

ANNUAL REPORT 2018/19



A photograph of two female NHS staff members in teal uniforms. They are both wearing lanyards with NHS ID badges. The staff member on the right is holding a large teal folder. The folder has a white label that reads "EAST CHESHIRE NHS TRUST". The staff member on the left is looking down at the folder, and the staff member on the right is also looking down at it. The background is a bright, out-of-focus indoor setting.

“The staff are so very good. They are also very helpful with all my needs, a credit to the ward. Thank you all.”

WARD 9

Welcome



The year 2018/19 has again been a challenging one for the NHS and the trust, in particular over the winter period, although with some notable achievements. Our continued delivery of safe care for patients is only possible with the enthusiasm, dedication and compassion of our outstanding people; they continue to work with us to treat patients with increasingly more complex conditions. Through the staff survey, they tell us they feel empowered, engaged and supported by their managers and in their workplace. This approach underpins our care and is one of many factors that distinguished Karen Clayton, Macmillan Lung Cancer Lead Nurse with East Cheshire, who received the Queen Elizabeth the Queen Mother's Award for outstanding service, one of only five nurses nationally to do so.

During the year that the NHS celebrated its 70th birthday, we have much to celebrate. First, we were delighted to welcome the nine nursing associates as they graduated in March, all of whom we supported throughout their two year training programme; secondly, we introduced a new 'Compassion Award' this year which recognises the outstanding care provided to patients, their families and carers at times of vulnerability, anxiety and need. Staff and patients can nominate any member of staff and we have been thrilled to award three staff members at the time of writing. In addition, we were also delighted to receive a national patient safety award which recognised how the whole trust team mobilised at times of considerable pressure.

It is pleasing too that our staff views reflect consistently good satisfaction ratings from patients and their families and carers on NHS Choices through the Family and Friends Test, as well as the many compliments our teams receive each day. Our approach is to treat the whole person rather than their condition and has been at the forefront of all our care, delivered in the best place.

The trust continues to work with partners across eastern Cheshire, now within the same footprint as Cheshire East Council, which has seen added value through the development of eight local care communities. Through them, the intention is to aid wellbeing, to prevent the progress of ill health, continue to manage long-term conditions in the home or community and by doing so, ensure only the most poorly of people attend hospital. This remains a challenge as the people of eastern Cheshire are ageing at a faster rate than elsewhere in the country, with many of our citizens having long term conditions and as a consequence, the trust has utilised its bed base to the maximum throughout most of the year.

We also continue strategic conversations with partners into Greater Manchester, where we have a natural patient flow together with clinical synergies supporting patient choice.

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 slightly 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 theatres and outpatients as well as in IT infrastructure, for example, providing WiFi access which aids patients when in hospital to stay connected to family and friends, while also providing access to entertainment.

We hope you enjoy reading about the work of the trust and that you feel confident should you, a member of your family or a friend need our services then East Cheshire NHS Trust offers holistic person-centred care, provided in the best place at the right time.

John Wilbraham
Chief Executive

Lynn McGill
Chairman

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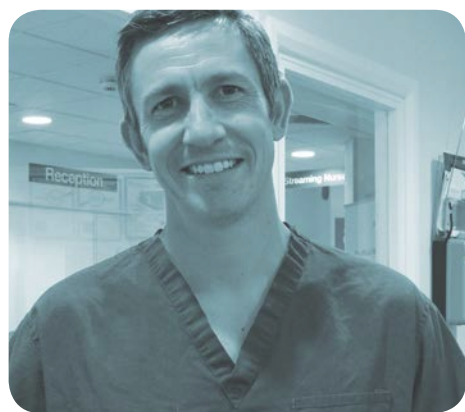
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“Now housebound it is a great comfort to know my regular blood test can be done at home by your friendly courteous and competent staff.”

COMMUNITY NURSING

Performance report

A statement from the Chief Executive on organisational performance

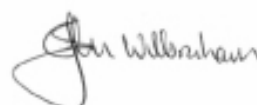
The 2018/19 financial year has seen the trust meet a number of significant challenges and recognise the fact that there is always more that can be achieved.

The annual staff survey results are very positive with continued improvement in the overall engagement of staff which is crucial to having an organisation that is committed to achieving its objectives. This along with improved retention and recruitment has seen reduced vacancies at the trust and less expenditure on agency staff than anticipated.

Waiting times have been a challenge to the trust during the year and while many of the cancer waiting time standards were achieved there were other areas such as ED where waiting times were too long. We recognise waiting for both elective and urgent treatment is a source of anxiety for patients and we will continue to focus on this as we move forward.

Despite these challenges the levels of patient satisfaction remain high which is testament to the dedication and professionalism of our staff.

Our financial performance was better than we had planned and we will continue to seek improved productivity to maximise service provision within the resources we have available.



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 2019. 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 134 of this document. Value for money (VFM): The overall VFM conclusion can also be found at page 136 of this document. The remuneration report can be found on page 66 and sets out the directors' remuneration as required. The report has been approved by the Board.

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:
www.eastcheshire.nhs.uk/Contact Us/Location-Directions.html

The trust's estates 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

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

Organisational structure

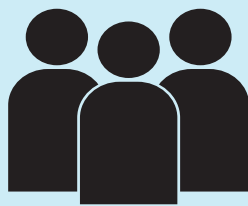
Planned Care Services	Allied Health and Clinical Support Services	Acute and Integrated Community Care
Clinical Director Mr Usman Khan	Clinical Director Kash Haque	Clinical Director Dr Marta Babores
Associate Director Michael Brown	Associate Director Fiona Walton	Associate Director Anne Marriott



**1,464 babies were born
at our hospital**



**We treated 16,848 patients
(planned admissions)**



**We treated 49,549 people
through our Emergency
Department**



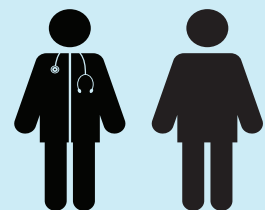
**We helped 30 babies
to be born at home**



