members of the Board, together with any staff employed by the Trust whose terms of service who are not covered by national agreements to provide advice to the Board on a range of employment issue for all staff (i.e., pensions, car schemes, termination of employment).

SAFETY, QUALITY & STANDARDS COMMITTEE
Chair: Ali Harrison
Lead Director: Kath Senior

The Safety, Quality and Standards Committee exists to provide the Trust's Board with assurance that national and local safety, quality and other standards are being met for both the clinical and non-clinical activities of the Trust. This Committee provides the Board with assurance that effective systems, process and training is in place to ensure all employees are aware of their responsibilities for promoting and maintaining the highest standards in everything the Trust does.

AUDIT COMMITTEE
Chair: Ian Goalen
Lead Director: Mark Odgen

The Audit Committee is one of the 2 Committees the Trust is required to have by statute. Its role is to review, on behalf of the Board, that the Trust has effective processes in place to manage and oversee the systems necessary for integrated governance, risks management, internal control (i.e., financial and clinical management). The Audit Committee is informed by reports on the Trust's systems and processes prepared by both internal and external auditors.

EXECUTIVE MANAGEMENT TEAM MEETING
Chair / Lead Director: John Wilbraham

The Executive Management Team is not a Committee of the Trust's Board, but a forum for the Chief Executive to ensure clear accountability. This is the forum where Executive Directors are held to account by the Chief Executive for delivery of objectives which includes the delivery of the cost improvement programme.

CLINICAL MANAGEMENT BOARD
Chair / Lead Director: John Wilbraham

The Clinical Management Board is not a Committee of the Trust's Board, but a forum for the Chief Executive to ensure clear accountability and to gain assurance from Executive Directors, Clinical Directors and Clinical Leads that key objectives are being achieved and risks managed. The Chief Executive can then give assurance or raise risks with the Trust's Board. Within the ToR the QIPP/CIP scheme is managed through this forum.

All Supported by Sub Committees and Groups

Formal Committee of the Trust Board - Accountable to the Trust Board

Operational Reporting Forum - Accountable to the Chief Exec

Audit Committee members

The Audit Committee has primary responsibility for:

Governance, risk management and internal control

The Committee shall seek assurance that an effective system of integrated governance, risk management and internal control is established and maintained across the whole of the organisation's activities, both clinical and non-clinical, which supports the achievement of the organisation's objectives. The committee shall provide the Board with such assurance through its reporting arrangements and other committees and groups.

Internal audit

The Committee shall ensure that there is an effective internal audit function established by management that meets mandatory NHS standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board.

External audit

The Committee shall seek assurance on the work and findings of the external auditor and consider the implications and management's responses to their work. The committee has responsibility for appointing external auditors.

Other assurance functions

The Committee shall review the findings of the other assurance functions, both internal and external to the organisation and consider the implications to the governance of the organisation.

Financial reporting

The Committee shall seek assurance on the integrity of the financial statements of the trust and any formal announcements relating to the trust's financial position. Three non-executive directors are members of the Audit Committee excluding the Chairman of the trust. These are: Ian Goalen, Mike Wildig and Jane Cowan (to February 2018) and as can be seen within the Board members section on previous pages – all have relevant financial and quality experience.

Risk aware, patient-led culture

We continue to improve care and services while working hard to ensure care is right first time, although recognise we occasionally make mistakes or errors. Incidents, near misses and risks are reported on an electronic integrated risk management system which is accessible to all staff across the trust.

We learn from listening to feedback on the experiences of patients, relatives and carers through sharing patient stories at Trust Board, the Safety, Quality and Standards Committee and Integrated Safeguarding Sub-committee and reviewing outcomes of patient surveys to determine action required to improve quality of service provided. Learning and improvement action following incidents, complaints, claims and patient experience feedback is reviewed within each of our clinical directorates, with a quarterly report produced that outlines themes and trends across the trust.

During the year the trust has achieved its target to reduce formal complaints, through local and real time action taken by staff to resolve concerns at the time they arise and through our proactive PALS outreach service.

Freedom to Speak Up

The trust has a Freedom to Speak Up Guardian in place whose role is to promote speaking up across the trust, to establish a range of routes through which staff can raise concerns and to ensure that an appropriate management response is provided to address concerns. During 2017/18 15 concerns were raised directly with the Guardian and this is in addition to those concerns raised and managed locally within services. Examples of improvements made as a result of concerns raised include; strengthened team procedure in place to maintain safe staffing within the neonatal service, changes to discharge lounge lay out and provision of additional equipment to aid patient care, improved car park lighting at Congleton War Memorial Hospital and additional equipment provided to support safe patient transfer.

The trust has an annual programme of work to promote a speaking up culture within its workforce, including volunteers, learners and contractors. In 2018/19 the Guardian is focussing on recruiting and training staff from all areas to be Freedom to Speak Up Ambassadors, who will play a key role in supporting and promoting a speaking up culture with co-workers at service level. Arrangements are in place to provide the Trust Board with assurance on speaking up matters and feedback will continue to be shared trust-wide on action taken as a result of staff raising concerns.

Personal related-data

East Cheshire NHS Trust has an information governance strategy in place, which identifies how the trust ensures that information is appropriately and effectively managed, properly controlled, is accessible and available for use. A risk assessment process is embedded to ensure that the severity of any information governance incidents is assessed consistently, with appropriate and timely action taken to address any associated risks. It is essential that all incidents relating to actual or potential breaches in confidentiality involving personal identifiable information, including data loss, are reported appropriately through the information governance assurance framework. No personal data-related incidents were reported externally to the Information Commissioner's Office (ICO) for 2017/18.

Counter-fraud

The trust operates a counter-fraud policy available for all staff. Close links with counter-fraud organisations and robust provision of staff information including case studies of fraud helps to mitigate against fraudulent activity. Fraud information is also available on the trust website www.eastcheshire.nhs.uk/OurServices/Counter-fraud.htm

The trust is committed to reducing the level of fraud, bribery and corruption within both the trust and the wider NHS and aims to eliminate all such activity as far as possible. The trust has an established anti-fraud service provided by Mersey Internal Audit Agency (MIAA), with a nominated anti-fraud specialist (AFS) who undertakes a variety of activities in accordance with the Standards for Providers for Fraud, Bribery and Corruption.

The trust ensures compliance in accordance with its contractual requirements under the NHS Standard Contract in respect of anti-fraud, bribery and corruption as required by NHS Protect's Standards for Providers and has an Anti-Fraud, Bribery and Corruption Policy in place which encourages anyone having reasonable suspicions of fraud, bribery or corruption to report them.

The trust is committed to embedding an anti-crime culture throughout the organisation which is fully supported by the Board and monitored on a regular basis by the trust's Audit Committee. The trust takes all necessary steps to ensure that NHS funds and resources are protected and safeguarded against those minded to commit fraud, bribery and corruption and that appropriate measures to combat fraud, bribery and corruption are put in place.

Incident reporting statistics

In line with regulatory requirements, the trust reports all patient safety incidents to the National Reporting and Learning System (NRLS). The trust aims to continually increase the level of incident reporting, because evidence demonstrates organisations that report more incidents usually have a better and more effective and open safety culture.

The figures below indicates high levels of incident reporting by the trust and with a reporting rate of 53.1 incidents per 1,000 bed days (NRLS, Published on 28th September 2016) the trust is among the top 25% of reporters for its cluster group (small acute – non-specialist).

Our staff are encouraged and supported to be open and honest when things go wrong, so that as an organisation we can learn and take action to improve the care provided to our patients. We have appropriate processes in place to ensure we comply with our statutory Duty of Candour for those incidents that result in moderate or severe harm.

Where appropriate, we undertake root cause analysis (RCA) investigations, which are a nationally-recognised way of ensuring that both individual and organisational learning and appropriate improvement action is identified, we involve families and carers to ensure we feed back on what actions we have taken to improve the experience of those who use and come into contact with our services.

October 16 - March 17	
Incident reported rate per 1000 occupied bed days	53.1
% of these incidents are near-misses or low harm to patients	95.8%
April 17 - October 17	
Incident reported rate per 1000 occupied bed days	56.04
% of these incidents are near-misses or low harm to patients	96.29

NRLS reports are produced six months behind, therefore this report shows the last complete year's data.

Serious incidents (SIRI)

East Cheshire NHS Trust has a duty to report serious incidents to our commissioners and regulators via the Strategic Executive Information System (StEIS), including the Care Quality Commission. All investigations into serious incidents are subject to independent internal and external scrutiny and, where required, action plan monitoring.

71 serious incidents requiring investigation were reported in 2017/18. Where the trust has identified that there were no lapses in care then commissioners "undeclare" the serious incident and remove it from StEIS. 32 serious incidents requiring investigation were undeclared in 2017/18.

Emergency Planning, Resilience & Response (EPRR)

The NHS has a set of common standards relating to Emergency Planning, Resilience & Response (EPRR) that NHS funded providers are required to assess themselves against. This process takes the form of a self-assessment against each of the common standards; these then inform the overall organisational rating of compliance and preparedness.

Each year as part of the process, trusts undertake a deep dive into a specific area; this year's deep dive related to governance.

The trust self-assessed itself as fully compliant against the EPRR core standards and this was signed off by the Trust Board in September 2017.

“Lovely staff, gave me lots of information and were kind and compassionate. ”

Radiology

Scope of Responsibility

1. East Cheshire NHS Trust provides both in hospital and out of hospital services, with a headcount in the region of 2,500 staff and with a revenue income of £152 million. The trust's services are managed through an operational structure of three clinical directorates, supported by corporate functions.

2. The trust acknowledges its legal duty to safeguard patients, staff and the public and while failure to manage risk effectively can lead to unacceptable harm to someone it can also result in damage to the trust's reputation and financial loss. The Board of Directors has overall responsibility for corporate governance including quality, safety and risk management within the trust and has legal and statutory obligations, which demand that the management of risk is addressed in a strategic and organised manner.

3. As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the trust's objectives, aims and policies whilst safeguarding the public funds and departmental assets for which I am personally responsible for in accordance with the responsibilities assigned to me.

4. I am also responsible for ensuring that the trust is administered prudently and economically and that resources are applied efficiently and effectively. This includes also ensuring there are sound systems of internal control to monitor performance of outsourced services. I also acknowledge my responsibilities as set out in the NHS Trust Accountable Officer Memorandum.

5. To fulfil my role as Accountable Officer, I have:

    a) Continued to review and realign the responsibilities of my executive directors

    b) Chaired the Clinical Management Board that, although not a formal committee of the Board, provides an opportunity for clinicians and managers to oversee the delivery of the transformational and corporate agenda facing the trust

    c) Chaired the Executive Management Team meeting. This is not a formal committee of the Board; it is where I hold executive directors to account for delivering strategic and operational objectives relating to the overall performance of the trust

    d) Maintained Board focus, through my Chief Executive Report on actions to address any areas of slippage on performance, enabling further scrutiny and challenge at Board and committee level. The Board have approved the assurance process as part of their annual review of the Risk Management Strategy.

    In addition to the internal governance and control framework, I have considered the broader objectives of the trust which requires effective partnership working across the wider health economy and beyond. There are also processes to engage with partner organisations and the trust's regulator NHS Improvement which include regular meetings between the trust and:

- The clinical commissioning group in our area, including social care commissioners
- Cheshire East Council and Cheshire West and Chester Council
- GP provider companies
- The Health and Care Partnership of Cheshire and Merseyside
- Meetings with chief executives and senior managers from:
- NHS Improvement
- NHS England

Additionally:

- Representation on the system wide A&E Delivery Board
- Representation on the Cheshire Caring Together and Connecting Care governance structure
- Representation on local safeguarding boards for children and adults
- Engagement with Healthwatch England
- Engagement meetings with the Care Quality Commission
- Representation on the Local Health Resilience Partnership Forum
- Meetings with third party providers to seek assurance on provision of contracts.

6. During 2017/18 the trust continued to operate in line with requirements from the NHS Improvement and to work towards a sustainable service configuration, attending monthly performance monitoring meetings in line with the Single Oversight Framework and escalation process.

    a) The Board has assessed the financial position of the trust as high risk and has been proactive in the delivery of a recovery plan to improve its financial position. It improved on its financial performance target with an outturn deficit at month 12 2017/18 of £16.2m compared with the agreed financial control target of £20.2m.

    b) At April 2017, the trust had interim revenue support loans in place. During the year, the trust has entered into further interim revenue support loans to fund the ongoing cash shortage and to support the continued delivery of services.

    c) During the year the trust has been working to identify opportunities to increase productivity which will demonstrate improvement in value for money.

Quality Governance (also see Section 7)

Following a CQC inspection for well led and inspection of five of our core services the trust has been rated "good" overall. Community end-of-life care was rated outstanding in "caring".
The CQC inspection identified the following areas of outstanding practice:

- Within the community end-of-life care, inspectors saw numerous examples that demonstrated staff consistently treated patients in a compassionate, dignified and respectful way.
- In surgery staff worked with local members of the public with learning disabilities to produce pictorial information booklets for patients which helped prepare them for surgery.
- The frailty service had developed to provide "wrap-around" treatment to support patients at home before and after hospital admission. The service linked with local care homes and meant that, for example, a podiatrist could refer patients to physiotherapy for a formal fall assessment if the patient was thought to be at potential risk of falling.
- Boxes containing local memorabilia such as local history books were available for patients living with dementia. Nurses sourced these items themselves from charity shops.
- The children's ward was especially responsive to children and young people with learning disabilities and other on the autism spectrum. The National Autistic Society had accredited the children's ward.
- The nurses had developed special recreational bags for children with mental health issues. These bags contained a stress ball, fidget spinner and ear plugs to minimise noise from younger children.
- For children with food aversions the play team worked with the speech and language therapist to develop therapeutic food play.

The trust remains "requires improvement" for safety with the following three areas of regulated activity assessed as not being met:

- Regulation 15 of the Health and Social Care Act (HSCA); relating to premises and equipment
- Regulation 12 of the HSCA relating to safe care and treatment
- Regulation 9 of the HSCA relating to person-centred care

The trust will implement an action plan and ensure changes are embedded through the organisation's audit processes.

a) The Board has oversight of quality and its Safety Quality and Standards Committee of the Board provides assurance in this respect. The Director of Nursing, Performance and Quality is the executive director with responsibility for quality systems. The Board's quality governance has been reviewed in a number of ways during 2017/18:

- External inspections including a Joint Advisory Group (JAG) review of plans to support accreditation on endoscopy
- Quality monitoring including quality visits by the trust's lead commissioner
- The trust's quality risks which link to the Board's strategic risks ensure Board oversight of agreed actions. They have been reviewed and monitored and continued action has taken place to either mitigate or reduce the risk level which has included focus on the following areas:

    - nurse staffing levels within the acute hospital setting due to the inability to recruit qualified staff
    - medical workforce - middle grade cover
    - the impact of overcrowding in the Emergency Department during times of peak pressure
    - review of serious incidents, including action taken and learning identified

d) During the year where incidents have been reported as serious, assurance has been provided against action taken including being open and compliant with our duty of candour. The trust has reported two 'never events' which took place in 2017/18. Both incidents were wrong site surgery. Investigations have identified changes in practice from key learning. During 2017/18 following investigation two complaints were closed by the Parliamentary and Health Service Ombudsman (PHSO). One complaint was not upheld and the other was partially upheld.

e) The Directors are required under the Health Act 2009 and the National Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts. A review of the Quality Account has been undertaken by the trust's external auditors who have confirmed there are no concerns around the data testing undertaken on venous thromboembolism (VTE) and clostridium *difficile* (CDiff). Additionally following an audit undertaken by Mersey Internal Audit the trust has received significant assurance on the accuracy and quality data which includes waiting list information. The Quality Account 2017/18 is recording significant improvements in priorities in Harm-free care, Improving Outcomes, Listening and Responding and Integrated Care which is detailed in Annex 3.

f) The trust is fully compliant with the registration requirements of the Care Quality Commission.

Risk Profile and Board Assurance Framework

7. The trust's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve objectives, aims and policies; 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 achievement of the policies, aims and objectives of East Cheshire NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. Through the trust governance arrangements I have received assurance that the trust complies with the principles of HM Treasury/Cabinet Office Corporate Governance Code.

8. The Board has reviewed its risks and Board Assurance Framework which sets out the strategic risks which could impact on the delivery of the organisation's objectives. The Board scrutinises the assurance framework and corporate risk register to provide assurance that the strategic risks and the controls in place to mitigate the risk are appropriate and effective. The Board also receives integrated performance reports which provide data in respect of financial, clinical and national targets and objectives. Any areas of risk are then highlighted through the use of a Red, Amber, Yellow and Green rating system and exception reports.

9. In addition, the trust continually re-assesses risk, and identifies and responds to new risks, through for example, incident reporting, complaints data, claims and risk assessments. Reviews are undertaken on recommendations from internal and external data, reports and inquiries into other trusts along with national guidance to ensure the trust encompasses lessons learnt. Key areas of focus have been, the Kirkup Review and Freedom to Speak Up Reports. There is full commitment to ensuring the organisation is a safe place for patients, staff and members of the public. The trust is aware that effective risk management plays a pivotal role in achieving the excellent levels of clinical quality and safety it aims to deliver.