**Our income was
£160 million**



**We dealt with 18,673
non-elective admissions**



**We saw 176,493
outpatient attendees**



**Our services were
delivered by circa
2,595 employees
and 250 volunteers**



**We made 218,638
community visits**



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

	Metric	Target	18/19
Mortality	Risk Adjusted Mortality Index 2017 - Rolling 12 months - Latest Peer (Jan 18 - Dec 18 : 85.19)	< Latest peer (85.19)	82
	Summary Hospital Mortality Indicator (HSCIC) - Latest Figure (Oct 17 - Sep 18)	Within expected range	"Higher than expected 1.15"
Infection	Ecoli - hospital - 18/19 Total	< 25 (previous years performance)	11
	Hospital MRSA bacteraemia - 18/19 Total	0	1
	Hospital Acquired Clostridium Difficile - 18/19 Total	<=13	11
	Incidence of newly-acquired cat 3 and 4 pressure ulcers - hospital - 18/19 Total	20% reduction in Cat 2, 3 and 4	18
	Incidence of newly-acquired cat 3 and 4 pressure ulcers - out of hospital - 18/19 Total	20% reduction in Cat 2, 3 and 4	17
Incidents	Medication errors causing serious harm - 18/19 Total	0	0
	Never Events - 18/19 Total	0	2
	Patient Safety: Falls resulting in patient harm per 1000 Occupied bed days - 18/19 whole year Rate	2.5	1.7
Complaints	No. complaints with HSO Recommendations - 18/19 Total	0	1
	Number of complaints - 18/19 Total	<=140	134
Experience	Ward Family and Friends Test % response - 18/19 Total	20%	37.4%
	ED Family and Friends Test % response - 18/19 Total	20%	22.5%
	Mixed Sex Accommodation breaches - 18/19 Total	0	394
Access	18 week - Incomplete Patients - March 18 Figure	92%	78.1%
	Diagnostic 6 week Wait - 18/19 Total	>=99%	86.7%
	ED: Maximum waiting time of 4 hours - 18/19 Total	95%	82.5%
	ED: The recording of a completed handover, (HAS) - 18/19 Total	85%	88.9%

	Metric	Target	18/19
Cancer	2 Weeks maximum wait from urgent referral for suspected cancer - 18/19 Total	93.0%	91.4%
	2 Weeks maximum wait from referral for breast symptoms - 18/19 Total	93.0%	70.6%
	31 days maximum from decision to treat to subsequent treatment - Surgery - 18/19 Total	96.0%	98.1%
	31 day wait from cancer diagnosis to treatment - 18/19 Total	94.0%	99.4%
	62 day maximum wait from urgent referral to treatment of all cancers - 18/19 Total	85.0%	76.7%
	62 days maximum from screening referral to treatment - 18/19 Total	90.0%	95.0%
DTOC	Delayed transfers of care - Acute and non-acute combined	3.5%	5.5%
Staff	Core Staff in Post (FTE) - March 18 Figure	2316.2	2214.91
	Sickness Absence - Rolling year - 18/19 Total	4.95%	4.7%
	Statutory and Mandatory Training - Rolling 3 year period (Apr 16 - Mar 19)	90%	91.5%
	Corporate Induction attendance - Rolling year - 18/19 Total	90%	97.6%
	Appraisals and Personal Development Plans - Rolling year - 18/19 Total	90%	91.7%
	Information Governance training - 18/19 Total	95%	95.3%
	Safeguarding - Level 1 Compliance - March 18 Figure	85%	91.5%
	Safeguarding Children - Level 2 - March 18 Figure	85%	89.7%
	Safeguarding Adults - Level 2 - March 18 Figure	85%	89.7%
	Safeguarding Children - Level 3 - March 18 Figure	85%	90.8%
Finance	Total Pay Expenditure (£000) - 18/19 Total	£106,810k	£110,084k
	Bank Staff Expenditure (£000) - 18/19 Total	£4,922k	£6,729k
	Agency Staff Expenditure (£000) - 18/19 Total	£7,325k	£6,483k
	Cash (£000's) - March 18 Figure	£3,000k	£9,463k
	2018/19 EBITDA (£000)	(£13,521k)	(£9,842k)
	2018/19 Deficit	(£17,932k)	(£14,472k)

The last 12 months have been a busy and exciting time for the Care Communities, a great deal has progressed and developed. Patients, carers and staff have started to see and experience more efficient locally delivered services. While still forming, the five East Cheshire Care Communities all have a clear and consistent understanding of their local population's health needs. They all have a number of locally led initiatives in progress and are determined to inform and support the development of community networks.

All of the Care Communities are now formed, Team Knutsford, Team Bollington, Disley and Poynton (BDP), Team Macclesfield, Team Congleton and Holmes Chapel and finally Team Chelford, Handforth, Alderley and Wilmslow (CHAW). The teams are made up of health and social care colleagues, namely GPs, nurses, therapists, social workers and in some instances voluntary sector staff.

It is envisaged that Care Communities will continue to bring wider health and social care teams together to deliver a wide range of services that not only treat illness but promote wellness, self-care and behavioural change. This will continue to involve a cohesive and comprehensive response from community services, social and primary care, hospital specialists, mental health and support from public health and preventative services. Input from the voluntary and community sector will be central to the success of this approach.

All the Care Communities are evolving to support the following principles:

- Optimise self-care and family/carers support to enable people to stay at home for as long as possible, independently and safely
- Proactively identify people at high risk of requiring access to services, through early intervention and prevention
- Help people live as independently as possible while managing one or more long-term conditions
- Focus on improved condition management to avoid unnecessary admissions
- Co-ordinate delivery of services from all providers, with teams of multi-skilled professionals based in each of the Care Communities.
- Help prevent people from having to move to a residential or nursing home (24 hour care) until they really need to
- Move care and support closer to home
- Improve recruitment and retention into general practice and community services.

The Care Communities each have a designated clinical lead who is supported by a Care Community coach, these two roles alongside a fully formed and mature Clinically-Led Delivery Group has meant that initiatives have progressed well and at pace. Examples of initiatives include Team Macclesfield's development of an approach to frailty, Team Knutsford's new approach to dementia care, Team Congleton's approach to reducing the number of falls for their elderly population, Team BDP's proactive approach to supporting people with dementia and their carers with a whole community approach and Team CHAW's development of a community sepsis pathway.