10. The reviewed strategic risks within the Board Assurance Framework which have been identified in 2017/18 and going forward are:

Strategic Risk	Controls/Key Actions
If the collective leadership across the integrated care system is not well led and unable to effect the changes required with pace and support of key regulators and stakeholders then there is a risk to the sustainability of the trust and the wider health and social care economy.	The trust continues to work with Caring Together and Connecting Care and The Health and Care Partnership of Cheshire and Merseyside to develop sustainable services for its population
If quality is not maintained in line with regulatory standards during and after transition then this could impact on services the trust provides and it's ability to provide services that are caring, safe, and responsive and safeguard the health and wellbeing of the local population.	The trust has placed a high focus on improving its performance on the key access targets, including: • Introduction of SAFER initiative • Implementation of plans to address learning from external visits/ reviews • Continued work on its Quality Strategy and harm-free care agenda.
If the trust cannot meet its part of the requisite financial regulatory standards and operate within agreed financial resources and transformation schemes do not deliver sufficient savings, then the proposed health economy-wide service model will not be fully or effectively implemented.	The trust has continued to place a high focus across the organisation and with partnerships to improve its financial performance ensuring delivery against its agreed plan. Governance has been established to progress implementation of a joint partnership board to bring together Caring Together and Connecting Care programmes. A care model is being developed as part of the programme and the development of care communities.
If the trust does not attract, develop, and retain a resilient and adaptable workforce with the right capabilities and capacity then there may be an impact on achieving mandatory service standards, and delivering an integrated system.	Implementation of the trust's workforce strategy continued. Ward staffing levels reported to the Board by exception. Gaps in some middle-grade rotas have required a high-level of executive focus. Reducing absence and agency spend through recruitment and retention schemes. Above average for national Staff Survey.
If the information technology/information systems and estate infrastructure are not sufficiently invested in and adapted to align with the health economy strategy then there will be an impact on the quality of the delivery of clinically and financially sustainable services.	The trust has through its capital and space Management arrangements and improved prioritisation of the Capital Plan enabled upgrading of the estate in a number of areas. The trust has invested £1m to support its digital transformation programme and was successful in a bid to support IT security arrangements.

Information governance

11. Information governance risks are managed as part of the integrated Risk Management Strategy and assessed using the Information Governance Toolkit. The trust has a Senior Information Risk Owner (SIRO) (Director of Corporate Affairs and Governance) who reviews all confidentiality and data protection issues with the Caldicott Guardian. The trust has not reported any serious lapses in data security during 2017/18.
    - The trust's information governance status is scrutinised by the Clinical Management Board. A review by internal audit against information governance compliance criteria received significant assurance against each of the control areas. This has supported the trust's self-assessment of achieving level 2, of the Information Governance Toolkit requirements. During 2017/18 the trust's annual information governance training compliance score achieved 95.58% which is above the expected target of 95%.

Employment, equality and diversity, and environment

12. 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 to the scheme are in accordance with the scheme rules and that members' pension scheme records are accurately updated in accordance with the timescales detailed in the regulations.

13. Control measures are in place to ensure that all the NHS trust's obligations under equality, diversity and human rights legislation are complied with and the trust supports the development of a requirement to recruit more diverse non-executive directors. The Board is provided with assurance in respect of equality and diversity as part of its annual work programme.

14. The trust complies with local anti-fraud and security management services directives and this has been confirmed through reports to the Audit Committee.

15. The 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.

Review of the effectiveness of risk management and internal control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and executive managers and clinical leads within the NHS trust that have responsibility of the development and maintenance of the internal control framework. I have drawn on the information provided in this annual report and other performance information available.

16. My review is informed in a number of ways.

    a) The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Reports are provided to the Audit Committee and full reports to the Director of Finance, Director of Corporate Affairs and Governance, and other Directors or Senior Managers as appropriate. Directors also meet with the Audit Manager. During 2017/18 audit reviews have received significant or high assurance. Action plans have been agreed to address identified areas for improvement. An external review on costing and pricing provided moderate assurance.

    b) The comments made by the external auditor in their management letter, reports on the financial statements; audit findings report and regular technical update reports and the trust has adopted recommendations made, to improve services and performance. Executive directors, who have responsibility for the development and maintenance of the system of internal control, provide me with assurance. The corporate risk register/assurance framework itself provides me with assurance that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives has been reviewed.

    c) Reports from the Safety, Quality and Standards Committee, the Finance, Performance and Workforce Committee, the remuneration committee and their reporting groups the Clinical Management Board and the Executive Management Team meeting.

d) Registration with the Care Quality Commission without enforcement notices provides assurance.

e) The trust Quality Account, the achievements and proposed actions where full achievement has not been reported.

17. 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 other committees of the Board and a plan to address weaknesses and ensure continuous improvement is in place.

- I am aware of the role of the Board in providing active leadership to the trust within a framework of prudent and effective controls that enable risks to be assessed and managed. I am also aware of the committees other groups and individuals which promote risk management. I am assured that both the Board and its committees have reviewed their performance and effectiveness during 2017/18, through self-assessment and annual reports and have agreed actions to further improve their development and effectiveness. Details of these committees and their function are outlined in Annex 1 (Governance Framework).

Conclusion

Significant issues

18. I recognise that there will be significant challenges in delivering locally based services in the future.

a) The Trust Board has previously confirmed that in its current form the organisation is not sustainable. The trust has continued to work with partners across health and care settings to support the implementation of Caring Together and latterly Connecting Care programmes which have joined together to maximise opportunity to deliver sustainable services which are high quality and responsive, working together with the person at the centre. The slow pace of this transformation is a significant challenge.

b) The trust has seen major challenges in respect of delivery of the four hour access standard. The four hour access standard for March 2018 was 81.1% against an agreed trajectory of 90% in March 2018. A priority area for the trust will be continued work with partners to support improvement in this standard along with a continued reduction in the number of delayed transfers of care and further development of out of hospital services.

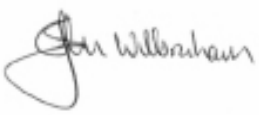
c) The trust has had significant financial challenges, as described above, in delivering financial sustainability and QIPP delivery using traditional methods. The trust will continue to work with partners to transform service delivery to provide sustainable services across both health and care settings.

Summary

19. I have listed the significant risks that face the organisation in section 9 of the Governance Statement and these are underpinned by action plans. The trust is working closely with partners across the system to support the delivery of our plans. NHS Improvement has continued to support the local health economy through the sustainability pathway and the trust has been placed in segment 3 in line with the Single Oversight Framework. Assessment has been undertaken via risk assessment and inspection and the trust remains registered with the Care Quality Commission without any enforcement notices.

20. My review confirms that East Cheshire NHS Trust has a sound system of internal control that supports the achievement of its objectives, aims and policies and this has been in operation up to 31st March 2018 and to the point of signing this statement. The Board is committed to continuous improvement and enhancement of the systems of internal control.

Annex 1 (The Governance Framework) Annex 2 (Risk Assessment Process) Annex 3 (Quality Priority Performance) should be read in conjunction with the above as it provides further detail to the above summarised information and forms part of my statement.

Signature:  Date: 22 May 2018

John Wilbraham, Chief Executive East Cheshire NHS Trust

Annex 1

The Governance Framework of the Organisation

1. The trust's governance framework provides assurance from operational service areas to Board through its embedded committee structure, (described below). The trust's risk and assurance processes have been audited to ensure that they have robust systems and controls to manage and monitor progress towards the trust's vision and objectives.

2. The trust has an agreed committee protocol requiring 75% attendance which is annually reported at Trust Board. In line with the policy any absence from committee attendance was agreed with the Chief Executive, and or chair of the committee and individuals received and reviewed the papers to ensure opportunity to contribute was achieved.

3. The Trust Board

a) At an overall level, responsibility for governance is held by the Board. The Board is accountable for ensuring that the right culture, systems and procedures are in place to enable appropriate governance, including establishing committees of the Board as required. The Board has retained and approved responsibility for its Scheme of Reservation and Delegation and through this, and by approving the terms of reference for Board committees, maintains overall responsibility for the statutory functions of the trust. The Board has clarified the information it requires to be assured that all functions are appropriately discharged.

b) During 2017/18 the Board has met formally in public on nine occasions and in private on 11 occasions. The Board meetings are supported by an annual work programme to assist with planning their agendas and to communicate the assurance that is required throughout the year to the senior management team and the trust's committees, sub-committees and groups. The Board retained authority to approve key strategic documents, business plans and financial plans.

c) The Board comprises:

- an independently appointed Chair
- an appointed Vice Chair
- five independently appointed non-executive directors one of which is a Senior Independent Director
- five voting executives; the Chief Executive, Director of Nursing, Quality and Performance (also the Deputy Chief Executive), Medical Director, Director of Finance and Director of Human Resources & Organisational Development
- one non-voting executive director - the Director of Corporate Affairs and Governance

d) Directors have undertaken self- assessments in line with regulatory requirements under the "Fit and Proper Persons" test. No concerns were highlighted.

e) In 2017/18 the Board reviewed and updated its corporate governance arrangements (corporate governance manual) which includes standing orders, financial instructions and scheme of reservation and delegation. A revised Declaration of Interest Policy (published on the trust website) was approved along with the agreement to review conflicts of interest at each board and committee.

f) The Board has scrutinised and monitored performance against national priorities as set out in the Single Oversight Framework. Where there has been any slippage on performance action plans have been agreed to ensure there is further focus to improve the trust's position. Key areas of challenge and focus have been financial delivery, the four hour access standard and 18 weeks referral to treatment standard at speciality level.

g) Attendance at Board meetings has been in accordance with the required 75% standard. Where members have not attended this has been with the approval of the Chairman of the Board. The Board has received full details of individual member's attendance.

h) The Board has had regular and structured development sessions which in 2017/18 focussed on the following key strategic and development issues against our corporate objectives:

- **patients** – transformation and future models of care, development of the trust's clinical strategy and interdependencies
- **partnerships** – developing sustainable services, challenges and opportunities including, communications and engagement with stakeholders
- **people** – receiving guest partnership speakers and leaders across health and social care agenda
- **resources** - development in relation to the planning requirements, including review of objectives, governance and assurance processes including undertaking a self-assessment against use of resources and well led assessments. The board also attended a cyber security awareness session and has reviewed its digital progress.

4. The formal committees of the Board have been designed to provide assurance on delivery of the trust's strategic objectives, the risks that impact on their delivery and assessment of overall control arrangements in place. The Board has an action log of closed and open actions. An outline of the trust's committee structure is set out below.

5. Audit Committee

a) In 2017/18 the Audit Committee met four times, with an agreed annual work programme, produced formal minutes and maintained an action log of open and closed actions. Its formal minutes were provided to the Board, together with verbal reports from the chair of the committee. The committee presented its annual report to the Board along with other committee annual reports.

b) This Committee is chaired by a non-executive director and its membership comprises three non-executive directors (this does not include the trust's Chairman). I have an open invitation to attend the meetings as the Accountable Officer. During the year other officers have attended to support the agenda items. The trust's internal and external auditors have also attended.

c) The committee's role is to review, on behalf of the Board:

- the effectiveness of the processes in place to manage and oversee the systems necessary for integrated governance, risk management and internal control (i.e. financial and clinical management)
- to ensure it is satisfied that the same level of scrutiny and independent audit over controls and assurances is applied to the risks to all strategic objectives, be they clinical, financial or operational

d) As part of an integrated committee structure, the Audit Committee is pivotal in advising the Board on the effectiveness of the system of internal control. Any significant internal control issues would be reported to the Board via the Audit Committee. The Audit Committee is informed by reports on the trust's systems and processes prepared by both internal and external auditors and has scrutinised reports during the year to provide assurance to the Board.

e) During 2017/18 reports brought to the attention of the committee for scrutiny included:

- the assurance framework and corporate risk register
- the annual report and accounts
- assurance reports from other board committees
- the quality account
- reports from internal auditors and external auditors
- counter fraud reports
- proposed changes to the standing financial instructions and standing orders
- overview of conflicts of interests and agreement of proposed policy.

A key area of improvement has been through the continued review of the Assurance Framework and Corporate Risk Register to ensure the visibility of partnership working. Additional assurance was provided through internal audit reviews. During the year the Committee has continued to focus on assurance in relation to review and target dates identified within the corporate risk register and review reports.

6. Remuneration Committee

a) This committee met four times during 2017/18 and provided assurance to the Board including an annual report.

b) The committee is chaired by the Chair of the trust and its members are three non-executives directors. Its role is to oversee and agree the remuneration and terms of service of the Chief Executive, the executive directors, together with any staff employed by the trust whose terms of service are not covered by national agreements. It provides advice to the Board on a range of employment issues for all staff e.g. pensions, car schemes and termination of employment. The committee outlined an annual programme and provided an annual report to the Board.

7. Safety, Quality and Standards Committee

a) During 2017/18 this committee met 12 times. The committee agreed an annual work programme, produced formal minutes and maintained an action log of open and closed actions. Its formal minutes were provided to the Board, together with verbal reports from the chair of the committee.

b) This committee is chaired by a non-executive director and it membership comprises two non-executive directors and all executive directors, the Chief Pharmacist, and the Associate Medical Director for Clinical Effectiveness who has delegated authority for mortality, and Caldicott Guardianship. This committee has highlighted any gaps in assurance to the Board along with proposed action being taken by the executive.

c) During 2017/18 reports received by the committee for scrutiny included:

- Patient stories
- Clinical audit and research reports
- Review of serious incidents, follow-up actions, and deep dive reviews in line with escalating risk
- Quality Strategy updates
- Safeguarding reports, including infection, prevention and control
- Quality governance reports (including complaints, incidents, claims and patient experience)
- Service area to Board reports on quality indicators (RADaR)
- Key performance indicator reports relating to quality
- Assurance Framework and Corporate Risk Register reports specifically relating to quality and compliance
- Quality impact assessments of QIPP schemes
- External reports on safety and quality and associated action plans, including Freedom to Speak Up (raising concerns) from the Freedom to Speak Up Guardian.

d) Key areas of focus which have provided further assurance and improvement to risk scores have been infection prevention and control from cleanliness audits, the Joint Advisory Group Accreditation for endoscopy, mortality governance including Dr Foster alerts and maternity claims. There has been continued oversight of the national and local priority performance targets relating to access and patient experience, and the management of potential risks using the triangulation of data to support spotlight presentations for these key areas of risk. Additionally a review of Risk Assessed Data Report (RADaR) quality indicators has been undertaken. The Committee has also undertaken a self-assessment of its effectiveness and provided an annual report in respect of its achievements.

“Lots of relevant information - staff had time to discuss any questions and were always professional, helpful and kind in their manner . ”

Maternity Screening

8. Finance, Performance and Workforce Committee

a) During 2017/18 this committee met 11 times, agreed an annual work programme, produced formal minutes and maintained an action log of open and closed actions.

b) Formal minutes were provided to the Board along with verbal updates following each meeting. An annual report was produced and presented to the Audit Committee in May 2017 and to Trust Board in June 2017.

c) This committee is chaired by a non-executive director and its membership comprises a minimum of two non-executive directors and all executive directors. This committee provides the Board with assurance that national and local standards relating to finance, performance and workforce are being met, or agreed action plans are in place to address any areas of slippage.

- Its role also includes providing assurance that:
  - systems and controls are in place to enable the trust to meet its statutory duty of sustaining financial balance and delivery against plan;
  - there is continued development and timely delivery of the workforce and organisational development strategy and its supporting strategies and plans, and that the workforce plan is aligned to service and financial plans;
  - national performance targets are being met, or where this is not possible that the risk is mitigated

d) During 2017/18 reports received by the committee include:

- QIPP – reviews on performance and deep dives into schemes and key business functions
- Workforce development reports
- Equality, diversity and human rights reports
- Reports from the Guardian of Safe Working for Junior Doctors
- Performance dashboard reports relating to finance, performance and workforce
- Finance reports
- Deep dives relating to areas of risk
- Self-assessment of the effectiveness of the committee

e) Areas of improvement following committee focus have included; ensuring the trust's financial position is on track to deliver the agreed financial plan. Additionally for the 2nd year running we are above average for the national staff survey, ensured agency spend is effectively managed in line with agreed trajectories and compliance with training trajectories.

9. Clinical Management Board and Executive Management Team Meetings

a) The Clinical Management Board is not a committee of the Board. It is accountable to me and I report progress to the Trust Board.

b) The purpose is to enable me to ensure there is clear accountability for clinical engagement and leadership across the organisation for providing assurance that key objectives are being achieved and risks managed in relation to the business and recovery of the organisation.

c) Weekly executive team meetings were held to support additional focus on strategy, recovery and delivery of key business cases at executive level.

10. The above committee structure supports the trust's approach to integrated governance which is defined as systems, processes and behaviours by which trusts lead, direct and control their functions in order to achieve organisational objectives, safety and quality of service and in which they relate to patients and carers, the wider community and partner organisations. The trust is committed to ensuring high performance through robust systems and processes. The trust works continuously to deliver high quality, safe care and to minimise risk and improve at all levels and across all services in the organisation.

Annex 2

Risk assessment process

1. Trust risk profile (risk appetite)

2. There is a systematic process for the identification of risk throughout the organisation which is then documented in operational risk registers/ corporate risk register/assurance framework. The risk registers are reviewed monthly in service directorates to ensure risks are being managed effectively in accordance with the Risk Management Strategy evaluation and escalation process.

3. The risk evaluation model is based on a grading of impact and likelihood. Risks are then scored against impact and likelihood and either managed locally or escalated to the corporate risk register/assurance framework, which is reviewed and monitored by the Clinical Management Board and committees of the Board as appropriate. Further assurance is provided to the Board which received the register and assurance framework four times and the Audit Committee three times during the year.

4. Where the trust has key service level agreements and contracts with other organisations these are monitored via reports through the governance structure.

5. Risk management is further embedded within the trust through service management responsibilities; equality impact assessments are carried out against core business policies, and risk assessments, including quality and equality impacts which are completed on proposed business activities and changes.