Fundraising in the community

We remain grateful for the generous contributions made by our donors who support ECHO, charity of East Cheshire NHS Trust.

Fundraising initiatives this year included:

- Macclesfield Pancake Race, which took place on March 5th in Macclesfield Town Centre, hosted by local radio station Silk 106.9. Attended by local dignitaries including the Mayor of Macclesfield, this year's event was blessed with sunny skies and a record 21 teams. The trophy was won by pupils from a local school.
- The Victoria Breast Screening Centre at Macclesfield Hospital received a cheque for over £10,000 from the Tytherington Treacle Women's Institute group. Members of the WI were brave enough to do a 'Calendar Girls' style calendar to recognise the centre's vital work helping early detection of breast cancer in local women.
- A mum whose baby struggled to feed after being diagnosed with congenital heart defects at just two weeks old helped other parents by purchasing a new state-of-the-art breast pump. She set up a crowdfunding page for a second breast pump for the ward to complement the existing machine and £2,000 later, she kindly donated a Symphony pump, trolley stand, bottle holder and different sized breast shields to the ward.

For more information on ECHO, please visit our website www.echonhscharity.org/

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 5,880 followers on our main Twitter account EastCheshireNHS – an increase of over 500 followers year-on-year
- Launched a Facebook page for the trust's charity ECHO to complement its existing Twitter account. The page has proved successful in engaging with a wider audience and is widely promoted to trust staff via internal communications channels.
- Created two award-winning videos as part of the 'HelpingFlo' initiative which have each been viewed more than 1,400 times.
- Added further patient information and self-help videos to the trust's YouTube channel, which now has 729 subscribers - a year-on-year increase of around 300.



Care Quality Commission (CQC)

A proportion of the income received by East Cheshire NHS Trust in 2018/19 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.nhs.uk 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 2018/19 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.

During 2013/14 all NHS healthcare providers were 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.

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. The report also highlighted opportunities for improvement. We will continue to work to improve what we do for our patients. Please see our full report at: www.cqc.org.uk/location/RJN71/reports



Healthwatch

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

Enter and view visits:

Three enter and view visits have taken place this year to wards 9 and 10 and to Outpatient Therapies. Positive feedback on the staff approach is a common theme across all areas. As well as comments about staff being caring and attentive, knowledgeable and enthusiastic, and positive comments about the environment, Healthwatch representatives praised the initiatives undertaken to improve the patient stay where staff went the extra mile.

Improvements made as a result of visits are:

- Improved website information for all areas
- Ward 9: Improved ward storage
- Ward 10: Improved communication with patients and relatives following board rounds
- Outpatient therapies: Updated clinic information and the exploration of outdoor space for rehabilitation - staff do already utilise the hospital grounds, in particular for a back class which includes a supervised walking route outdoors.

Healthwatch have also been involved in the following over the past year:

- Engagement visits across the trust to ascertain priorities for east Cheshire residents
- Participation in the Complaints Scrutiny Group
- Commenting on the trust's Quality Account.

System leadership

The trust falls under the system-wide leadership of the Health and Care Partnership of Cheshire and Merseyside. The Partnership is a collection of organisations responsible for providing health and care services in Cheshire and Merseyside – the NHS, GPs, local councils and the community and voluntary sector – coming together to plan how best to deliver these services in future so that they meet the needs of local people, are high quality and are affordable.

Within the Partnership there are six smaller areas of collaboration known as 'Places'. The trust is part of East Cheshire Place, which broadly covers the same geographic footprint as Cheshire East Council. Caring Together – the programme established to deliver joined-up care across the Eastern Cheshire CCG footprint - has now effectively been replaced by East Cheshire Place. This is because as work under the Health and Care Partnership of Cheshire and Merseyside progressed, it was felt that the aims of Caring Together and its neighbouring programme in the South Cheshire and Vale Royal CCG areas, Connecting Care, would be better served by joining together to benefit from greater economies of scale and increased opportunities for collaboration and shared services.

The Cheshire East Place consists of NHS Eastern Cheshire Clinical Commissioning Group, East Cheshire NHS Trust, Cheshire and Wirral Partnership NHS Foundation Trust, Cheshire East Council, local GP federations, Mid Cheshire Hospitals NHS Foundation Trust, NHS South Cheshire Clinical Commissioning Group and several housing groups all working together. It provides a way of joint working and enables us to use our combined knowledge, experience and expertise to assess local needs and get the best from our combined staff.

The Place will raise standards of care, improve people's experience of care, enable organisations to work more efficiently, staff to work differently and crucially, address the growing demand for services in a challenging economic environment. It will join up the gaps in the care system, improve communications and connect with colleagues. It will see a shift from reactive hospital-based care to proactive community-based care.

During 2018/19 the trust and its partners within Cheshire East Place continued to examine what the potential options are for the future sustainability of our services, including via engagement with clinical trust staff in workshops and one-to-one sessions.

Throughout this work we have used the expression that we are sub-scale but not sub-standard, as shown by our recent 'Good' CQC rating. Instead, as we have known for some time the challenges we face are because we are a small organisation. This manifests itself financially in terms of economies of scale and clinically when some staff face challenges seeing enough cases to maintain their skills and some services are led by just one or two staff members and are therefore vulnerable to staffing issues.



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 2018/2019, the trust received 464 requests relating to a wide variety of issues such as agency staffing, car parking arrangements, workplace bullying, biopsy needles and post treatment support. During the year 92% 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

Sources of funding

Information relating to funding sources can be found within the financial statements on page 86 of this report.

Key issues and risks

Please refer to the Annual Governance Statement 2018/19 on page 44 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 86 of this report.

Year at a glance



April

The trust received a bronze award under Mind's Workplace Wellbeing Index scheme. This is given to employers who have shown a commitment to better workplace mental health by implementing initiatives that promote positive mental health for staff.

May

We were named one of the top 40 hospital operators in the country for the eighth consecutive year via the CHKS Top Hospitals Programme. This year the trust also received the CHKS Most Improved Award.

June

The trust rolled out the second phase of Single Sign On to cover areas including Pharmacy, Maternity, Children's Ward and EPAU. SSO allows staff to save their log in details in applications and removes the need for staff to remember various usernames and passwords.



October

The trust's Finance Department was awarded Level 2 - High Level of Performance Award under the Skills Development Network's 'Towards Excellence' scheme following a rigorous evidence-based selection process.

November

The 'HelpingFlo' campaign won the final of 'Region's Got Talent' – a competition hosted by regulator NHSI to share ideas and innovative ways of working. HelpingFlo was voted the best by peers from across NHSI's North Region attending its 'Action on A&E' programme.

December

The trust held a highly popular Christmas market at Macclesfield Hospital in aid of its official charity ECHO, raising several hundred pounds and providing staff and patients with a convenient Christmas shopping opportunity.



July

We were delighted to win the 'Changing Culture' category in the HSJ Patient Safety Awards 2018 for our work managing winter pressures in 2018/19, including implementing a 'runner' system with staff from across the trust.



August

East Cheshire joined other trusts across the north of England in successfully switching to receiving all referrals for first outpatient appointments through the NHS e-Referral Service (e-RS).



September

19 walkers and two runners battled through the rain for 26 miles from Teggs Nose to Kidsgrove to raise funds for the trust's official charity ECHO and Combat Stress. The team smashed their target by raising over £6,000



January

Grateful cancer survivor Keith Oldham raised £2,000 to purchase a top-of-the-range surgical headlight for Macclesfield Hospital surgeons following successful treatment to remove a bowel tumour in May 2017.



February

The trust again received a strong endorsement as a place to work via the latest NHS Staff Survey, with the organisation maintaining or improving its position across all measurements.



March

Local businesses, clubs and organisations had fun and raised money for official trust charity ECHO via the Macclesfield Pancake Race.

A record 21 teams turned out this year to compete in this annual event.

Learning Disabilities Benchmarking

The trust took part in the NHS Learning Disability Improvement Standards review. This was a national data collection exercise run by the NHS Benchmarking Network (NHSBN). The data collection was designed to fully understand the extent of trust compliance with the recently published NHS Learning Disability Improvement Standards and identify improvement opportunities. The data was collected via an organisational data submission, staff survey and a patient survey. The trust has received initial results which are in line with other acute trusts for the majority of criteria. Areas for improvement have been identified and the trust is exploring how best to implement these.

Autism and learning disabilities

The trust continues to work on improving access for patients with autism and/or learning disabilities and their carers:

- The final assessment against the National Autistic Society's (NAS) autism hospital accreditation standards is planned for Summer 2019. Macclesfield Hospital's outpatient department was assessed in September 2018 and positive feedback given on the knowledge and enthusiasm of staff, the autism signage, the availability of a quiet room, communication equipment available and the coaster system allowing people to leave the department and be recalled back for their appointment. Actions taken following the visit include adding photographs of autism link staff to posters, the development of a visible lanyard and training in key Makaton is planned.
- 81.37% (as at 31 Dec 18) of clinical staff have completed the autism and learning disabilities e-learning module. Refresher training in supporting people with additional needs has also been delivered in ED and paediatrics. This training focusses on how staff can make reasonable adjustments to make services more accessible such as:
 - Meeting patients and accompanying them to their appointment
 - Organising care so that complex admissions can be managed and multiple investigations undertaken in one admission
 - Being first on clinic and theatre lists
 - Using quiet rooms for waiting in order to provide a low stimulus environment
- The baseline assessment against the new NHS Improvement standard for learning disabilities in NHS trusts has been completed and following this a tripartite piece of work involving a patient survey, a staff survey and an statutory organisational update has been completed. Results are expected in early 2019 and will be published online.
- The Open2Autism webpage and email helpline continue to be used to contact the Patient Experience Team and request assistance, plan a visit or discuss any worries or concerns.
- Patient stories are gathered to review patient experience in order to identify areas of good practice and any areas for further improvement.
- The Patient Experience Team has provided guidance to a number of other trusts on how to support people with autism.
- New photo journeys have been created involving people with autism.



Equality and human rights

The trust has focussed on working to embed equality, diversity and inclusion as an integral part of daily business. 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 of focus during 2018-2019:

- Ensuring compliance with the requirements of the Equality Act (2010)
- Holding a stakeholder assessment to assess performance against the National Equality Delivery System 2, a framework for measuring equality performance and achieving in all 18 outcomes.
- Further developing lesbian, gay, bisexual and transgender webpages along with a trust notice board
- Undertaking a range of service user disability access assessments across the trust
- Achieving Disability Confident Leader status
- Achieving a bronze award in the Mind Workplace Wellbeing Index
- Achieving the Workforce Race Equality Standard (WDES)

Plans for next year are underway for further engagement with people with autism and/or learning disabilities to gather more feedback about their experiences when using trust services.

Accessible Information Standard 2016 (AIS)

This mandatory standard requires staff to identify, record, flag, share and meet the information and communication support needs of patients, service users, carers and parents with a disability, impairment or sensory loss. This year we have:

- Developed an AIS Policy
- Developed AIS Standard Operating Procedures for specific areas
- Implemented AIS stickers on patient case notes having undertaken patient engagement to ascertain their views/feedback on this approach
- Identified AIS leads within directorates.

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 2018/2019 the trust received 8,679 compliments, 134 formal complaints, 1,121 PALS cases and 1,464 patients/relatives were seen as part of PALS Outreach. This is a 4% decrease in formal complaints, 26% increase in PALS cases and 31% decrease in PALS Outreach compared to the previous year.

Compliments

The trust received in excess of 8,679 compliments last year. All compliments are shared with the staff concerned.

Complaints

The trust has responded to 136 complaints and of these 99% were acknowledged in the given timescales and 100% (135) responded to within timeframes agreed with the complainants.