6. The public and patients are involved in highlighting risk and bring this to the attention of the trust in a variety of ways:

    - Patient satisfaction surveys
    - Complaints, claims and Patient Advice and Liaison (PALS) concerns
    - Patient forums

7. The following gives guidance as to the actions taken based on the risk assessment and outlines authority to act.

Risk Score	Comment / Authority to Act
Very Low and Low risks (1- 8)	Most risks will be graded into these less serious categories and can normally be managed through local action by line managers and be put onto local risk registers
Moderate risks (9 – 14)	Those risks classed as moderate will be addressed by the clinical director, associate director and general manager supported, if required, by a member of the Governance Team. A risk assessment must be carried out for all identified moderate risks to determine the most appropriate way of dealing with the risk. This will be reported to the appropriate principal group e.g. directorate safety quality and standards committees, Risk Management Sub- Committee.
High risks (15+)	All high risks will be recorded on the Corporate Risk Register by the Deputy Director of Corporate Affairs and Governance and are reported by the Chief Executive to the Board which will approve action plans and monitor progress. The Audit Committee receives information and provide oversight on controls in place

8. There is an integrated electronic risk management system known as DATIX which is used across the organisation to support the management of risks. Risk assessments including quality impact assessments are recorded on the DATIX system.

The Risk and Control Framework

9. The ethos of the trust is promoting risk management as an explicit process in every activity the trust and its employees take part in. As Accountable Officer, I have overall responsibility for risk management in the organisation and this is discharged through agreed delegation to Executive Directors, which is documented within the trust's Risk Management Strategy and identified below:

Lead Executive Director	Key Risk Areas
Director of Corporate Affairs and Governance	• Risk Management Strategy • Clinical and Non-Clinical Risk Management • Health, Safety and Fire • Complaints and Patient Advice Liaison Service (PALS) • Litigation • Corporate Governance • Policy Governance • Information Governance • Senior Information Risk Owner • Major Incident Planning & Emergency Preparedness • Communications and Public Engagement Strategy • Clinical Audit, Internal Audit Tracking • Research Governance • Board Governance • Quality Governance • Freedom to Speak Up, Duty of Candour Framework • External Inspections • Care Quality Commission Registration
Director of Nursing, Performance and Quality, and Deputy Chief Executive	• NHS Performance Framework standards • Operational Delivery • Infection, Prevention Control • Safeguarding (Children and Adults) • Prevent Agenda • Patient Safety • Patient Experience • Professional Practice - competency frameworks & fitness to practice, revalidation (non-medical staff) • Quality Strategy • Quality Account • Safe Staffing • National Screening Programmes • Professional Strategy • Providing advice to the Board on Nursing matters • In the absence of the Chief Executive will assume all their duties

Lead Executive Director	Risk Area
Medical Director	• Clinical Strategy • Clinical Leadership • Medicines Management • Clinical Medical Risk • Responsible Officer for Clinical Effectiveness • Providing advice to the Board on medical issues • Research Strategy and Innovation • Responsible Officer for GMC – delegated to Clinical Lead for Revalidation • Human Tissue Authority • Caldicott Guardian – delegated to the Associate Director for Clinical Effectiveness • Medical Devices • End of Life Care • Mortality Governance • Guardian of Safe Working – delegated to Consultant Surgeon
Director of Human Resources and Organisational Development	• Human Resources, Workforce and OD strategy • Resourcing - attraction, recruitment and deployment, temporary staffing and virtual pool, reward and remuneration, professional registration and workforce technology delivery plan • Engagement and Well-Being – occupational health, inclusion and diversity, 'your voice', and staff survey • Education, libraries, leadership and staff development - talent management, training, learning partnerships, post-graduate medical education, MPET and CPD cash allocation • HR Policy and Employee Relations
Director of Finance	• Financial Strategy • Financial Management • Operating Framework Contracts • Financial Governance and Risk Management • Security and Local Security Management Specialists • Fraud Prevention • Procurement • Estate Management • Advising on the Audit Plan • Business Planning • Information and IT • Service Level Agreements,Tenders and Contracting • Delivery of QIPP • Planning and Implementation of Recovery Plan

10. The Board reviews and approves its Risk Management Strategy annually and the Strategy was reviewed and approved in January 2018. The strategy is underpinned by a policy and procedure for risk management. The key elements of the Risk Management Strategy include:

a) commitment to risk management
b) a statement that identifies the support for employees in providing services that are safe for patients and recognises that risk management is everyone's business.
c) a description of how risk issues are to be considered at each level of business planning process which are linked to accountability through the individual staff objectives
d) aims for risk management
e) designated responsibilities
f) risk management processes that include identification, evaluation, analysis, risk treatment, monitoring and review, including the corporate risk register/assurance framework and operational risk registers
g) identification of principal strategic risks and acceptable risk levels
h) training requirements
i) a link to the organisation chart and accountability arrangement
j) principal committees for managing risks, which are linked to their terms of reference
k) the structure used to provide assurance

Annex 2

Domain	Action focus	Progress
Harm Free Care (Evidence of significant improvement)	Reduction in falls with harm	• The injurious falls rate per 1000 occupied bed days for 2017/18 has been achieved • Appointment of falls coordinator to work with wards to review all falls and ensure accuracy of reporting • Review and trial of falls sensor equipment • Continued embedding of multi-factorial falls assessment • Implementation of enhanced care pathways
	Reduction in pressure ulcers associated with lapses in care	• Overall increase in number of reported pressure ulcers developed on caseload due to improved reporting and increased complexity and acuity of patients (65% stage 2) • Number of avoidable pressure ulcers has reduced for second successive year (53% reduction)
	Reduction of Clostridium *difficile* infection	• Overall reduction in number of Clostridium *difficile* infections- nine cases in year against national trajectory of 14 cases
	Reduction in infant mortality	• Estimated foetal weight charts implemented and staff trained in their use • Symphysis fundal height charts implemented and staff trained in their use
	Reduction in medication errors and near misses	• Improved insulin prescription sheet launched following user engagement with clinicians, nursing and pharmacy staff • Ward-based pharmacy teams continue to review medication charts and audit against standards set out in National Patient Safety Alerts to ensure we maintain safe prescribing and medicines optimisation.
	Improved management of the acutely unwell, deteriorating patient	• Ongoing AWARE training for non-registered staff • Improved sepsis proforma includes community and paediatric pathway • Further focus to embed compliance with sepsis bundle
	Skill mix review of acute ward areas	• Successful pilot programme for trainee nurse associates who will complete their training in December 2018 • Skill mix reviewed on all hospital wards prior to the implementation of Safecare Rostering Tool which will provide real-time overview of patients acuity levels and allow for safe redeployment of staff where possible • Ongoing review of staffing and skill mix to maintain patient safety
Improving outcomes (Evidence of significant improvement)	Embed SAFER flow principles	• Multidisciplinary morning board round implemented with use of expected date of discharge on all wards • #last1000days social media campaign with monitoring on 'red to green days' • #endpjparalysis campaign implemented on MAU, Ward 9 and 11
	Implement dementia care strategy	• Dementia care bundle revised and embedded including 'This Is Me' patient passport across the trust • Signposting patient and carers to available support network
	Implement new mortality governance process	• Mortality governance policy implemented in April 2017 • Mortality nurses reviewed every death and completed online audit proforma to identify any learning
Listening & responding (Evidence of significant improvement)	Implementation of Wi-Fi across hospital site	• Full implementation of public/ patient Wi-Fi achieved across hospital site in February 2018
	CQC Annual National Inpatient Survey	• Positive assurance gained in relation to key themes for provision of level of care, friendly helpful staff, efficiency of services and professionalism of staff
	Friends and Family Test	• Overall positive Friends and Family test results throughout the year
Integrated care (Evidence of significant improvement)	Implement case manager role in community teams	• Case management role implemented across all teams • Community matron input into residential homes • Integrated care nurses allied to community hubs • Integrated assessment documentation in place and being consistently used by frailty team
	Embed the use of Cheshire Care Record across all teams	• Audit of utilisation has improved more in East Cheshire NHS Trust than other sites

“My only issue was with getting appointments for follow-up examinations. I had to phone twice before being given my 6-week appointment. ”

Outpatients

Remuneration and staff report

Our employees

The trust believes that a highly-skilled, motivated and engaged workforce is essential to ensuring delivery of high quality integrated care for the population we serve. The trust has a track record of promoting workforce diversity and engagement, shared values and behaviours and continuous development and learning among its workforce. These themes are integral to our five year Workforce and Organisational Development Strategy which we launched in 2015.

Our Workforce and Organisational Development Strategy was co-developed with our staff and stakeholders and sets out the future vision for our workforce centered upon three key programmes of work-namely resourcing, engagement and development. 2017/18 marks year three of the delivery plan for this strategy. Progress and achievements against the delivery plan are captured in this section.

The Remuneration Committee

The Remuneration Committee is responsible for overseeing and agreeing the remuneration and terms of service of the Chief Executive, executive directors and other directors who are members of the Board, together with any staff employed by the trust whose terms of service are not covered by national agreements.

The general responsibilities of the committee are to:

- discuss and agree appropriate remuneration and terms of service for the Chief Executive, officer members of the Board, and other management staff directly accountable to the Chief Executive not covered by national agreements. Advice to the Board should include all aspects of salary pertaining to the post, provisions for other benefits including pensions and cars, as well as arrangements for the termination of employment and other contractual terms.
- ensure that decisions are made in accordance with local policy and guidelines issued by NHS Improvement and the Treasury, as appropriate. The trust complies with the remuneration of directors guidelines as set by NHS Improvement.
- to provide scrutiny, review and agree arrangements for termination of employment including proper calculation and scrutiny of termination payments and other contractual terms for staff where executives see the circumstances as novel and unusual; which could impact on the reputation of the organisation, or where the cost of the contractual payments is over £50,000 and all non-contractual severance payments and where exceptional arrangements are made.
- identify to the Board any unusual trends arising from termination of employment information presented to the committee.

Assessment of the performance of senior managers is undertaken via an annual appraisal for each individual. The trust does not currently operate performance-related pay for senior managers.
The annual work programme for the remuneration committee includes a review and benchmarking of executive director and non-executive director salaries, in order to maintain awareness of arrangements in other organisations which may be of relevance.

All senior managers have a notice period of a minimum of three months.
Non-executive directors are appointed on a tenure of up to four years which may be renewed subject to performance

Any employee termination payments approved by the Remuneration Committee will be in line with NHS Employers "Guidance for Employers within the NHS for Making Severance Payments". This includes, where relevant, making an application for approval to NHS Improvement.

Consultancy expenditure

The trust spend on consultancy services in 2017/18 was £13k (2016/17: £101k). These values are shown in note 6.1: operating expenses.

Senior managers' service contracts

Very senior managers who served during the year are as follows:

- **John Wilbraham,** Chief Executive, Appointed: March 2003 (permanent contract)
- **Dr John Hunter**, Medical Director, Appointed: November 2014 (interim); Appointed: May 2015 (permanent contract)
- **Kath Senior**, Director of Nursing, Performance & Quality, Appointed: October 2010 (permanent contract)
- **Rachael Charlton**, Director of HR & OD, Appointed: May 2011 (permanent contract)
- **Julie Green**, Director of Corporate Affairs & Governance, Appointed: February 2011 (permanent contract)
- **Mark Ogden**, Director of Finance, Appointed: August 2015 (fixed-term contract to 22nd June 2016 - thereafter permanent contract applies)

Non-executive directors' contracts

- **Lynn McGill**, Chairman, Appointed: May 2011, Re appointed: Nov 2016
- **Ian Goalen**, Non-Executive Director, Appointed: September 2012, Re appointed: September 2016
- **Dr Anthony Coombs**, Non-Executive Director, Appointed: December 2009, Re appointed: December 2017
- **Ali Harrison**, Non-Executive Director, Appointed: July 2013 Reappointed: July 2017
- **Dr Jane Cowan**, Non-Executive Director, Appointed: November 2013 left the trust 14th February 2018
- **Mike Wildig**, Non-Executive Director, Reappointed: November 2017

Salary and pension benefits of non-executive and executive directors

This table has been subject to audit.

	2017/18				2016/17			
Name and title	Salary (bands of £5,000) £000	Expense payments (taxable) total to nearest £100 £00	All pension-related benefits (bands of £2,500) £000	TOTAL (bands of £5,000) £000	Salary (bands of £5,000) £000	Expense payments (taxable) total to nearest £100 £00	All pension-related benefits (bands of £2,500) £000	**TOTAL (bands of £5,000) £000**
Mrs L McGill, Chairman	35-40			35-40	25-30			25-30
Mr A Coombs, Non-Executive Director	5-10			5-10	5-10			5-10
Dr PJ Cowan Non Executive Director Until 14/02/18	5-10			5-10	5-10			5-10
Mr I Goalen Non-Executive Director	5-10			5-10	5-10			5-10
Ms A Harrison Non Executive Director	5-10			5-10	5-10			5-10
Mr MJ Wildig Non Executive Director	5-10			5-10	5-10			5-10
Mr JM Wilbraham, Chief Executive	145-150		20-22.5	165-170	145-150		40-42.5	185-190
Ms RS Charlton, Director of HR and Organisational Development	105-110		25-27.5	130-135	105-110		30-32.5	135-140
Mrs J Green, Director of Corporate Affairs and Governance	100-105		55-57.5	160-165	95-100		60-62.5	155-160
Dr J Hunter Medical Director	200-205		105-107.5	305-310	195-200		80-82.5	275-280
Mr M Ogden Director of Finance	140-145		20-22.5	160-165	165-170			140-145
Ms KM Senior, Director of Nursing, Performance and Quality	115-120		15-17.5	130-135	135-140		212.5-215	330-335

Within the figures above, Dr Hunter received salaries and allowances in the band £65,000-£70,000 (£50,000 - £55,000 in 2016/17) for the clinical duties he undertook during the year 2017/18.

Pension benefits

Name and titles	Real increase / (decrease) in pension at pension age (bands of £2500) £000	Real Increase / (Decrease) in lump sum at pension age (bands of £2,500) £000	Total accrued pension at pension age at 31 March 2018 (bands of £5,000) £000	Lump sum at pension age related to accrued pension at 31 March 2018 (bands of £5,000) £000	Cash Equivalent Transfer Value at 1 April 2017 £000	Real Increase / (Decrease) in Cash Equivalent Transfer Value £000	Cash Equivalent Transfer Value at 31 March 2018 £000	Employer's contribution to stakeholder pension
Mr J Wilbraham, Chief Executive	0-2.5	5-7.5	60-65	185-190	1,197	103	1,312	20-22.5
Ms RS Charlton, Director of HR and Organisational Development	0-2.5	0-2.5	35-40	100-105	638	60	704	25-27.5
Mrs J Green, Director of Corporate Affairs and Governance	2.5-5	7.5-10	40-45	120-125	815	109	932	55-57.5
Dr J Hunter Medical Director	5-7.5	10-12.5	60-65	165-170	974	122	1,106	105-107.5
Mr M Ogden Director of Finance	0-2.5	5-7.5	45-50	140-145	1,009	90	1,109	20-22.5
Ms KM Senior, Director of Nursing, Performance and Quality	0-2.5	2.5-5	45-50	140-145	914	81	1,004	15-17.5

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)

This is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's (or other allowable beneficiary's) pension payable from the scheme. CETVs are calculated in accordance with SI 2008 No. 1050 Occupational Pension Schemes (Transfer Values) Regulations 2008.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement).

	2017-18	2016-17
Band of Highest Paid Director's remuneration (£000)	200-205	195-200
Median Total £	£26,565	£23,363
Ratio	7.6	8.6
Range of Remuneration £	£6,517 - £285,816	£15,251 - £162,686

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

The banded remuneration of the highest paid director in East Cheshire NHS Trust in the financial year 2017-18 was in the band £200k - £205k (2016-17 £195 - 200k). This was 7.6 times (2016-17 8.6) the median remuneration of the workforce, which was £26,565 (2016-17 £23,363).

In 2017-18 four employees (2016-17, none) received remuneration in excess of the highest paid director. Remuneration ranged from £6,517 to £258,816 (2016-17 £15,251 - £162,686).

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

The increase in the pay multiple in 2017-18 compared to 2016-17 is as a result of the inclusion of agency staff in the calculation and changes in skill mix and employment conditions.

Compensation on early retirement for loss of office and payments to past directors and past senior managers

The trust did not make any payments to very senior managers for compensation on early retirement for loss of office, nor were any payments made to past directors or past senior managers

Staff composition

East Cheshire NHS Trust has analysed the number of persons of each sex who were directors and employees of the organisation during 2017-18. As at 31 March 2018, the trust reported 2,177 female staff members (83.73%) and 423 male staff members (16.27%).

Staff numbers

Staff Numbers

Average number of employees (WTE basis)	2017/18			2016/17		
	Total	Permanent	Other	Total	Permanent	Other
Medical and dental	**294**	235	59	**253**	175	78
Ambulance staff	**2**	2		**0**		
Administration and estates	**568**	543	24	**571**	543	28
Healthcare assistants and other support staff	**550**	459	91	**527**	470	57
Nursing, midwifery and health visiting staff	**752**	665	88	**828**	753	75
Nursing, midwifery and health visiting learners	**0**			**0**		
Scientific, therapeutic and technical staff	**269**	258	10	**331**	320	11
Healthcare science staff	**0**			**44**	44	
Social care staff	**0**			**0**		
Other	**0**			**0**		
Total average numbers	**2,435**	2,162	272	**2,554**	2,305	249
Of which:						
Number of employees (WTE) engaged on capital projects	**4**	4		**4**	4	

Staff sickness absence and ill health retirements

	2017/18	2016/17
	Number	Number
Total Days Lost	22,145	26,328
Total Staff Years	2,103	2,514
Average working Days Lost	10.53	10.47
Number of persons retired early on ill health grounds	2	1

Exit packages for staff leaving the trust

These tables have been subject to audit.