The nature of complaints received range from poor staff attitude/behaviour, ineffective communication, to date for appointments and surgery with the majority focused around clinical treatment. Action plans are developed as a result of complaints for the department/ ward/ staff member concerned. Six meetings took place with clinicians and users of our service as a result of a complaint. Learning from feedback is shared with wards and departments and through sub-committees of the board to improve future service use.

The Parliamentary and Health Service Ombudsman (PHSO) investigated two complaints in 2018/2019, one of which was not upheld and the other was partially upheld with recommendations

PALS

The role of PALS (Patient Advice Liaison Service) is to offer 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. 20 meetings took place with clinicians and users of the service as a result of a PALS enquiry.

All complaints and PALS are monitored by protected characteristics and this year learning disabilities and mental health have also been included.

The stakeholder group for the Equality Delivery System assessed the systems and processes embedded with the Customer Care Department to support seldom heard groups, including those with autism and learning difficulties. The department was awarded 'outstanding' in this area.



PALS Outreach

It is considered that PALS Outreach is having a positive effect on the reduction of the number of complaints and PALS issues the trust is receiving. There is a continued effort by staff members on the wards and departments to resolve concerns locally. As an addition this year Customer Care staff also record whether the patients they saw were in a mixed bay or had any concerns with their medication.

During PALS Outreach the customer care team spoke to 1,464 patients and relatives.

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

The NHS Website

The NHS 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 with a named clinical contact to discuss those concerns. 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 Website reviews via social media and a section on the trust's website signposting people to post their reviews. The NHS Website allows patients to award hospitals a rating out of five stars and by the end of 2018/19, Macclesfield District General Hospital had an overall 4.5 star rating, Congleton War Memorial Hospital had an overall 4 star rating, while Knutsford District and Community Hospital had a five star rating.



Sustainability report

The Combined Heat and Power (CHP) plant and associated energy saving schemes installed under the Carbon Energy Fund (CEF) scheme continue to operate at high levels of efficiency; delivering the savings target for 2018/19 and enabling the trust to achieve cost and carbon savings.

Year four (ending December 2018) of the CEF scheme generated annual savings of £367,529; over achieving the performance target set.

The trust remains on target for 2020 to achieve a 34% reduction in carbon emissions against 1990 emission levels; set by the Government NHS Carbon Reduction Strategy 'Saving Carbon Improving Health' which aims to deliver an NHS carbon reduction target of 80% by 2050.

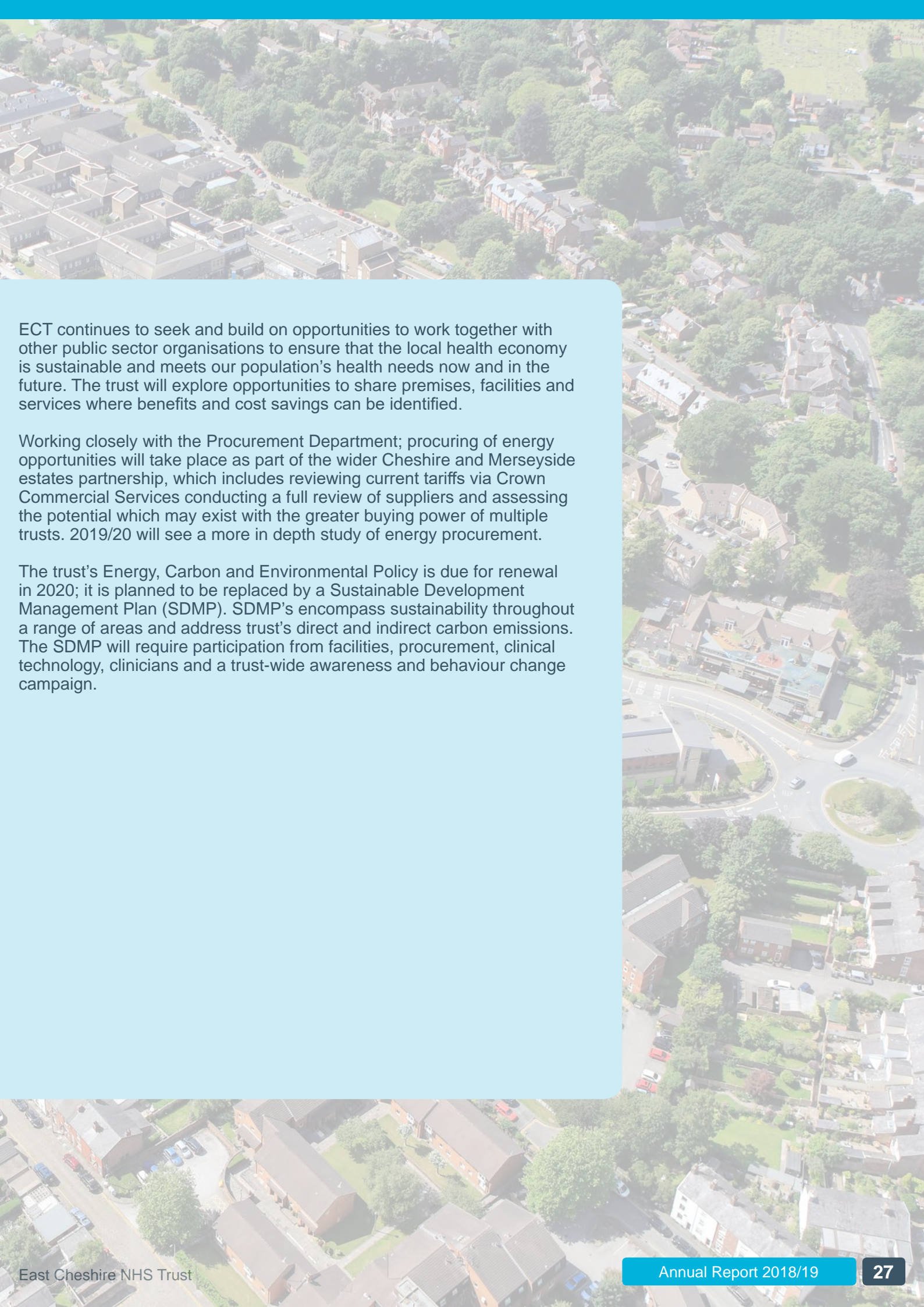
The trust is working closely with other public sector and low carbon bodies to identify innovation in order to deliver the 2050 target.