	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages	Number of departures where special payments have been made	Cost of special payment element included in exit packages
	No.	£000	No.	£000	No.	£000	No.	£000
2017/18								
Exit package cost band (including any special payment element)								
Less than £10,000	0	0	11	5	11	5	0	0
£10,000-£25,000	0	0	1	17	1	17	0	0
£25,001-£50,000	0	0	1	48	1	48	0	0
£50,001-£100,000	0	0	2	53	2	53	2	53
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0	0	0
Total	0	0	15	123	15	123	2	53

2016/17								
Less than £10,000					0	0		
£10,000-£25,000	1	17	1	13	2	30		
£25,001-£50,000	2	69	1	45	3	114		
£50,001-£100,000	1	82			1	82		
£100,001 - £150,000					0	0		
£150,001 - £200,000					0	0		
>£200,000					0	0		
Total	4	168	2	58	6	226	0	0

Other exit packages - disclosure

	2017/18		2016/17	
Voluntary redundancies including early retirement contractual costs	**Payments agreed**	**Total value of agreements**	**Payments agreed**	**Total value of agreements**
	Number	**£000**	**No.**	**£000**
Voluntary redundancies including early retirement contractual costs	0	0		
Mutually agreed resignations (MARS) contractual costs	0	0		
Early retirements in the efficiency of the service contractual costs	1	17	2	58
Contractual payments in lieu of notice	11	5		
Exit payments following employment tribunals or court orders	1	48		
Non-contractual payments requiring HMT approval (special severance payments)*	**2**	**53**		
Total**	**15**	**123**	**2**	**58**
of which:				
non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary	**0**	**0**		

** As individual exit packages can be made up of several components, each of which listed in this note, the total number of payments listed in this note may exceed the total number of other departures agreed in Note 5.1 and Note 5.2, which will be the number of individuals.

Employee benefits

Employee benefits	2017/18			2016/17		
	Total	Permanent	Other	Total	Permanent	Other
Salaries and wages	**76,569**	76,569	7,593	**86,670**	82,707	3,963
Social security costs	**6,900**	6,900	469	**7,599**	7,277	322
Apprenticeship levy	**355**	355	24	**0**		
Pension cost - employer contributions to NHS pension scheme	**9,003**	9,003	612	**10,350**	9,911	439
Pension cost - other	**20**	20	0	**59**	59	
Other post employment benefits	**0**	0	0	**0**		
Other employment benefits	**0**	0	0	**0**		
Termination benefits	**3**	3	0	**202**	202	
Temporary staff - external bank	**0**		0	**3,414**		3,414
Temporary staff - agency/contract staff	**0**		6,929	**6,592**		6,592
Total gross staff costs	**92,850**	**92,850**	**15,627**	**114,886**	**100,156**	**14,730**
Recoveries from DHSC Group bodies in respect of staff cost netted off expenditure	**0**	0	0	**0**		
Recoveries from other bodies in respect of staff cost netted off expenditure	**0**	0	0	**0**		
Total staff costs	**92,850**	**92,850**	**15,627**	**114,886**	**100,156**	**14,730**
Included within:						
Costs capitalised as part of assets	**267**	267	0	**269**	269	
Operating expenditure analysed as:						
Employee expenses - staff & executive directors	**92,583**	92,583	15,627	**114,617**	99,887	14,730
Research & development	**0**	0	0	**0**		
Education and training	**0**	0	0	**0**		
Redundancy	**0**	0	0	**0**		
Internal audit costs	**0**	0	0	**0**		
Early retirements	**0**	0	0	**0**		
Special payments	**0**	0	0	**0**		
Total employee benefits excl. capitalised costs	**92,583**	**92,583**	**15,627**	**114,617**	**99,887**	**14,730**

Off-payroll engagements

	Number
Existing engagements as of 31 March 2018	4
Of which, the number that have existed:	
For less than 1 year at the time of reporting	2
For between 1 & 2 years at the time of reporting	1
For between 2 and 3 years at the time of reporting	0
For between 3 and 4 years at the time of reporting	0
For 4 or more years at the time of reporting	1

Number of off-payroll engagements of board members and/ or senior officers with significant financial responsibility, during the financial year	0
Total no. of individuals on payroll and off payroll that have been deemed 'board members, and/or senior officials with significant financial responsibility' during the financial year. This figure should include both on-payroll and off-payroll engagements	11

New engagements

	Number
Number of new engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018	2
Number of new engagements which include contractual clauses giving East Cheshire NHS Trust the right to request assurance in relation to income tax and National Insurance	2
Number of who assurance has been requested	2
Of which:	
Assurance has been received	1
Assurance has not been received	2
Engagements terminated as a result of assurance not being received	0

Off-payroll board member / senior official engagement

Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility, during the financial year	0
Total no. of individuals on payroll and off-payroll that have been deemed 'board members, and/or, senior officials with significant financial responsibility', during the financial year.	6

Resourcing

Competition for staff in healthcare is increasing, with national and regional shortages for roles within a variety of professional groups. It is essential that East Cheshire NHS Trust is known as a great place to work and that talented individuals choose to apply for posts within the trust.

The recruitment and retention of skilled staff is vital for our patients and for the organisation's long-term success.

To mitigate supply shortages the trust has implemented a range of recruitment and retention initiatives including a rolling recruitment campaign, targeted incentive packages and 'working longer' arrangements. The trust is actively promoting its presence in the job market by attending local events, job fairs, holding regular open evenings and open days and attending regional and national careers fairs.

The trust hosts the Career and Engagement Hub on behalf of Cheshire Pioneer and is proactively working with local education providers. Through this work we are focusing on schemes to increase the availability of work-based experience and learning for young people. The key aim is to attract more people to pursue careers in health and care and in so doing, improve workforce supply in the medium to longer term. We recognise that workforce sustainability is a system-wide challenge and is working with other organisations in developing a joint approach to address this.

The trust is one of several organisations that is using a single workforce repository for planning (i.e. WRaPT – tool). The tool has enabled us to undertake a deep analysis of the system workforce age profile and therefore a better understanding of potential impacts (external and internal to the trust) on future workforce supply. The trust has also been involved in the national Health Education England NW-sponsored system project looking at working longer in the NHS.The trust has supported a review of practices and policies on flexi-retirement, assessment of workforce trends/experience of older workers and testing a joint training programme aimed at building resilience and wellbeing predominantly but not exclusively among older workers.

There has been significant engagement of care and clinical professionals in developing a new care model for Eastern Cheshire – resulting in the emergence of five community teams arranged around populations of around 30,000 – 50,000 people. In addition to facilitating the new integrated teams to deliver joint improvement programmes, we secured additional external resources via the NHS NW Leadership Academy to fund leadership development for those clinical and care leaders of integrated/in-place multi-professional and multi-agency teams. Developing in-place leadership skills and system leadership capability will be central to our leadership development strategy going forward.

Staff engagement

The trust has a detailed Engagement, Wellbeing & Inclusion Plan describing a range of measures, campaigns and initiatives to support better health and wellbeing across the organisation, targeted to address the issues which affect employees the most. This plan is monitored by the Engagement, Wellbeing and Inclusion Group, which provides assurance to the Board via the Workforce & OD Strategy Delivery Committee.

The trust offers assistance to employees, in relation to counselling and other support, through its continued partnership with Birmingham Hospital Saturday Fund (BHSF). BHSF provides a telephone counselling service and guidance across a range of health and wellbeing topics and access to the helpline is available 24 hours a day, 365 days a year ensuring availability of service at the point of optimum need. Access is also available for immediate family members, who reside at the same address as the employee. The helpline also provides personal legal and financial advice.

The trust continues to provide an on-site staff counselling service; and in partnership with occupational health services, is aligned to the engagement and wellbeing work at the trust to better understand work-related issues linked to workforce health and wellbeing. To support the trust's policy on stress related illness, the trust ran a focussed campaign in 2017 to raise awareness of mental health issues, took part in the charity 'Mind' Workplace index and developed in-house e-learning packages for managers and for staff to support the trust's stress risk assessment process.

The trust has arrangements in place to support employees with musculoskeletal problems by offering fast-track access to physiotherapy and a self-help website. Further work to improve safety culture and manual handling practice has included investment in standing aids to a number of wards across the trust to help reduce the risk of staff developing musculoskeletal disorders.

The trust was successful in being selected to join the NHS Employers Diversity and Inclusion Partner programme for 2017 / 18. Over the course of the year, this has involved working with NHS Employers and other national bodies to support the robust measurement of diversity and equality across the healthcare system. This pioneering and championing work will develop our equality lead and help the trust meet some of the local challenges in support of integrated diversity and inclusion, with the aim of making measurable improvements relating to the experience of staff with protected characteristics.

Aligned to this, the trust is part of the NHS Employers Workforce Disability Advisory Group (Disability Pioneers), set up to support the NHS Equality and Diversity Council to shape and communicate the introduction of the Workforce Disability Equality Standard. The group;

- Coordinates Workforce Disability Equality Standard (WDES) regional consultation events hosted by NHS Employers diversity partners and feeds back

- Facilitates and coordinates activities to support NHS Employers' diversity partners who have volunteered to become pilot sites in one or more of the following areas of work: (a) Workforce disability standards metrics (b) ESR recording by disability type (c) disability asset regional networks

- Provides expert advice on WDES metrics and support the production of WDES guidance.

- Collates and disseminates key findings and good practice to NHS employers and NHS England

The trust is compliant with requirements under the Equality Act (2010) and on track to deliver the equality components of the quality schedule. The trust completed assessments against the Equality Delivery System (EDS) and the Workforce Race Equality Standard (WRES) to review differences between experience and treatment of white staff and BME staff, with a view to 'closing the gap'. Regulatory bodies will find the outcomes of interest in relation to the trust being considered 'well-led'. The trust is required to demonstrate measurable progress, year-on-year, against a number of indicators within an annual report to commissioners. The WRES and EDS findings highlighted some significant improvements in the trust's position relating to the experience of BME staff or staff with other protected characteristics; The actions arising from these standards are incorporated into the Engagement, Wellbeing and Inclusion Plan. In 2017, the trust saw improvements in the overall WRES position, some of which were significant, in relation to closing the gaps between the reported experience of BME staff and white staff and work continues to improve engagement.

The trust has signed up to the Disability Confident Scheme in partnership with the Department of Work and Pensions (DWP), designed to help employers make the most of the opportunities provided by employing disabled people. As a Level 2 organisation the trust demonstrated that it is able to draw from the widest possible pool of talent available and can secure, retain and develop disabled staff. In 2017, the trust has been developing processes to achieve Level 3 of the scheme which requires the trust to act as a champion for Disability Confident within local and business communities and to encourage and support other businesses in its supply chain(s) and networks to become Disability Confident.

The trust has an established reward and recognition scheme which provides a framework around which colleagues can be rewarded and recognised for above and beyond contributions and for suggestions and ideas that make a difference. Formal methods of this scheme include a colleague and a team of the month award and an annual staff awards celebration in November each year.

During the year the trust developed a series of "thank you" postcards which may be given by members of staff to any colleague who has made a difference; either by going above and beyond their role or providing support when it is needed most. This concept built on previous 'Listening into Action' discussions and supports directorate engagement plans. A specific postcard was also designed for the executive team to recognise the contribution of staff they come into contact with. This 'golden ticket' approach enables a board member to send a personal message of thanks on behalf of the Trust Board and all recipients are automatically nominated for the trust's colleague or team of the month award.

The trust's staff-side organisations have a common objective of ensuring the efficient operation and success of the trust for the benefit of all and agree to work in partnership to secure the aims and objectives of the trust. The trust's formal consultation and negotiation body, the Partnership Forum, continues to provide valuable insight in to staff experiences and the development of policies to support them. This representation is critical to our engagement with staff. The trust has a Partnership Forum development programme with dedicated development sessions each month to help all colleagues understand and influence the strategic direction of the trust. The Local Negotiating Committee continues to represent the views of our medical workforce and influences strategy and policy development for these groups of staff. Both the Staff Side Chair and Chair of Local Negotiating Committee (LNC) have regular meetings with the Chief Executive and the Director of HR and Organisational Development (OD).

East Cheshire NHS Trust believes that a positive and inclusive approach to employment relations is conducive to the achievement of service and business objectives and high quality patient care.

“ Friendly and efficient service. Felt all staff were caring and understanding and explained all that was going on.”

Ophthalmology

NHS Staff Survey and Friends and Family Test

The NHS Staff Survey 2017/18 ran from 28 September until 1 December. This year the trust achieved a 40% completion rate, in line with the national average. As standard, the survey asked for views about working for East Cheshire NHS Trust, with the aim of gathering information that will help to improve the working lives of staff, and so provide better care for patients. NHS Staff Survey results are significant for the trust as they are used not only by our teams internally, but also by the CQC, NHS Improvement, CCG, media and the general public. They play a pivotal role in determining the success of the trust, from helping patients decide where to receive their care to informing potential job applicants of what it is like to work here.

This year we maintained our position in relation to overall staff engagement and remain better than the national average in this and a further 11 areas tested by the survey. These included equal opportunities for career progression, staff members' ability to contribute to improvements at work and the support offered to staff by immediate line managers. We saw a 5% increase in the number of staff being appraised and staff told us that there had been some improvements in how we support their health and wellbeing. We have an ambition to exceed national average in all 33 areas and work continues to achieve this.
Survey results from all NHS organisations in England can be accessed here: www.nhsstaffsurveyresults.com/

The trust also uses the Staff Friends and Family Test to engage with staff. The results from this quarterly survey show that the percentage of staff who would recommend the trust as a place to receive care and as a place to work has remained stable despite a difficult year for the NHS nationally.

2017/2018	Q1 Focus on nurses and healthcare assistants	Q2 Focus on Allied Health and Clinical Support Directorate	Q3	Q4 Focus on nurses and healthcare assistants
% recommend as a place to receive care	84.90%	73.04%	Survey not run due to annual staff survey	78.98%
% not recommend as a place to receive care	6.79%	7.17%		7.39%
% recommend as a place to work	69.30%	55.29%		69.32%
% not recommend as a place to work	15.53%	13.31%		11.93%

Organisational development and learning

The trust has continued to develop a package of leadership and management courses for leaders at all levels of the organisation. The trust's leadership framework focuses on competencies and behaviours throughout manager recruitment, induction and development.

The apprenticeship levy was implemented nationally in April 2017 and the trust has been steadily growing its number of apprentices since then. In partnership with our local further education college and other education providers we can now offer staff opportunities to develop their skills further through work-based programmes in corporate and clinical settings. It is expected that the trust offering will continue to grow as more apprenticeship standards are developed and pathways to grow staff into new roles become available.

Over the last 12 months the trust has been working with partners across Cheshire to look at opportunities to attract young people into careers across the spectrum of health–related roles and professions.

The Cheshire Career and Engagement Hub coordinators, who are employed by this trust, have worked with a vast array of employers, schools, colleges and third sector organisations to share resources and ideas, host careers events and lead on initiatives around employability and career planning.

The trust has pledged its support of the national 'Step into Health' programme which supports ex-armed forces personnel to transition into civilian roles. The programme provides access to NHS vacancies and the opportunity for those seeking work or considering relocating to link up with employers in the region. The trust is working with partner trusts to develop a Cheshire-wide approach that matches the skills and needs of applicants to employment openings.

The trust has recruited and supported six nurses from the Philippines to successfully pass the stringent examinations required to work as a registered nurse in a UK hospital. These new nurses are now working on the wards as staff nurses and making a significant contribution to the nursing workforce at the trust.
In addition, ten trainee nursing associates are nearing the end of their first year in training and are about to embark on their second year of study. There will be employment opportunities within the trust on completion of their training and they will be fully integrated into the nursing family by the end of January 2019.
Feedback from the trainees and staff supporting the programme has been extremely positive.

The trust has recently been accredited by the North West Simulation Education Network as a regional centre for simulation and is one of only a small number of trusts in the North West to achieve this. As an accredited centre for simulation, we can offer our staff and leaners a 'gold standard' educational experience through accredited courses addressing mental and physical health issues. There are some exciting developments in the pipeline around end of life care and transportation of critically ill patients.

Library and Knowledge Service

The purpose of healthcare library and knowledge services is to:

- Provide knowledge and evidence to enable excellent healthcare and health improvement
- Ensure that NHS bodies, staff, learners, patients and the public have the right knowledge and evidence, when and where they need it.

(Health Education England: Knowledge for healthcare: a development framework 2015-2020)

The Library and Knowledge Service annual survey shows how trust staff use the information provided by the library and how this supports a range of trust priorities. The two main reasons continue to be for professional/personal development and to improve patient care. The annual staff survey revealed that the resource considered to be the most essential was 'access to library staff' which is supported by many positive quotes.

The Library and Knowledge Service continues to improve its service offering. During 2018 key achievements included

- Increase in Library Quality Assurance Framework (LQAF) to 99% compliance. This was the fourth successive year of improvement
- Induction and support for new nursing associates and nurse revalidation
- Help with guideline development in Critical Care
- New training course offered on how to access and use a range of healthcare apps such as the BMJ 'Best Practice' app
- Development of new e-learning courses.
- Joint working with the e-learning support team to enable library staff to give robust support to those completing courses in the library.
- Evidence searching to support the creation and updating of 73 patient information leaflets giving the best advice to patients and helping the trust to achieve the Patient Information Standard
- The library ran the national six book challenge over the summer to encourage staff to read to enhance health and wellbeing.
- Engaging with trust staff through participation in National Libraries Week in October resulting in over 60 staff providing feedback on the service and detailing 'something new' they had learnt about the library.