During the 2018/19 financial year the trust consumed from the external suppliers 2,677,892 kWh of electricity; 19,294,275 kWh of gas and 65,342 m³ of water with annual expenditure for utilities of £1,592,168, inclusive of CEF Scheme and Carbon Reduction Committee (CRC) payments. ECT energy consumption produced 4,602t/CO₂e. This is a slight increase from 2017/18, due to increased gas demand with electricity decreasing, the reason for which is likely to be as a result of increased activity.

The trust continues to participate in the Government Carbon Reduction Commitment (CRC) energy efficiency scheme. As a result of strategic purchasing of CRC credits at the start of the scheme; for the final two years (2018/19 and 2019/20) ECT accumulated sufficient credits to not require further purchases of credits for the remainder of the CRC scheme. This has created an in-year non-recurrent saving for the remaining term of CRC.

CRC is due to be replaced by the Streamlined Energy and Carbon Reporting Framework (SECR) from April 2020. The trust is engaging with government advisories to understand requirements for the forthcoming change in policy.


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. Options for larger energy saving schemes are being considered with regular engagement with local and national policy and funding initiatives.



ECT continues to seek and build on opportunities to work together with other public sector organisations 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 services where benefits and cost savings can be identified.

Working closely with the Procurement Department; procuring of energy opportunities will take place 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. 2019/20 will see a more in depth study of energy procurement.

The trust's Energy, Carbon and Environmental Policy is due for renewal in 2020; it is planned to be replaced by a Sustainable Development Management Plan (SDMP). SDMP's encompass sustainability throughout a range of areas and address trust's direct and indirect carbon emissions. The SDMP will require participation from facilities, procurement, clinical technology, clinicians and a trust-wide awareness and behaviour change campaign.

A photograph of a nurse with long blonde hair in a ponytail, wearing a grey uniform and a name tag that says "Catherine", leaning over a young girl with two braids. They are both smiling and looking at an open book. The background shows a hospital ward with shelves and a panda decoration.

“The staff were very kind and made sure to explain everything to my daughter on a level she could understand.”

CHILDREN'S WARD

Accountability report

Director's 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 66 of this report.

Signature:



Date: 28th May 2019

**John Wilbraham,
Chief Executive,
East Cheshire NHS Trust**

Management arrangements

The trust Board comprises 11 voting members and two non-voting members. There are six 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.

Board diversity

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

Update to the Board during 2018/19

There have been two changes to the Board membership this financial year; Dr Peter Madden joined the trust in April 2018 as a Non-Executive Director and Jayne Wood joined the trust in January 2019 as Chief Operating Officer.

Full details can be found in the 'About us' section of our website www.eastcheshire.nhs.uk A committee structure summary can be found on page 39.

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 44 of this report to feedback and responding to concerns.



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 trust's 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 eastcheshire.mydeclarations.co.uk

Board Performance

Board member	Appraised
Lynn McGill, Chairman	Yes
Ian Goalen, Non-Executive Director	Yes
Dr Anthony Coombs, Non-Executive Director	Yes
Mike Wildig, Non-Executive Director	Yes
Ali Harrison, Non-Executive Director	Yes
Dr Peter Madden, 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
Rachael Charlton, Director of Human Resources & Organisational Development	Yes
Julie Green, Director of Corporate Affairs & Governance	Yes
Jayne Wood, Chief Operating Officer	Yes
Mark Ogden, Director of Finance	Yes

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 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, Cheshire East Partnership Board.

Other interests:

- 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, director of nursing, performance and quality in 2010 and changed to Director of Nursing and Quality in January 2019.

Kath became the trust's deputy chief executive in April 2013.

Deputy Chief Executive

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)

Chair: Infection Prevention and Control Committee

Chair: Safeguarding Sub-Committee

Chair: Clinical Directorate Performance Meetings

Other interests

- Visiting Professorship of University of Chester
- ECHO – the trust charity
- CQC Reviewer

Qualifications:

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



Rachael Charlton

Director of Human Resources
and 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 and organisational development and education and training agendas

Lead Director: Remuneration Committee

Lead Director: Partnership Forum

Senior Responsible Officer: Cheshire East Partnership Board.

Other interests

- Member: Chartered Institute of Personnel Directors
- Executive sponsor: North West Workforce Streamlining Programme
- ECHO – the trust charity
- CQC Reviewer

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
- ECHO – the trust charity

Executive Directors



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 and is the Communications and Engagement lead and lead responsible officer for ECHO, the Trust's charity.

Chair: Serious Incident Review Sub-Committee
Chair: Information Governance and Health Records 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 Sub-Committee
Lead Director: Policies and Procedures Sub-Committee
Accountable Emergency Officer

Other interests

- Member: North West Foundation Trust Secretaries
- Qualifications:
 - MSc Healthcare Governance with Distinction
 - Post Graduate Certificate in Clinical Risk Management and Clinical Handling



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

Other interests:

- Fellow of the Chartered Institute of Management Accountants
- ECHO – the trust charity



Jayne Wood

Chief Operating Officer

Appointed: January 2019

Jayne has over 30 years experience working within the acute sector of the NHS. She began her career as a pharmacist in 1985 before moving into general management in 2002. She has a successful track record of leading operational performance across a broad range of services in acute trusts in Greater Manchester, Cheshire and the Mersey regions. In her role she leads on delivery of clinical and operational services through the clinical directorates. This includes delivery against NHS Constitution standards, related national and local patient access targets as well as operational delivery of QIPP to achieve requirements within the annual operational plan.

Chair: Operational Resilience Group
Chair: Operational Agency Reduction Meeting
Chair: Operational Management Team
Lead Director: Clinical and Operational Service Delivery

Other Interests:

- Expert Reviewer – National Institute for Health Research (NIHR)
- Member - Cheshire and Mersey and Greater Manchester COO Forum
- Managing Successful Programmes (MSP) Practitioner Member
- Registered Pharmacist

Qualifications:

- BSc (Hons) Pharmacy
- MPhil (by Research) Drug Stability
- Fellow of Institute of Healthcare Management

Non-executive Directors



Lynn McGill

Chairman

Appointed: November 2010

Reappointed: November 2016

Lynn took over as chairman in November 2010, 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.

As chairman, Lynn has led the trust through the acquisition of community services and the associated due diligence processes. And under Lynn's chairmanship, the trust has been named one of CHKS's top 40 hospital trusts in England multiple times.

Charman of Clinical Excellence Awards Committee
Chairman of Remuneration Committee
Trustee of Charitable Funds Committee

Other interests:

- Member of Cheshire East Council Leadership Forum
- Friend of East Cheshire Hospice
- Champion for Equality and Diversity
- Associate Member of Greater Manchester Chairs Forum
- CQC Reviewer



Dr Anthony Coombs

Non-Executive Director

Appointed: December 2009

Reappointed: December 2017

Tony has more than 25 years' experience in the pharmaceutical industry, both in national and international commercial and development roles. Tony has significant experience of mergers and acquisitions, sales, marketing, communications and engagement.

Most recently, he was the chief executive officer of a Swiss pharmaceutical company. 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.

Member: Finance, Performance and Workforce Committee
Senior Independent Director
Chair: ECHO - Charitable Funds Committee



Mike Wildig

Non-Executive Director

Appointed: November 2013

Reappointed: November 2017

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

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 businesses and realising post-acquisition synergies.

Chair: Finance, Performance and Workforce Committee

Member: Audit Committee

Member: Remuneration Committee

Trustee: Charitable Funds Committee

Other interests:

- Fellow of the Institute of Chartered Accountants in England and Wales
- Member: Institute of Taxation
- Champion for Procurement
- ECHO – the trust charity



Ali Harrison

Non-Executive Director

Appointed: July 2013

Reappointed: July 2017

Ali joined the trust after more than 30 years 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 has significant experience of large organisational change and building strong and successful regulatory partnerships with government bodies. Ali currently chairs the trust's Safety, Quality and Standards Committee.

- Chair: Safety, Quality and Standards Committee
- Member: Remuneration Committee
- Trustee: ECHO – the trust charity

Other interests:

- Champion for Dementia
- Board Trustee for Alzheimer's Society
- Champion for Health and Safety
- Champion for Mortality

Non-executive Directors



Ian Goalen

Non-Executive Director

Appointed: September 2012

Reappointed: September 2016

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

Chair: Audit Committee

Member: Finance, Performance and Workforce Committee

ECHO – the trust charity

Other interests:

- Fellow of the Institute of Chartered Accountants
- Champion for Emergency Planning, Resilience and Response



Dr Peter Madden

Non-Executive Director

Appointed: April 2018

Peter, the most recently appointed non-executive director and is a retired general practitioner who practiced at Chelford Surgery from 1984 until 2016. He is proud that the Surgery has been the best performing practice in Eastern Cheshire in the national IPSOS MORI GP Survey since its inception and in the top 25 practices in England. He also took on the role of GP trainer, clinical and educational supervisor to doctors in training.

He was trained at St Andrews University and Manchester University before undertaking his general practice vocational training at Macclesfield Hospital. Peter was also the Medical Director of the Cheshire Local Medical Committee for 28 years representing the interests of over 500 GPs in Cheshire until November 2017. In this role he has gained widespread knowledge of the NHS in both general practice and hospitals.