Volunteers

The trust boasts a thriving volunteer service with over 260 active members providing help and support to our patients, their carers and to our staff. Our volunteers help in creating a positive patient and visitor experience. We have many different and varied volunteer opportunities at the trust from visiting inpatients on the wards, carrying out activity or meal time assistant duties, 'welcomers' on the front desk of the hospital or those who choose to work in an administrative role make a significant contribution to patient experience.

Our volunteer roles are continually developing and this year has seen the introduction of a dedicated 'welcomer' volunteer in the newly-refurbished Emergency Department, whose responsibilities will include directing patients, making drinks and supporting those patients who arrive in the department alone or worried.

Our volunteers are aged from 16 to 90, some having over 20 years' service and all providing that vital helping hand to patients and staff alike.

The trust welcomes volunteer applications from everyone as additional support can be provided where necessary. Applications can be made in person or by emailing our volunteer management team at ecn-tr.volunteering@nhs.net .Open evenings are held monthly where the service and opportunities available can be discussed in detail. Please look at our website, http://www.eastcheshire.nhs.uk/,for timings and venues should you wish to attend.

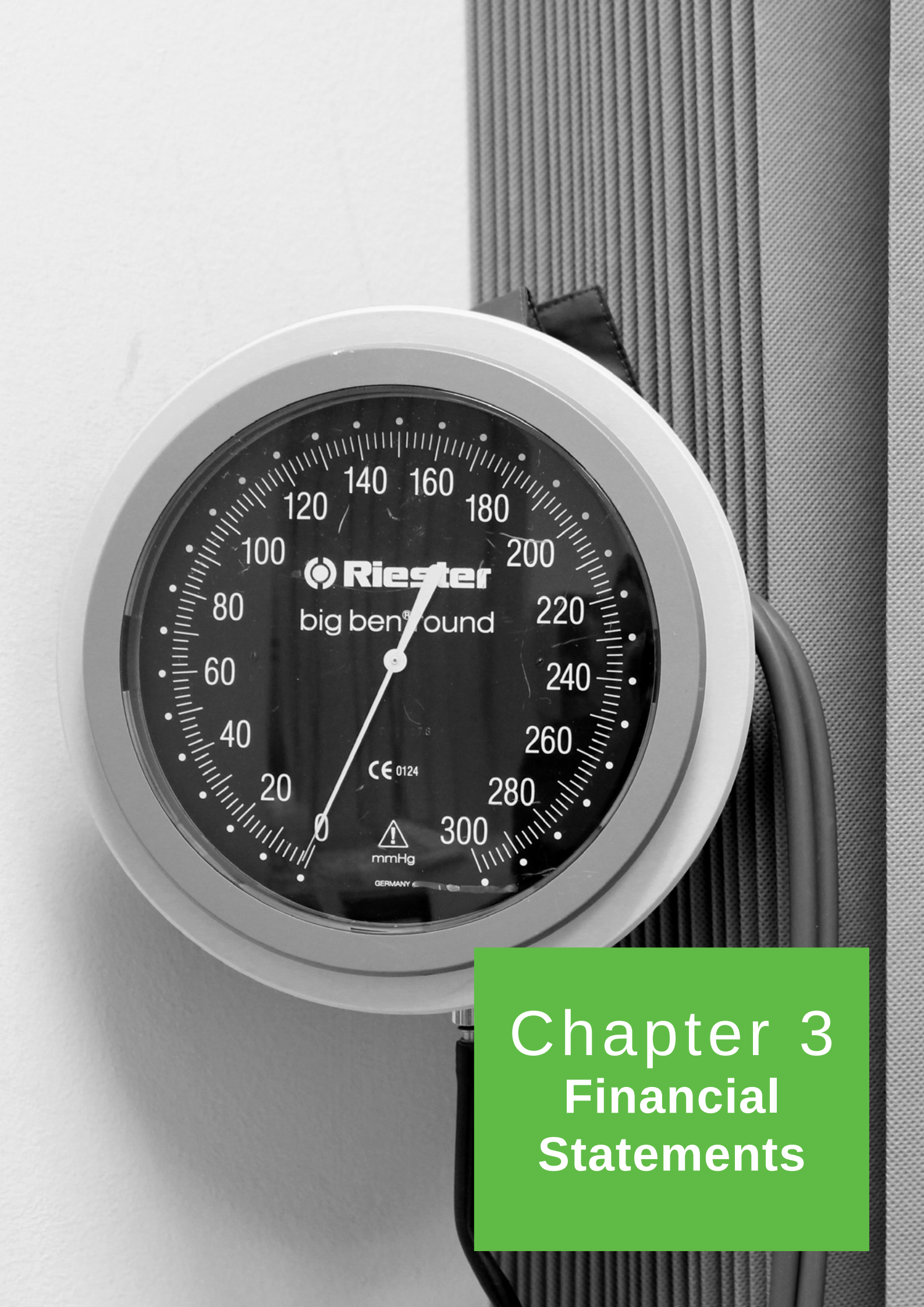
Applicants need not have any previous experience in volunteering to apply for a position as ongoing support, local inductions and relevant training are given to all of our volunteers to ensure they are ready and fully equipped to take on their new role.

The volunteer service continues to work closely with local community organisations such as the Royal Voluntary Service (RVS), Macclesfield Eye Society, Macclesfield Bereavement Support Service, the David Lewis Centre, Reach Out And Recover (ROAR) and Community and Voluntary Service (CVS) Cheshire East. The trust is very grateful for their significant and on-going contributions.

As a way of saying 'thank you' to our dedicated volunteers the Chairman hosts quarterly volunteer coffee mornings, a chance to meet up with friends and share experiences. In addition a volunteers' annual afternoon tea party is held, another way of saying thank you for the commitment and hard work given by our volunteers.

Our volunteers make a unique and valuable contribution to patients, carers, visitors and staff at East Cheshire NHS Trust for which we are truly grateful.

For more information visit www.eastcheshire.nhs.uk/GetInvolved/Volunteers.htm



Chapter 3
Financial Statements

East Cheshire NHS Trust is a corporate body established by the Secretary of State for Health under section 25 (1) of the NHS Act 2006 to provide healthcare to the general population. NHS trusts are subject to the directions of the Department of Health and Social Care. These financial statements were authorised for issue by the NHS Trust's Board of Directors on 22 May 2018.

Introduction

The trust is pleased to have ended the financial year £4.0m ahead of its financial control total set by NHS Improvement, with a NHSI adjusted deficit of £16.2m.

The trust continues to work closely with Eastern Cheshire CCG and other partners on the transformation programmes to improve the service delivery and financial sustainability of services across Eastern Cheshire. It is also working together with Cheshire and Mersey partners as part of a wider geographical footprint. 2017/18 performance is outlined opposite:

Performance area	Objective	Outcome
Financial Risk Rating	Achieve overall financial risk rating of a 3	Achieved
Income and expenditure	Meet control total of £20.2m including STF funding Meet Control Total of £24.3m excluding STF funding	Achieved
External financing limit	Managing within the cash limit agreed with the Department of Health and Social Care	Achieved
Capital resource limit	Managing capital expenditure within the capital resource limits agreed with the Department of Health and Social Care	Achieved
Capital cost absorption rate	Making at least 3.5% return on the trust net relevant assets	Not achieved as in net liability position
Cost improvement programme	Deliver identified efficiency schemes.	Achieved

Foreword to the 2017/18 Accounts

Financial Performance

East Cheshire NHS Trust has delivered a NHSI-reported position of £16.2m deficit in 2017/18. This is £4.0m better than the trust's control total (including STF funding) of £20.2m.

The trust has met its statutory External Finance Limit and Capital Resource Limit targets. This means that it has achieved its cash and capital targets. It also met its financial risk rating target, delivering a risk rating of 3.

Accounting Policies

The accounts have been prepared under the appropriate HM Treasury, Department of Health and Social Care and accounting standards direction.

Going Concern Basis

The trust continues to prepare its accounts as a going concern. The Board has formally reviewed this in view of a planned deficit in 2018/19. The trust has a signed contract in place with its main commissioner for 2018/19.

Post Statement of Financial Position Events

There are no post balance sheet events.

Related Party Disclosures

There are two directors with related party disclosures (note 29).

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

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

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;
- value for money is achieved from the resources available to the trust;
- the expenditure and income of the trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them;
- effective and sound financial management systems are in place; and
- annual statutory accounts are prepared in a format directed by the Secretary of State to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, recognised gains and losses and cash flows for the year.

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

Signed:

Chief Executive

Date: 22 May 2018

Statement of directors' responsibilities in respect of the accounts

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

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

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

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

By order of the Board

Signed:

Chief Executive

Date: 22 May 2018

Signed:

Finance Director

Date: 22 May 2018

Statement of Comprehensive Income for the year ended 31 March 2018

	Note	2017/18	2016/17
		£000	£000
Operating income from patient care activities	4	**134,368**	147,048
Other operating income	5	**18,158**	18,541
Operating expenses	6, 8	**(166,857)**	(180,648)
Operating (deficit) from continuing operations		**(14,331)**	(15,059)
Finance income	10	**23**	22
Finance expenses	11	**(766)**	(904)
Net finance costs		**(743)**	(882)
Other gains/(losses)	13	**-**	8
Retained (deficit) for the year		**(15,074)**	(15,933)
Other comprehensive income			
Revaluations	15.4	**121**	-
Total comprehensive expense for the year		**(14,953)**	(15,933)

Financial performance for the year			
Retained deficit for the year		**(15,074)**	(15,933)
Prior period adjustment to remove impact of 2016/17 Sustainability and Transformation Fund post accounts allocation		**(189)**	-
Net (reversal of impairments) / impairments	7	**(951)**	690
Adjustments in respect of donated government grant asset reserve elimination		**25**	94
Adjusted (deficit)		**(16,189)**	(15,149)

The trust has met its 2017/18 NHS Improvement control total of £20.2 million deficit.

The notes on pages 79 to 115 form part of these accounts.

Statement of Financial Position as at 31 March 2018

	Note	31 March 2018	31 March 2017
		£000	£000
Non-current assets			
Intangible assets	14	**1,034**	1,173
Property,plant and equipment	15	**52,430**	49,919
Trade and other receivables	17	**242**	116
Total non-current assets		**53,706**	51,208
Current assets			
Inventories	16	**1,349**	1,289
Trade and other receivables	17	**15,800**	14,025
Cash and cash equivalents	18	**7,313**	3,477
Total current assets		**24,462**	18,791
Current liabilities			
Trade and other payables	20	**(16,140)**	(14,310)
Borrowings	22	**(8,955)**	(444)
Provisions	24	**(3,103)**	(2,454)
Other liabilities	21	**(458)**	(859)
Total current liabilities		**(28,656)**	(18,067)
Total assets less current liabilities		**49,512**	51,932
Non-current liabilities			
Borrowings	22	**(54,262)**	(42,931)
Provisions	24	**(4,599)**	(4,872)
Total non-current liabilities		**(58,861)**	(47,803)
Total (net liabilities) / assets employed		**(9,349)**	4,129

Financed by			
Public dividend capital		**39,460**	37,985
Revaluation reserve		**2,095**	2,926
Income and expenditure reserve		**(50,904)**	(36,782)
Total taxpayers' equity		**(9,349)**	4,129

The notes on pages 79 to 115 form part of these accounts.

The financial statements on pages 74 to 115 were approved by the Board on 22 May 2018 and signed on its behalf by:

Signed: 

Chief Executive

Date: 22 May 2018

Statement of Changes in Equity for the year ended 31 March 2018

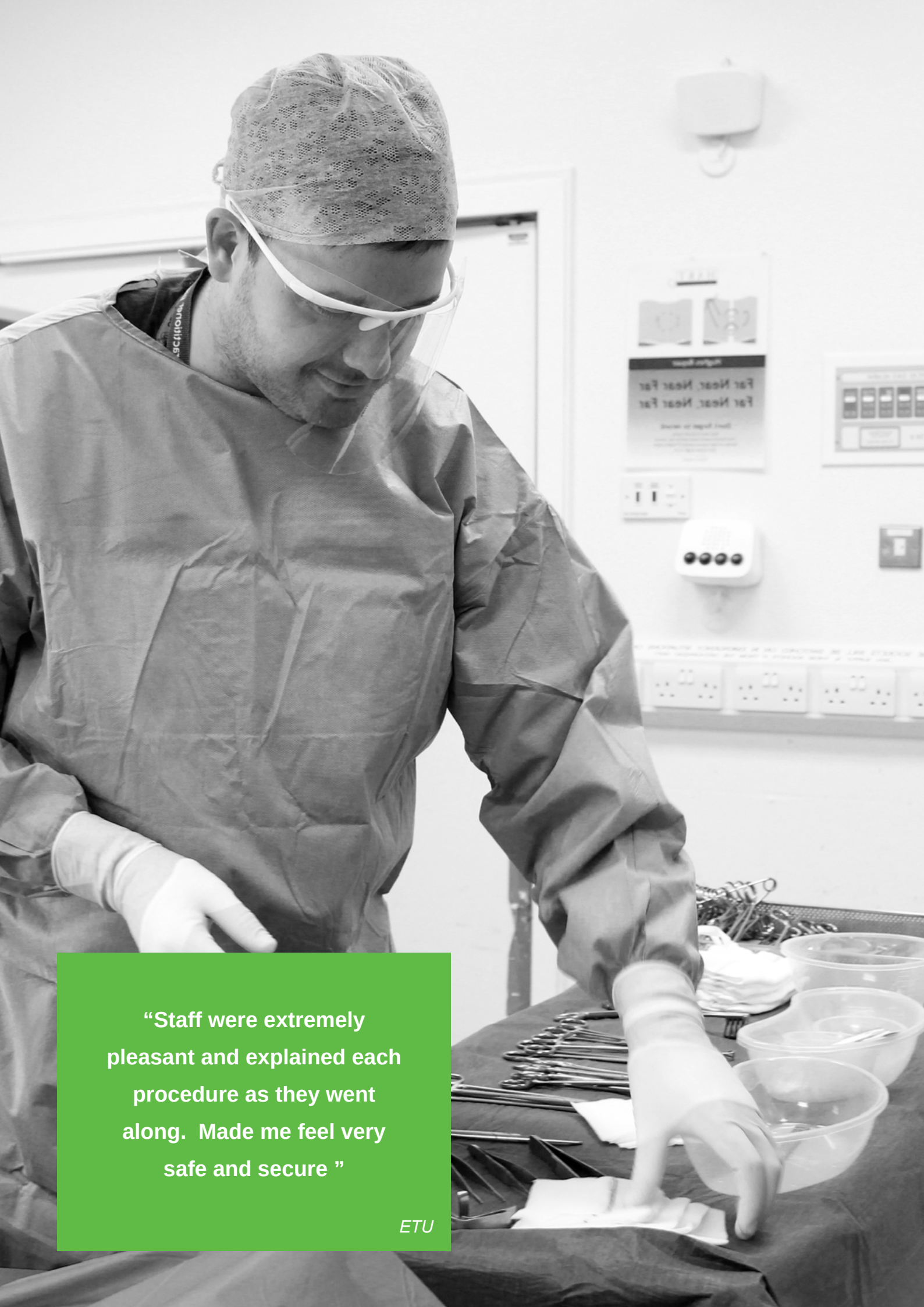
	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' equity at 1 April 2017	**37,985**	**2,926**	**(36,782)**	**4,129**
(Deficit) for the year	-	-	(15,074)	**(15,074)**
Other transfers between reserves	-	(943)	943	**-**
Revaluations	-	121	-	**121**
Transfer to retained earnings on disposal of assets	-	(9)	9	**-**
Public dividend capital received	1,475	-	-	**1,475**
Taxpayers' equity at 31 March 2018	**39,460**	**2,095**	**(50,904)**	**(9,349)**

Statement of Changes in Equity for the year ended 31 March 2017

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' equity at 1 April 2016	**37,785**	**2,984**	**(20,907)**	**19,862**
(Deficit) for the year	-	-	(15,933)	**(15,933)**
Other transfers between reserves	-	(58)	58	**-**
Public dividend capital received	200	-	-	**200**
Taxpayers' equity at 31 March 2017	**37,985**	**2,926**	**(36,782)**	**4,129**

Statement of Cash Flows for the year ended 31 March 2018

	Note	2017/18	2016/17
		£000	£000
Cash flows from operating activities			
Operating (deficit)		**(14,331)**	(15,059)
Non-cash income and expense			
Depreciation and amortisation	6.1	**3,381**	3,371
Net (reversal of impairments) / impairments	7	**(951)**	690
Income recognised in respect of capital donations	5	**(94)**	(47)
(Increase) / decrease in receivables and other assets		**(1,911)**	(5,788)
(Increase) / decrease in inventories		**(60)**	169
Increase / (decrease) in payables and other liabilities		**1,439**	182
Increase / (decrease) in provisions		**363**	1,655
Net cash generated from / (used in) operating activities		**(12,164)**	(14,827)
Cash flows from investing activities			
Interest received		**23**	22
Purchase of intangible assets		**(333)**	(515)
Sales of intangible assets		**-**	25
Purchase of property, plant, equipment and investment property		**(4,268)**	(2,581)
Sales of property, plant, equipment and investment property		**-**	75
Net cash generated from / (used in) investing activities		**(4,578)**	(2,974)
Cash flows from financing activities			
Public dividend capital received		**1,475**	200
Movement on loans from the Department of Health and Social Care		**20,241**	18,100
Capital element of finance lease rental payments		**(444)**	(437)
Interest paid on finance lease liabilities		**(85)**	(101)
Other interest paid		**(609)**	(692)
PDC dividend (paid) / refunded		**-**	172
Net cash generated from / (used in) financing activities		**20,578**	17,242
Increase / (decrease) in cash and cash equivalents		**3,836**	(559)
Cash and cash equivalents at 1 April		**3,477**	4,036
Cash and cash equivalents at 31 March	18	**7,313**	3,477



“Staff were extremely pleasant and explained each procedure as they went along. Made me feel very safe and secure ”

ETU

1. Accounting policies and other information

1.1 Basis of preparation

The Department of Health and Social Care has directed that the financial statements of the trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual ("GAM"), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 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 by the trust are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

1.1.1 Accounting convention

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

1.1.2 Going concern

The trust has prepared its accounts on a going concern basis. This is as directed by the GAM 2017/18, whereby unless the trust expects that its services will cease to be provided to the public sector, the going concern basis for the preparation of the financial statements is assumed. Furthermore, the trust's Statement of Financial Position shows total net liabilities as at 31 March 2018. No notification has been received from NHS Improvement ("NHSI") that the application of the going concern basis is inappropriate for the trust.

However, the trust recognises that there are operational and funding factors that represent material uncertainties with regard to the adoption of the going concern basis for preparation of the accounts. These are:

- The current year's deficit together with the 2018/19 planned deficit of £19.2m, which is in line with the control total issued by NHSI, including a savings target of £5.0m.
- The trust reached a net liability position during the 2017/18 financial year, which is planned to continue throughout 2018/19.
- Loans from the Department of Health and Social Care totalling £8.5m fall due for payment in February 2019.
- Formal confirmation of financing of the trust's 2018/19 operational plan by NHSI / Department of Health and Social Care.

These are mitigated by:

- The trust's 2018/19 operational plan is in line with the agreed control total issued by NHSI.
- The trust's contract for 2018/19 with its main commissioner has been agreed and signed.
- The trust has assessed the risks in achieving the 2018/19 financial plan and, in particular, the cost improvement programme.
- A track record of achievement of challenging efficiencies programmes, with £6.3m delivered in 2017/18.
- The trust is actively engaged in local strategic transformation planning with health economy partners to develop models to deliver sustainable healthcare from 2018/19 onwards.
- The trust has the appropriate financial and operational risk management processes in place to support its operational plans.
- Informal discussions that the trust's financial plan has been accepted by NHSI / Department of Health and Social Care and that the appropriate funding will be available to support the provision of the trust's services and the loan repayments falling due in 2018/19.

Therefore, although these factors represent material uncertainties that may cast significant doubt about the trust's ability to continue as a going concern, the Board, having made appropriate enquiries, still have reasonable expectation that the trust will have adequate resources to continue its operational existence for the foreseeable future, being a period of at least twelve months from the date of approval of the financial statements. On this basis, the trust has adopted the going concern basis for preparing the financial statements and has not included the adjustments that would result if it was unable to continue as a going concern.

1.2 Critical accounting judgements and key sources of estimation uncertainty

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

1.2.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see 1.2.2 below) that management has made in the process of applying the trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

The trust continues to prepare its accounts on a going concern basis (see Note 1.1.2).
The trust has used depreciated replacement cost as a reflection of the fair value of tangible assets.
The estimated asset lives for land and buildings are based on information provided by the trust's independent professional valuers.

1.2.2 Sources of estimation uncertainty

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

At each year end, the trust accounts for income in respect of partially completed spells. This income is an estimate based on the patients speciality and length of stay at 31 March 2018 (excess bed days are also calculated using an average trim point for each speciality). This income crystallises when a patient is discharged and the full details of charge to the commissioner can be confirmed. The accounts include £1,220k in respect of partially completed spells (2016/17: £1,052k).

The payment rules regarding maternity pathways changed in 2013/14. Commissioners now make one payment per pregnancy covering the entire antenatal pathway at the point at which the woman first presents for treatment. The prepayment of the care pathway still to be completed at the end of the reporting period is reflected as deferred income in the trust's accounts. The value of these 'services not yet rendered' at the year end is £412k (2016/17: £479k) and has been estimated based on a weighted factor applied to the income received informed by the women's remaining pregnancy term at the year end.

1.3 Interests in other entities - joint operations

Joint operations are arrangements in which the trust has joint control with one or more other parties and has the rights to the assets and obligations for the liabilities, relating to the arrangement. The trust includes within its financial statements its share of the gains and losses, assets, liabilities, income and expenditure.

The trust undertakes joint operations in conjunction with Vernova Healthcare Community Interest Company but the activities are not performed through a separate entity. The details are given in Note 2.

1.4 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 health care services. Income related to patient care spells that are part-completed at the year end are apportioned across the financial years on the basis of length of stay at the end of the reporting period compared to expected total length of stay.

Where income is received for a specific activity which is to be delivered in a subsequent financial year, that income is deferred.

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

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 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.

1.5 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 trust's policy is that employees are required to take all of their leave due in the financial year. As such, there is no recognition in the financial statements for leave carried forward to the following financial year.

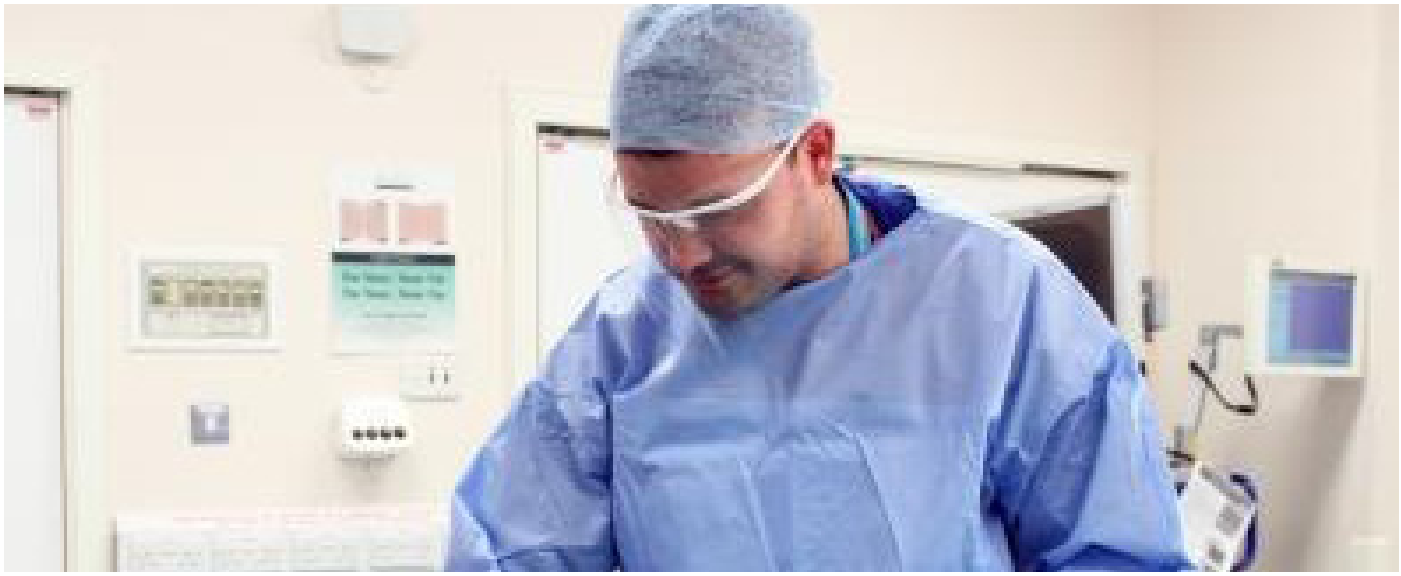
Pension costs

NHS Pension Schemes

Past and present employees are covered by the provisions of the NHS Pension Schemes. These schemes are unfunded, defined benefit scheme that cover NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. The schemes are not designed in a way that would enable NHS 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. The cost to the trust, as an NHS body, of participating in the schemes is taken as equal to the contributions payable to the schemes for the accounting period.

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.

The schemes are subject to a full actuarial valuation every four years and an annual accounting valuation.



1.6 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 the consideration payable for 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.

1.7 Property, Plant and Equipment

1.7.1 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 will 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 either
  - the item has a total cost of at least £5,000, or
  - collectively, a number of items have a total cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have broadly simultaneous disposal dates and are under single managerial control
- items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost
- Staff costs are also capitalised where they have contributed a significant amount of their role to capital projects

Where a large asset, for example a building, includes a number of components with significantly different asset lives, then these components are treated as separate assets and depreciated over their own useful economic lives. This is then aggregated to recognise the component value of buildings, reflecting the economic life of the asset as a single entity.

1.7.2 Valuation

All property, plant and equipment assets are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets that are held for their service potential and are in use are measured subsequently at their current value in existing use. Assets that were most recently held for their service potential but are surplus are measured at fair value where there are no restrictions preventing access to the market at the reporting date.

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

- Land and non-specialised buildings – market value for existing use.

- Specialised buildings – depreciated replacement cost, modern equivalent asset basis.

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. The trust adopts this policy.

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

IT and transport assets, furniture and fittings and plant and machinery are carried at depreciated historic cost as this is not considered to be materially different from current value in existing use.

1.7.3 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.

1.7.4 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. 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 or reverts to the trust.

1.7.5 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’.

1.7.6 Impairments

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

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

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

1.7.7 Derecognition

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 ie:
  - 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'
  - 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 derecognised 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 derecognised when scrapping or demolition occurs.

1.7.8 Donated and grant funded assets

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

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

1.7.9 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:

	Min life years	Max life years
Land - Freehold	infinite	infinite
Buildings, excluding dwellings	15	90
Dwellings	21	35
Plant & machinery	5	15
Transport equipment	7	15
Information technology	3	5
Furniture & fittings	5	15

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

1.8 Intangible assets

1.8.1 Recognition

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

Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
- the trust intends to complete the asset and sell or use it
- the trust has the ability to sell or use the asset
- how the intangible asset will generate probable future economic or service delivery benefits, e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the trust to complete the development and sell or use the asset and
- the trust can measure reliably the expenditure attributable to the asset during development"

Software

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

1.8.2 Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

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

Amortisation

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

1.8.3 Useful economic lives of intangible assets

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:

	Min life	Max life
Software licences	5	5

1.9 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method. This is considered to be a reasonable approximation to fair value due to the high turnover of stock.

1.10 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.

1.11 Carbon Reduction Commitment scheme

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

1.12 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, ie, when receipt or delivery of the goods or services is made.

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

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 cash flows 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.

1.12.1 Financial assets

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

Financial assets at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in calculating the trust's surplus or deficit for the year. The net gain or loss incorporates any interest earned on the financial asset.

The trust does not have any embedded derivatives that have different risks and characteristics to their host contract.

Held to maturity investments

The trust does not have any held to maturity investments.

Available for sale financial assets

The trust does not have any available for sale financial assets.

Loans and receivables

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

Financial assets are initially recognised at fair value. Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

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

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.12.2 Financial liabilities

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

Loans from the Department of Health and Social Care are recognised at historic cost. Otherwise, financial liabilities are initially recognised at fair value.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are subsequently measured at the higher of:

- The amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- The premium received (or imputed) for entering into the guarantee less cumulative amortisation

The trust does not have any financial guarantee contract liabilities.

Financial liabilities at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the trust's surplus/deficit. The net gain or loss incorporates any interest payable on the financial liability.

The trust does not have any embedded derivatives that have different risks and characteristics to their host contract.

Other financial liabilities

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

1.13 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.

1.13.1 The trust as lessee

Finance leases

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 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.

1.13.2 The trust as lessor

Finance leases

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

1.14 Provisions

The trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised as a provision in the Statement of Financial Position is the best estimate of the resources required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. 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.

“The kind, friendly, helpful staff, nothing is too much trouble. They are so patient, caring. Hospital is clean, they treat each patient with dignity and as an individual.”

Inpatients Ward 7

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 24.2 but is not recognised in the trust's accounts.

Non-clinical risk pooling

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

1.15 Contingent assets and liabilities

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 25 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 25, 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.

1.16 Public dividend capital

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

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 trust, is payable as PDC dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for:

(i) donated assets (including lottery funded assets),
(ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
(iii) any PDC dividend balance receivable or payable.

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

1.17 Value added tax

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

1.18 Corporation tax

The trust has no corporation tax liability.

1.19 Foreign exchange

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

1.20 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM*. Details are provided in Note 19 to the accounts.

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 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 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 Gifts

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

1.23 Charitable funds

Under the provisions of IAS 27 Consolidated and Separate Financial Statements, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entity's financial statements. The trust does not consolidate the results of East Cheshire NHS Trust Charitable Fund, for which it is the Corporate Trustee, on the grounds of materiality.

1.24 Research and development

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

1.25 Acquisitions and discounted operations

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

1.26 Transfers of functions to/from other NHS bodies/local government bodies

For functions that have been transferred to the trust from another NHS / local government body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition.

For property, plant and equipment assets and intangible assets, the cost and accumulated depreciation / amortisation balances from the transferring entity's accounts are preserved on recognition in the trust's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

For functions that the trust has transferred to another NHS / local government body, the assets and liabilities transferred are derecognised from the accounts as at the date of transfer. The net loss / gain corresponding to the net assets/ liabilities transferred is recognised within expenses / income, but not within operating activities. Any revaluation reserve balances attributable to assets derecognised are transferred to the income and expenditure reserve.

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

The HM Treasury FReM does not require the following Standards and Interpretations to be applied in 2017/18. These standards are still subject to HM Treasury FReM interpretation, with IFRS 9 and IFRS 15 being implemented in 2018/19, and the government implementation date for IFRS 16 still being subject to HM Treasury consideration.

- IFRS 9 Financial Instruments – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted. The adoption of IFRS 9 is not expected to have a material impact on the trust's financial performance.
- IFRS 15 Revenue from Contracts with Customers - Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted. The adoption of IFRS 15 is not expected to have a material impact on the trust's financial performance.
- IFRS 16 Leases – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted. The adoption of IFRS 16 is not expected to have a material impact on the trust's financial performance.

2 Joint Operations

Joint operations are activities undertaken by the trust in conjunction with Vernova Healthcare Community Interest Company but which are not performed through a separate entity. The trust records its share of the income and expenditure, gains and losses, assets and liabilities and cashflows. The operations commenced trading in December 2013.

The trust's share of the income and expenditure handled by the shared operation in the financial year were:

	2017/18	2016/17
	£000	£000
Revenue	**347**	178
Expenditure	**352**	182
Assets	**-**	6
Liabilities	**16**	32

3 Operating segments

The trust reports its financial position as a single segment of healthcare. This is because the trust identifies the Trust Board (which includes all Executive and Non-Executive Directors) as the Chief Operating Decision Maker ("CODM") as defined by IFRS 8 - Operating Segments. Monthly operating results for the whole trust are reported to the Trust Board. The financial position of the trust is reported, along with projections for future performance and position, for the whole trust rather then as component parts making up the whole. The trust's external reporting to NHSI is on a whole trust basis, which also implies the trust operates as a single segment.

All decisions affecting the trust's future direction and viability are made on the basis of the overall total financial performance presented to the Board. The trust is therefore satisfied that the reporting of the financial position as a single segment, namely healthcare, is appropriate and consistent with the principles of IFRS 8.

4 Operating income from patient care activities

4.1 Income from patient care activities (by nature)

	2017/18	2016/17
	£000	£000
Elective income	**16,643**	17,105
Non elective income	**30,269**	28,797
First outpatient income	**9,638**	9,200
Follow up outpatient income	**6,937**	8,756
A&E income	**6,623**	6,168
High cost drugs income from commissioners (excluding pass-through costs)	**6,373**	6,693
Other NHS clinical income	**23,760**	29,515
Community services income from CCGs and NHS England	**26,594**	29,965
Income from other sources (including local authorities)	**5,752**	7,121
Private patient income	**147**	161
Other clinical income	**1,632**	3,567
Total income from activities	**134,368**	147,048

4.2 Income for patient care activities (by source)

Income from patient care activities received from:

	2017/18	2016/17
	£000	£000
NHS England	**9,719**	10,754
Clinical commissioning groups	**116,667**	126,829
Department of Health and Social Care	**10**	-
Other NHS providers	**754**	1,804
NHS other	**139**	139
Local authorities	**6,361**	7,122
Non-NHS private patients	**147**	161
Non-NHS overseas patients (chargeable to patient)	**28**	20
NHS injury scheme	**388**	150
Non-NHS other	**155**	69
Total income from activities (wholly related to continuing activities)	**134,368**	147,048

4.3 Overseas visitors (relating to patients charged directly by the trust)

	2017/18	2016/17
	£000	£000
Income recognised this year	**28**	20
Cash payments received in-year	**19**	10

5. Other operating income

	2017/18	2016/17
	£000	£000
Research and development	**327**	321
Education and training	**4,147**	4,313
Receipt of capital grants and donations	**94**	47
Non-patient care services to other bodies	**2,256**	3,150
Sustainability and transformation fund income*	**6,927**	7,421
Income in respect of staff costs where accounted on gross basis	**243**	278
Other income	**4,164**	3,011
Total other operating income (wholly related to continuing activities)	**18,158**	18,541

* Sustainability and Transformation Fund income is money paid to the trust for achieving performance and financial targets set by NHSI

“Would be helpful to have food available for parents on the ward as I did not want to leave my child.”

Children’s Ward

6. Operating expenses

6.1 Operating expenses analysis

	2017/18	Restated 2016/17
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	**2,644**	3,123
Purchase of healthcare from non-NHS and non-DHSC bodies	**1,558**	1,288
Staff and executive directors costs	**108,210**	114,617
Remuneration of non-executive directors	**69**	62
Supplies and services - clinical (excluding drugs costs)	**12,817**	14,577
Supplies and services - general	**6,960**	7,773
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	**12,414**	12,366
Consultancy costs	**13**	101
Establishment	**2,639**	2,924
Premises	**5,806**	6,797
Transport (including patient travel)	**403**	856
Depreciation on property, plant and equipment	**2,909**	2,841
Amortisation on intangible assets	**472**	530
Net (reversal of impairments) / impairments	**(951)**	690
Increase in provision for impairment of receivables	**51**	98
Change in provisions discount rate	**46**	345
Audit fees payable to the external auditor		
audit services - statutory audit	**56**	65
other auditor remuneration (external auditor only)	**7**	12
Internal audit costs	**108**	108
Clinical negligence	**5,959**	4,973
Legal fees	**451**	558
Insurance	**68**	105
Education and training	**366**	412
Rentals under operating leases	**2,720**	3,770
Other	**1,062**	1,657
Total (wholly related to continuing operations)	**166,857**	180,648

6.2 Other auditor remuneration

In 2017/18 and 2016/17, there were no services provided by our external auditors, Grant Thornton, other than the statutory audit for the trust's Annual Accounts and Report and the Quality Accounts. The cost of auditing the Annual Accounts and Report is shown under 'Audit services - statutory audit' and the Quality Account fee is shown under 'Other auditor remuneration' in Note 6.1.

6.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work carried out in 2017/18 is £2 million.

7. Impairment of assets

	2017/18	2016/17
	£000	£000
Net (reversal of impairments) / impairments (credited) / charged to operating deficit resulting from:		
Abandonment of assets in course of construction	-	690
Changes in market price	(951)	-
Total net (reversal of impairments) / impairments	(951)	690

The trust instructed its professional valuers, Cushman and Wakefield, to undertake an interim revaluation of its land and buildings as at 31 March 2018. This resulted in a net impairment reversal of £951k in respect of the trust's building portfolio.

8. Employee benefits

8.1 Employee benefits analysis

	2017/18	2016/17
	£000	£000
Salaries and wages	84,162	86,670
Social security costs	7,369	7,599
Apprenticeship levy	379	-
Employer's contributions to NHS pensions	9,615	10,350
Pension cost - other	20	59
Termination benefits	3	202
Temporary staff (including agency)	6,929	10,006
Total gross staff costs	108,477	114,886
Of which		
Costs capitalised as part of assets	267	269

8.2 Retirements due to ill-health

During 2017/18 there were two early retirements from the trust agreed on the grounds of ill-health (2016/17: 1). The estimated additional pension liabilities of these ill-health retirements is £160k (2016/17: £87k). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

8.3 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 is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the 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 report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

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

The 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 changed by the Secretary of State for Health and Social Care, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016 and is currently being prepared. The direction assumptions are published by HM Treasury which are used to complete the valuation calculations, from which the final valuation report can be signed off by the scheme actuary. 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 and Social Care after consultation with the relevant stakeholders.

Those employees who are not eligible for the NHS Pension Scheme and who fit specific criteria are automatically enrolled into the alternative pension scheme, National Employment Savings Trust ("NEST"). Current combined Employee and Employer Contributions are £20k per annum (2016/17: £14k per annum).

9. Operating Leases

	2017/18	2016/17
	£000	£000
Operating lease expense		
Minimum lease payments	**2,720**	3,770

Payable:

	Buildings	Other	31 March 2018 Total	31 March 2017 Total
	£000	£000	£000	£000
Future minimum lease payments due:				
No later than one year	1,469	114	**1,583**	1,655
Later than one year and not later than five years	5,488	114	**5,602**	5,715
Later than five years	13,977	-	**13,977**	15,073
Total	**20,934**	**228**	**21,162**	22,443

The main operating leases held by the trust relate to the lease of buildings at the Macclesfield site.

10. Finance income

	2017/18	2016/17
	£000	£000
Interest on bank accounts	**23**	22

11. Finance expenditure

	2017/18	2016/17
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	**668**	731
Finance leases	**85**	101
Total interest expense	**753**	832
Unwinding of discount on provisions	**13**	72
Total finance costs	**766**	904

12. The Late Payment of Commercial Debts (Interest) Act 1998/ Public Contract Regulations 2015

In 2017/18, there were no payments made by the trust relating to the late payment of commercial debts (2016/17: £nil).

13. Other gains / (losses)

	2017/18	2016/17
	£000	£000
Gains on disposal of assets (PPE)	**-**	8

14. Intangible assets

14.1. Intangible assets 2017/18

2017/18	Software Licenses	Intangible Assets Under Construction	Total
	£000	£000	£000
Valuation / cost			
At 1 April 2017	**4,381**	**459**	**4,840**
Additions	234	99	**333**
Reclassifications	558	(558)	**-**
At 31 March 2018	**5,173**	**-**	**5,173**
Amortisation			
At 1 April 2017	**3,667**	**-**	**3,667**
Provided during the year	472	-	472
At 31 March 2018	**4,139**	**-**	**4,139**
Net book value at 31 March 2018	**1,034**	**-**	**1,034**
Net book value at 1 April 2017	**714**	**459**	**1,173**

14.2. Intangible assets 2016/17

2016/17	Software Licenses	Intangible Assets Under Construction	Total
	£000	£000	£000
Valuation / cost			
At 1 April 2016	**4,316**	**-**	**4,316**
Additions	120	459	**579**
Disposals	(55)	-	**(55)**
At 31 March 2017	**4,381**	**459**	**4,840**
Amortisation			
At 1 April 2016	3,169	-	**3,169**
Provided during the year	530	-	**530**
Disposals / derecognition	(32)	-	**(32)**
At 31 March 2017	3,667	-	**3,667**
Net book value at 31 March 2017	**714**	**459**	**1,173**
Net book value at 1 April 2016	**1,147**	**-**	**1,147**

15 Property, plant and equipment

15.1 Property, plant and equipment - 2017/18

2017/18	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/ Cost									
At 1 April 2017	**4,290**	**39,287**	**31**	**491**	**16,074**	**55**	**4,588**	**1,295**	**66,111**
Additions	-	2,357	-	618	524	-	823	26	**4,348**
Revaluations	-	(701)	-	-	-	-	-	-	**(701)**
Reclassifications	-	-	-	(491)	-	-	491	-	**-**
Disposals / derecognition	-	-	-	-	(36)	-	-	-	**(36)**
At 31 March 2018	**4,290**	**40,943**	**31**	**618**	**16,562**	**55**	**5,902**	**1,321**	**69,722**
Accumulated depreciation									
At 1 April 2017	**-**	**996**	**2**	**-**	**11,583**	**36**	**2,787**	**788**	**16,192**
Provided during the year	-	936	1	-	1,074	3	805	90	**2,909**
Impairments	-	1,396	-	-	-	-	-	-	**1,396**
Reversals of impairments	-	(2,347)	-	-	-	-	-	-	**(2,347)**
Revaluations	-	(822)	-	-	-	-	-	-	**(822)**
Disposals/ derecognition	-	-	-	-	(36)	-	-	-	**(36)**
At 31 March 2018	**-**	**159**	**3**	**-**	**12,621**	**39**	**3,592**	**878**	**17,292**
Net book value at 31 March 2018	**4,290**	**40,784**	**28**	**618**	**3,941**	**16**	**2,310**	**443**	**52,430**
Net book value at 1 April 2017	**4,290**	**38,291**	**29**	**491**	**4,491**	**19**	**1,801**	**507**	**49,919**
Asset financing									
Net book value at 31 March 2018									
Owned - purchased	4,290	39,804	28	618	1,856	16	2,303	417	**49,332**
Finance leased	-	-	-	-	1,764	-	-	-	**1,764**
Owned - donated	-	980	-	-	321	-	7	26	**1,334**
Net book value at 31 March 2018	**4,290**	**40,784**	**28**	**618**	**3,941**	**16**	**2,310**	**443**	**52,430**

15.2 Property, plant and equipment - 2016/17

2016/17	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / cost									
At 1 April 2016	**4,290**	**38,266**	**31**	**733**	**15,549**	**55**	**4,539**	**1,021**	**64,484**
Additions	-	929	-	579	565	-	200	276	**2,549**
Impairments	-	-	-	(690)	-	-	-	-	**(690)**
Reclassifications	-	102	-	(131)	-	-	29	-	**-**
Disposals / derecognition	-	(10)	-	-	(40)	-	(180)	(2)	**(232)**
At 31 March 2017	**4,290**	**39,287**	**31**	**491**	**16,074**	**55**	**4,588**	**1,295**	**66,111**
Accumulated depreciation									
At 1 April 2016	**-**	**74**	**-**	**-**	**10,521**	**33**	**2,179**	**707**	**13,514**
Provided during the year	-	932	2	-	1,097	3	725	82	**2,841**
Disposals / derecognition	-	(10)	-	-	(35)	-	(117)	(1)	**(163)**
At 31 March 2017	**-**	**996**	**2**	**-**	**11,583**	**36**	**2,787**	**788**	**16,192**
Net book value at 31 March 2017	**4,290**	**38,291**	**29**	**491**	**4,491**	**19**	**1,801**	**507**	**49,919**
Net book value at 1 April 2016	**4,290**	**38,192**	**31**	**733**	**5,028**	**22**	**2,360**	**314**	**50,970**
Asset financing									
Net book value at 31 March 2017									
Owned - purchased	4,290	37,366	29	491	1,954	19	1,791	477	**46,417**
Finance leased	-	-	-	-	2,211	-	-	-	**2,211**
Owned - donated	-	925	-	-	326	-	10	30	**1,291**
Net book value at 31 March 2017	**4,290**	**38,291**	**29**	**491**	**4,491**	**19**	**1,801**	**507**	**49,919**

15.3 Donations of property, plant and equipment

Assets totalling £94k (2016/17:£47k) were donated to the trust by East Cheshire NHS Trust Charitable Fund.

15.4 Revaluations of property, plant and equipment

The trust instructed its professional valuers, Cushman and Wakefield, to undertake an interim revaluation of its land and buildings as at 31 March 2018. This was performed in accordance with the RICS Valuation - Global Standards, which incorporate the International Valuation Standards and the RICS UK Valuation Standards (the "RICS Red Book"). This resulted in a net increase of £1,072k in respect of the trust's building portfolio, with a net reversal of previously recognised impairments of £951k reflected in operating expenses (Note 6.1) and £121k in Revaluation Reserve.

16 Inventories

	31 March 2018	31 March 2017
	£000	£000
Drugs	**584**	545
Consumables	**749**	728
Energy	**16**	16
Total Inventories	**1,349**	1,289

Inventories recognised in expenses for the year were £16,379k (2016/17: £16,619k). Write-down of inventories recognised as expenses for the year was £nil (2016/17: £nil).

17.1 Trade and other receivables

	31 March 2018	31 March 2017
	£000	£000
Current		
Trade receivables	**5,549**	5,434
Accrued income	**8,128**	7,108
Provision for impaired receivables	**(380)**	(369)
Prepayments	**2,005**	1,226
VAT receivables	**464**	597
Other receivables	**34**	29
Total current trade and other receivables	**15,800**	14,025
Non-current		
Other receivables	**314**	151
Provision for impaired receivables	**(72)**	(35)
Total non-current trade and other receivables	**242**	116
Of which receivables from NHS and DHSC group bodies:		
Current	**10,496**	10,901

17.2 Provision for impairment of receivables

	2017/18	2016/17
	£000	£000
At 1 April	**404**	308
Increase in provision	**51**	98
Amounts utilised	**(3)**	(2)
At 31 March	**452**	404

17.3 Credit quality of financial assets

	31 March 2018	31 March 2017
	£000	£000
Ageing of impaired financial assets - trade and other receivables		
Over 180 days	452	404
Total	**452**	404

Ageing of non-impaired financial assets past their due date		
0 - 30 days	**834**	1,419
30-60 days	**1,073**	1,022
60-90 days	**192**	151
90- 180 days	**763**	495
Over 180 days	**389**	596
Total	**3,251**	3,683

The vast majority of trade is with Clinical Commissioning Groups ("CCGs"). As CCGs are funded by Government to purchase NHS patient care services, no credit scoring of them is considered necessary.

18. Cash and cash equivalents movements

	2017/18	2016/17
	£000	£000
At 1 April	**3,477**	4,036
Net change in year	**3,836**	(559)
At 31 March	**7,313**	3,477

Broken down into:		
Cash at commercial banks and in hand	**42**	48
Cash with the Government Banking Service	**7,271**	3,429
Total cash and cash equivalents as per SoCF	**7,313**	3,477

19. Third party assets held by the trust

The trust holds cash which relates to monies held on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2018	31 March 2017
	£000	£000
Bank balances	117	98

20.1 Trade and other payables

	31 March 2018	31 March 2017
	£000	£000
Current		
Trade payables	**2,995**	5,171
Capital payables	**588**	657
Accruals	**11,916**	8,026
Social security costs	**179**	25
Accrued interest on loans	**135**	76
Other payables	**327**	315
Total current trade and other payables	**16,140**	14,310

Of which payables from NHS and DHSC group bodies:		
Current	**2,763**	2,942

20.2 Early retirements in NHS payables

The payables note in 20.1 includes £nil (2016/7: £nil) in relation to early retirements.

21. Other liabilities

	31 March 2018	31 March 2017
	£000	£000
Current		
Deferred income	**458**	859

22. Borrowing

	31 March 2018	31 March 2017
	£000	£000
Current		
Loans from the Department of Health and Social Care	**8,501**	-
Obligations under finance leases	**454**	444
Total current borrowings	**8,955**	444

Non-current		
Loans from the Department of Health and Social Care	**52,962**	41,222
Obligations under finance leases	**1,300**	1,709
Total non-current borrowings	**54,262**	42,931

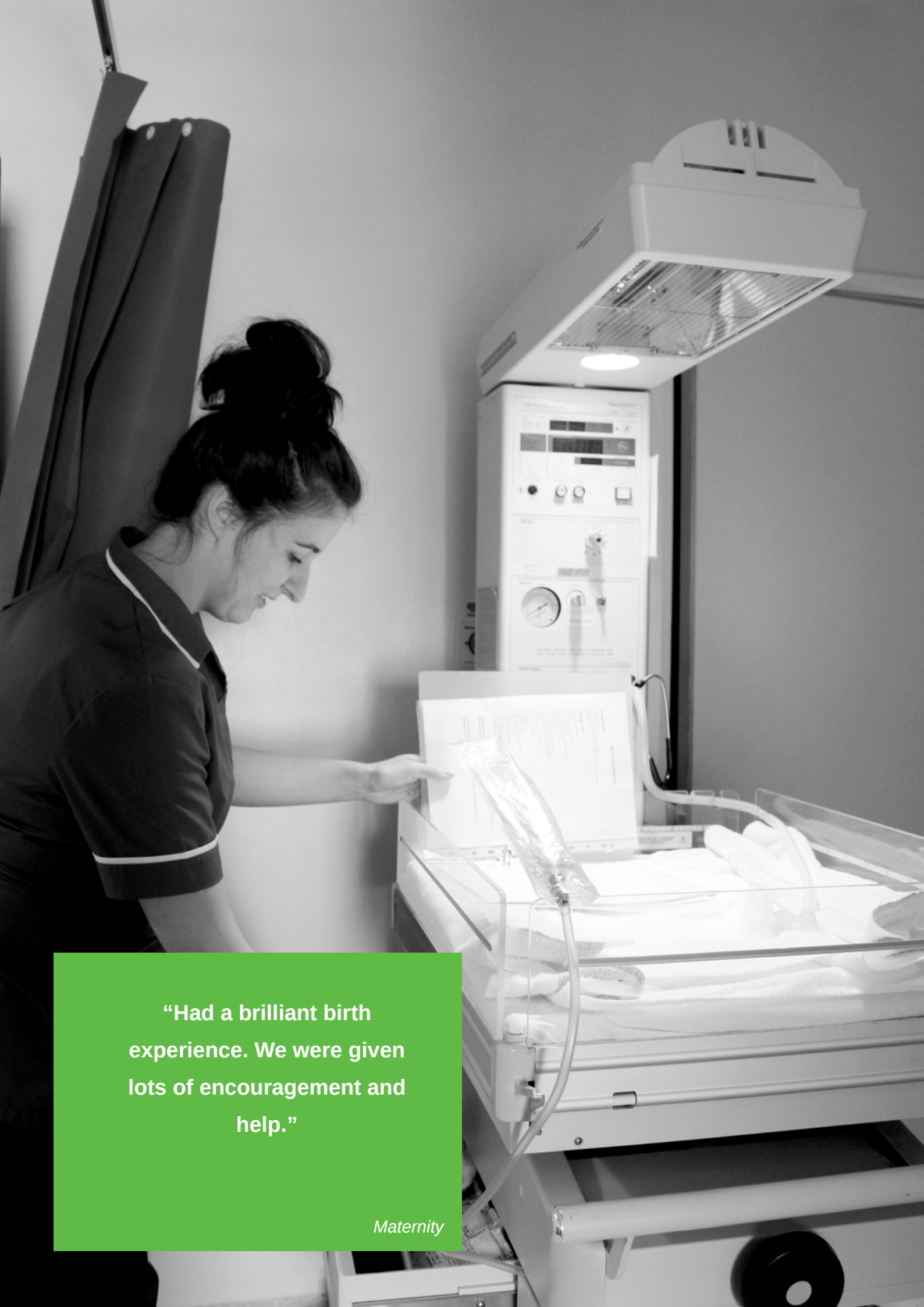
Borrowing / loans - repayment of principal falling due:		
Within one year	**8,955**	444
In more than one year but not more than two years	**33,197**	8,943
in more than two years but not more than five years	**21,065**	33,988
In more than five years	**-**	-
	63,217	43,375

23. Finance lease obligations as lessee

In November 2014, the trust entered into a seven year lease with Siemens Healthcare for the provision of a Radiology Managed Service.

	31 March 2018	31 March 2017
	£000	£000
Gross lease liabilities	**1,876**	2,352
of which liabilities are due		
not later than one year	**517**	525
later than one year and not later than five years	**1,359**	1,827
later than five years	**-**	-
Finance charges allocated to future periods	**(122)**	(199)
Net lease liabilities	**1,754**	2,153

Of which payable:		
not later than one year	**454**	444
later than one year and not later than five years	**1,300**	1,709
later than five years	**-**	-
	1,754	2,153



“Had a brilliant birth experience. We were given lots of encouragement and help.”

Maternity

24.1 Provisions for liabilities and charges analysis

	Pensions - Early Departure Costs	Legal Claims	Redundancy	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2017	**3,913**	**481**	**45**	**2,887**	**7,326**
Change in the discount rate	24	-	-	22	**46**
Arising during the year	13	266	111	1,501	**1,891**
Utilised during the year	(363)	(104)	(42)	(595)	**(1,104)**
Reversed unused	-	(21)	(3)	(446)	**(470)**
Unwinding of discount	9	-	-	4	**13**
At 31 March 2018	**3,596**	**622**	**111**	**3,373**	**7,702**
Expected timing of cash flow					
Not later than one year	362	622	111	2,008	**3,103**
Later than one year and not later than five years	1,814	-	-	318	**2,132**
Later than five years	1,420	-	-	1,047	**2,467**
Total	**3,596**	**622**	**111**	**3,373**	**7,702**

Provisions for pensions and permanent injuries are based on expected life years for individual members of staff.

Legal claims relate to provision for tribunal costs together with Employers and Public liability claims, which are based on an assessment of the likelihood of the claims arising as assessed by NHS Resolution (formerly NHSLA). They are restricted to an excess, with the balance being reimbursed by NHS Resolution.

Other provisions include a provision for permanent injury benefits as described above, together with provisions relating to intermediaries legislation (IR35) and employment status.

24.2 Clinical negligence liabilities

At 31 March 2018, £87,784k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of East Cheshire NHS Trust (31 March 2017: £64,311k).

25. Contingencies

	31 March 2018	31 March 2017
	£000	£000
Contingent liabilities		
NHS Resolution legal claims (Employers and Public liability claims)	**(19)**	(38)

The trust has no contingent assets as at 31 March 2018 (31 March 2017: £nil).

26. Contractual capital commitments

	2018	2017
	£000	£000
Property, plant and equipment	120	17
Intangible assets	-	252
Total	**120**	**269**

27. Financial instruments

27.1 Financial risk management

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

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

Currency risk

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

Interest rate risk

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

The trust may also borrow from government for revenue financing subject to approval by NHS Improvement. Interest rates are confirmed by the Department of Health and Social Care (the lender) at the point that the borrowing is undertaken. The trust therefore has low exposure to interest rate fluctuations.

Credit risk

Due to the fact that the majority of the trust's revenue comes from contracts with other public sector bodies, the trust has low exposure to credit risk. The maximum exposures as at 31 March 2018 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The trust's operating costs are incurred under contracts with CCGs, which are financed from resources voted annually by Parliament. The trust funds its capital expenditure from internally generated funds. The trust is not, therefore, exposed to significant liquidity risks.

27.2 Financial assets

	Loans and receivables	Assets at fair value through the I&E	Held to maturity	Available-for-sale	Total book value
	£000	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	12,941	-	-	-	**12,941**
Cash and cash equivalents at bank and in hand	7,313	-	-	-	**7,313**
Total at 31 March 2018	**20,254**	**-**	**-**	**-**	**20,254**
Trade and other receivables excluding non financial assets	11,747	-	-	-	**11,747**
Cash and cash equivalents at bank and in hand	3,477	-	-	-	**3,477**
Total at 31 March 2017	**15,224**	**-**	**-**	**-**	**15,224**

27.3 Financial liabilities

	Other financial liabilities	Liabilities at fair value through the I&E	Total book value
	£000	£000	£000
Borrowings excluding finance lease and PFI liabilities	61,463	-	**61,463**
Obligations under finance leases	1,754	-	**1,754**
Trade and other payables excluding non financial liabilities	15,961	-	**15,961**
Provisions under contract	1,832	-	**1,832**
Total at 31 March 2018	**81,010**	**-**	**81,010**
Borrowings excluding finance lease and PFI liabilities	41,222	-	**41,222**
Obligations under finance leases	2,153	-	**2,153**
Trade and other payables excluding non financial liabilities	13,930	-	**13,930**
Provisions under contract	2,040	-	**2,040**
Total at 31 March 2017	**59,345**	**-**	**59,345**

27.4 Fair values of financial assets and liabilities

The carrying value of financial assets and liabilities is a reasonable approximation of fair value.

27.5 Maturity of financial liabilities

	31 March 2018	31 March 2017
	£000	£000
In one year or less	**26,748**	16,414
In more than one year but not more than two years	**33,197**	8,945
In more than two years but not more than five years	**21,065**	33,986
In more than five years	**-**	-
Total	**81,010**	59,345

28 Losses and special payments

	2017/18		2016/17	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	**1**	**1**	1	1
Bad debts and claims abandoned	**11**	**2**	12	3
Stores losses and damage to property	**2**	**15**	-	-
Total losses	**14**	**18**	13	4
Special payments				
Compensation under court order or legally binding arbitration award	**5**	**33**	8	56
Ex-gratia payments	**22**	**5**	33	14
Special severance payments	**2**	**53**	-	-
Total special payments	**29**	**91**	41	70
Total losses and special payments	**43**	**109**	54	74

29. Related parties

Transactions between the trust and the related party organisation:

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£	£	£	£
Dr Anthony Coombs, Non Executive Director				
Related party organisation - Shares in Galenica (Fresenius)				
Trust transactions with Galencia (Fresenius)	88,998	7,676	328	1,769
Dr John Hunter				
Related party organisation - Spire Regency Hospital, Macclesfield - (on average) weekly elective operating lists performed				
Trust transactions with Spire Regency Hospital	277	50,253	3,212	7,996
Dr John Hunter				
Related party organisation - Vernova Healthcare CIC - spouse member of Vernova Healthcare CIC board				
Trust transactions with Vernova Healthcare CIC	392,877	186,506	99,248	38,410
East Cheshire NHS Trust Charitable Fund*	-	272,242	-	106,268

* The Board members of East Cheshire NHS Trust act as the Corporate Trustee of East Cheshire NHS Trust Charitable Fund.

The Department of Health and Social Care is regarded as a related party. During the year the trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent department. These include:

- Clinical Commissioning Groups
- NHS Trusts
- NHS Business Services Authority
- NHS Foundation Trusts
- NHS Resolution

In addition, the trust has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with Cheshire East Unitary Authority and Cheshire West Unitary Authority.

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

Charitable expenditure, including charges for administration, is initially paid through the ledger of East Cheshire NHS Trust, then reimbursement is made by East Cheshire NHS Trust Charitable Fund.

30. Analysis of charitable fund reserves

The trust is the Corporate Trustee for East Cheshire NHS Trust Charitable Fund. The trust does not consolidate the results of the charity on the grounds of materiality.

	31 March 2018	31 March 2017
	£000	£000
Restricted / Endowment Funds	**424**	544
Non-restricted Funds	**248**	172
Total Funds	**672**	**716**

Non-restricted funds are accumulated income funds that are expendable at the discretion of the trustees in furtherance of the charity's objects. Unrestricted funds may be earmarked or designated for specific future purposes which reduces the amount that is readily available to the charity.

Restricted funds may be accumulated income funds which are expendable at the trustee's discretion only in furtherance of the specified conditions of the donor and the objects of the charity. They may also be capital funds (e.g. endowments) where the assets are required to be invested, or retained for use rather than expended.

31. Events after the reporting date

The trust is not aware of any events after the reporting period which impact on the accounts.

32. Better payment practice code

	2017/18		2016/17	
	Number	£000	Number	£000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	40,851	55,959	40,949	56,638
Total non-NHS trade invoices paid within target	36,842	51,786	34,188	49,713
Percentage of non-NHS trade invoices paid within target	**90.19%**	**92.54%**	83.49%	87.77%
NHS Payables				
Total NHS trade invoices paid in the year	1,824	15,039	1,653	14,584
Total NHS trade invoices paid within target	1,433	11,790	1,066	11,187
Percentage of NHS trade invoices paid within target	**78.56%**	**78.40%**	64.49%	76.71%

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

33. External financing

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

	2017/18	2016/17
	£000	£000
External financing limit (EFL)	**23,749**	22,200
Cash flow financing (from Statement of Cash Flows)	**17,436**	18,422
External financing requirement	**17,436**	18,422
Under / (over) spend against EFL	**6,313**	3,778

34. Capital resource limit

	2017/18	2016/17
	£000	£000
Gross capital expenditure	**4,681**	3,127
Less: Disposals	**-**	(91)
Less: Donated and granted capital additions	**(94)**	(47)
Charge against Capital Resource Limit	**4,587**	2,989
Capital Resource Limit	**4,587**	3,200
Under / (over) spend against CRL	**-**	211

35. Breakeven duty financial performance

	2017/18
	£000
Adjusted financial performance surplus / (deficit) (control total basis)	(16,189)
Add back income for impact of 2016/17 post-accounts STF reallocation	189
Breakeven duty financial performance surplus / (deficit)	**(16,000)**

36. Breakeven duty rolling assessment

	2006/07 to 2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		3,926	806	277	5,535	262	109	(23,899)	(15,149)	(16,000)
Breakeven duty cumulative position	(4,386)	(460)	346	623	6,158	6,420	6,529	(17,370)	(32,519)	(48,519)
Operating income		115,877	118,610	176,835	185,725	180,080	183,791	172,345	165,589	152,526
Cumulative breakeven position as a % of operating income		-0.40%	0.29%	0.35%	3.32%	3.57%	3.55%	-10.08%	-19.64%	-31.81%

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

The trust has a statutory duty to break-even over a rolling three year period. Taking the cumulative deficit position of £48.5m above, together with the planned deficit for 2018/19 of £19.2m, the trust is unable to meet this duty. This was also the position in 2016/17. Therefore a report under Section 30 of the Local Audit and Accountability Act 2014 was issued to the Secretary of State by the trust's auditors in May 2017. This report also covers the financial year ended 31 March 2018.

Independent auditor's report to the Directors of East Cheshire NHS Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of East Cheshire NHS Trust (the 'Trust') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including the accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Department of Health and Social Care Group Accounting Manual 2017-18 and the requirements of the National Health Service Act 2006.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2018 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2017-18; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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

Material uncertainty related to going concern

We draw attention to note 1.1.2 in the financial statements, which indicates that the Trust incurred a deficit during the year ended 31 March 2018 and, that the Trust reached a net liability position during the 2017/18

financial year which is expected to continue throughout 2018/19. The Trust's planned deficit for 2018/19 is £19.2m, which is in line with the control total issued by NHSI. The Trust has loans of £8.5 million from the Department of Health and Social Care that fall due in February 2019.

The Directors expect that the Trust will have adequate resources to continue its operational existence for the foreseeable future however, as stated in note 1.1.2, NHSI and the Department of Health and Social Care have not, at the date of our report, formally confirmed acceptance of the Trust's 2018/19 financial plan and that the appropriate funding will be available to support the provision of the Trust's services and loan repayments falling due in 2018/19. These events or conditions, along with the other matters explained in note 1.1.2, indicate that a material uncertainty exists that may cast significant doubt about the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of our work including that gained through work in relation to the Trust's arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resource or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the guidance issued by NHS Improvement or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration Report and Staff Report to be audited have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2017-18 and the requirements of the National Health Service Act 2006; and
- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust gained through our work in relation to the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice we are required to report to you if:

- we have reported a matter in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have referred a matter to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 because we had reason to believe that the Trust, or an officer of the Trust, was about to make, or had made, a decision which involved or would involve the body incurring unlawful expenditure, or was about to take, or had begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we have made a written recommendation to the Trust under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters except on 18 May 2017 we referred a matter to the Secretary of State under section 30b of the Local Audit and Accountability Act 2014 in relation to the Trust's forecast breach of its three year statutory breakeven duty arising from a predicted cumulative deficit at 31 March 2018.

Responsibilities of the Directors and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Director's Responsibilities set out on page 73, the Directors are responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions, for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for 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 the Trust lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the Trust.

The Audit Committee is Those Charged with Governance.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Qualified Value for Money Conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller & Auditor General in November 2017, except for the effects of the matter described in the Basis for Qualified Value for Money Conclusion section, we are satisfied that, in all significant respects, East Cheshire NHS Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Basis for Qualified Value for Money Conclusion

Our review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of

resources identified the following matters:

- In 2017/18 the Trust incurred a deficit of £16.0 million, which resulted in a cumulative deficit of £48.52 million at 31 March 2018.
- As at May 2018 the Trust is forecasting a further £19.2 million deficit for the year ending 31 March 2019, which would result in a cumulative deficit of £68.7 million at that date.

These matters are evidence of weaknesses in the proper arrangements for setting a sustainable budget under the current service configuration, with sufficient capacity to absorb emerging cost pressures.

These matters are evidence of weaknesses in the proper arrangements for sustainable resource deployment in planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

Responsibilities of the Accountable Officer

As explained in the Statement of the Chief Executive's Responsibilities, as the Accountable Officer of the Trust, the Accountable Officer is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 21(3)(c) and Schedule 13 paragraph 10(a) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report where we have not been able to satisfy ourselves that it has done so. 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 its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects, 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. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018, and to report by exception where we are not satisfied.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements – Certificate

We certify that we have completed the audit of the financial statements of East Cheshire NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

John Farrar
Associate Director
for and on behalf of Grant Thornton UK LLP

4 Hardman Square
Spinningfields
Manchester
M3 3EB

25 May 2018

Glossary

A+E - Accident and Emergency

ACS - Acute Coronary Syndrome

AHP - Allied Health Professional

AKI - Acute Kidney Injury

AQ - Advancing Quality

AMi - Acute Myocardial Infarction

AMT- Abbreviated Mental Test

ANC - Antenatal Clinic

AVS - Acute visiting service

CARE - Clinical Audit Research and Effectiveness

CCG - Clinical Commissioning Group

CCICP - Central Cheshire Integrated Care Partnership

CDiff - Clostridium *Difficile*

CFH - Connecting for Health

CGA - Comprehensive geriatric assessment

CNST - Clinical Negligence Scheme for trusts

CO - Carbon Monoxide

COPD - Chronic obstructive pulmonary disease

CPR - Cardiopulmonary Resuscitation

CQC - Care Quality Commission
CQUIN - Commissioning for Quality And Innovation

CTG - Cardiotocography

CWMH- Congleton War Memorial Hospital

Datix - Internal incident reporting system

DH - Department of Health

DNACPR - Do Not Attempt Cardiopulmonary Resuscitation

DVT - Deep Vein Thrombosis

ECT - East Cheshire NHS Trust

ECNHST - East Cheshire NHS Trust

ED - Emergency Department

EDD - Expected Day of Discharge

EDNF - Electronic Discharge Notification Form

EOL - End of life

ETU - Endoscopy Treatment Unit

GP OOH - GP Out-of-Hours Service

FFT - Friends and Family Test

FT - Foundation Trust

GMC - General Medical Council

GP - General Practitioner

HCA - Healthcare Assistant
HITS - Home Intravenous Therapy Team

ICU - Intensive Care Unit

IPC - Integrated Personal Commissioning programme

IG - Information Governance

IT - Information technology

IV - Intravenous

LAT - Local area team

LINkS - Local Involvement Networks

MAPLE - Mental and Physical-Led Exercises

MAU - Medical Assessment Unit

MDGH - Macclesfield District General Hospital

MDT - Multi- Disciplinary Team

MRSA - Methicillin-Resistant Staphylococcus Aureus

MINAP - Myocardial Ischaemia National Audit Project

NHS - National Health Service

NHSI - NHS Improvement

NHSLA - NHS Litigation Authority

NHSP - Newborn Hearing Screening Programme

NICE - National Institute of Clinical Excellence

NIHR - National Institute for Health Research

NCEPOD - National Confidential Enquiry into Patient Outcome and Death

NOF - Neck of Femur

NSF - National Service Framework

OT - Occupational Therapist

PCI - Percutaneous Coronary Interventions

PE - Pulmonary Embolism

PBR - Payment by Results

PROMS - Patient-Reported Outcome Measures

QIPP - Quality, Innovation, Productivity and Prevention

SHMI - Summary Hospital-level Mortality Indicator

SUS - Secondary Uses Service

SQS - Safety, Quality Standards

STAIRRS - Short Term Assessment, Integrated Response and Recovery Service

SSKIN - A five step model for pressure ulcer prevention

S&VR - South Cheshire and Vale Royal

TARN - Trauma Audit and Research Networks

UTI - Urinary Tract Infection

VTE - Venous Thromboembolism

VV - Varicose veins

"I have been coming to the centre for seven years and from day one, I have been treated with the utmost respect, I have been treated like a friend rather than a patient."

Macmillan

If you require this document in another language or format (including easy read and audio) please contact us using the details below:

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01625 661184 - Communications Department

Via our website

www.eastcheshire.nhs.uk

By fax

01625 661000

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All images used in this report are original photographs of our staff and patients. The trust has full consent to use these images.