Safeguarding Lead from September 2018

Member : Safety, Quality and Standards Committee

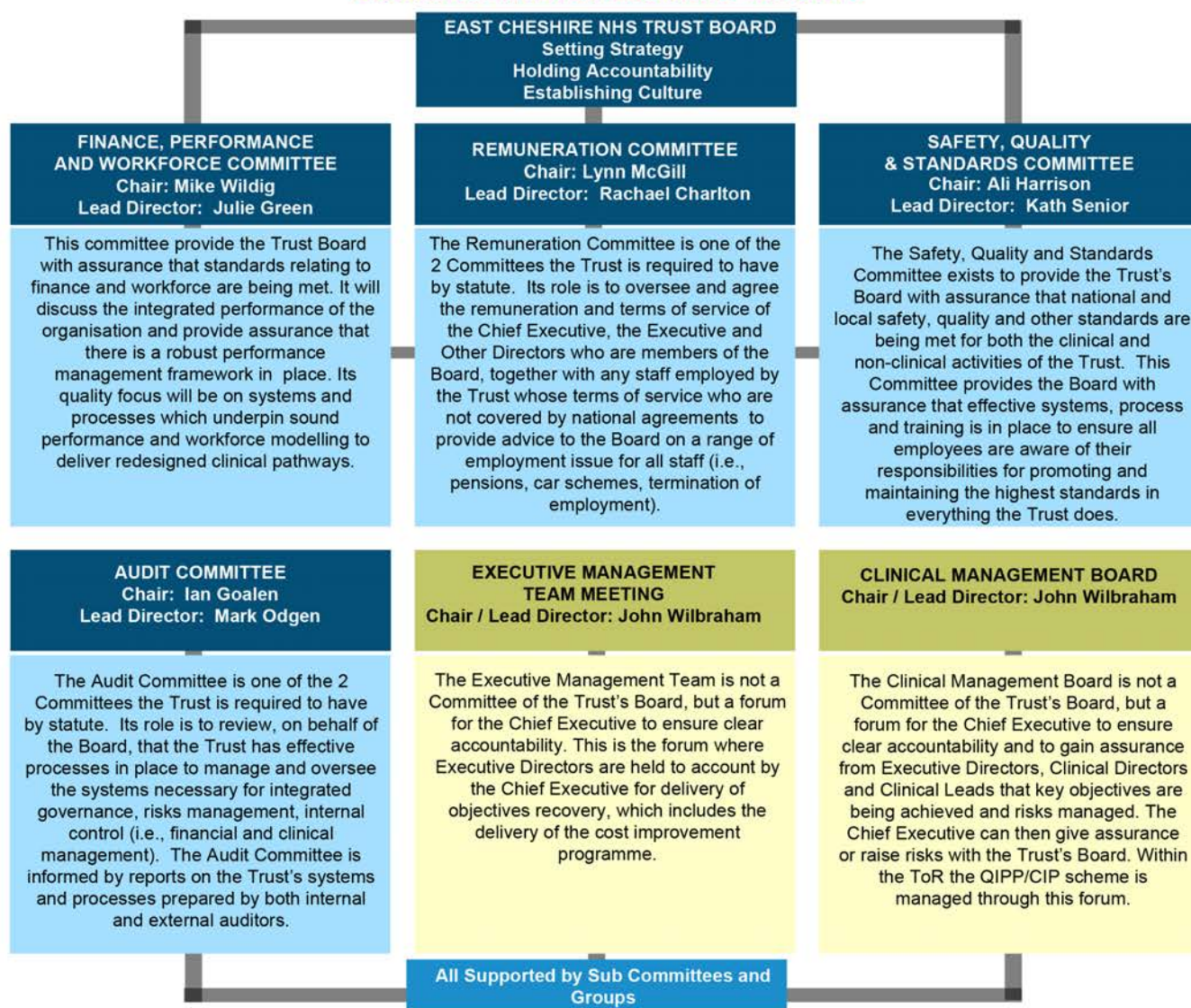
Trustee: ECHO – the trust charity

Chair: Organ Donation Committee

Committee arrangement



Executive and Non-Executive Directors



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

Operational Reporting Forum - Accountable to the Chief Executive

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 Peter Madden (from December 18) and as can be seen within the Board members section on previous pages – all have relevant financial and quality experience.

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 incident 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 2018/2019.



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. Arrangements are in place to provide the Trust Board with assurance on speaking up matters and a three-year strategic plan has been developed and approved. Learning and actions as a result of investigation of speaking up matters is shared trust-wide via staff communications, the Infonet (Intranet) and via governance structure.

During 2018/19 a total of 23 concerns were raised with, or overseen by, the Guardian. This is in addition to those concerns raised and managed locally within services. The two key themes arising from speaking up this year relate to effective communication and valuing and respecting people in line with the trust's values and behaviours. Examples of improvements made as a result of concerns raised include; strengthened communication with front line staff during periods of operational pressure, management staff have increased understanding of the important role seeking feedback and listening plays in making staff feel valued and individuals have reflected and increased their self-awareness of the impact of their behaviour and communication style on others. During the year, 39 staff volunteered to be Freedom to Speak Up Ambassadors, and are starting to play a key role in supporting and promoting a speaking up culture across the organisation.

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.

This year the trust declared overall substantially compliant rating itself fully compliant in 67 standards and partially compliant on the remaining five standards; to ensure full compliance, the trust has implemented an action plan. Each year as part of the process, trusts are asked to carry out a deep dive in a specific area; this year's deep dive was on the trust's command and control arrangements.

Our declaration of substantially compliant was signed off by the Trust Board in September 2018.

Risk aware, patient-led culture

We continue to improve care and services while working hard to ensure care is right first time, although we 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. The trust is a high reporter of incidents demonstrating an open and transparent safety culture.

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 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.

Counter-fraud

The trust operates a local anti-fraud policy available for all staff. Close links with anti-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

We are committed to reducing the level of fraud, bribery and corruption within both the trust and the wider NHS and aim 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.

To ensure 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 the trust 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-fraud 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.

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.

65 serious incidents requiring investigation were reported in 2018/19. Where the trust has identified that there were no lapses in care then commissioners "undeclare" the serious incident and remove it from StEIS. 23 serious incidents requiring investigation were undeclared in 2018/19.



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 shows that organisations that report more incidents usually have a better and more effective and open safety culture.

The figures below indicate high levels of incident reporting by the trust and with a reporting rate of 57.04 incidents per 1,000 bed days (NRLS, Published September 2018) 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 and 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 17 - March 18

Incident reported rate per 1000 occupied bed days	47.57
% of these incidents are near-misses or low harm to patients	95.3%

April 18 - September 18

Incident reported rate per 1000 occupied bed days	57.04
% of these incidents are near-misses or low harm to patients	95.75

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

Scope of Responsibility

1. East Cheshire NHS Trust provides both in-hospital and out-of-hospital services, with a headcount in the region of 2,600 staff and a revenue income of £160 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 recognises failure to manage risk effectively can lead to unacceptable harm to someone and can result in damage to the trust's reputation and financial loss. The Board of Directors has overall responsibility for corporate governance including safety, quality, 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 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 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 and during the year appointed a Chief Operating Officer to focus on operational performance enabling the Director of Nursing and Quality to engage more on the strategic transformational change agenda.
 - b) Chaired the Clinical Management Board which, 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. During the year I have widened the membership to include deputy and associate directors.
 - 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 has approved the assurance process as part of its annual review of the Risk Management Strategy.

6. 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
 - GP provider federations
 - The Health and Care Partnership of Cheshire and Merseyside
 - The "Place" partners of Cheshire East
 - Meetings with chief executives and senior managers from:
 - NHS Improvement
 - NHS England

Additionally:

- I have chaired the system wide A&E Delivery Board
 - Ensured representation on local safeguarding boards for children and adults
 - Maintained engagement with Healthwatch England
 - Continued to have engagement meetings with the Care Quality Commission
 - Ensured representation on the Local Health Resilience Partnership Forum
 - Maintained meetings with third party providers to seek assurance on provision of contracts.
7. During 2018/19 the trust continued to operate in line with requirements from NHS Improvement and to work towards a sustainable service configuration, attending 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. The trust delivered its financial performance target with an outturn deficit at month twelve 2018/19 of £14.472m compared with the agreed financial control target of £17.932m.
- b) At April 2018, the trust entered into further interim revenue support loans to fund the ongoing cash shortage and to support the continued delivery of services.
- c) The trust has continued its work to identify opportunities to increase productivity and demonstrate improvement in value for money.
- d) The trust has provided assurance to NHSI that actions have been taken to improve the performance of the four hour access standard as set out within a letter of undertakings.

Quality Governance (also see Annex 1)

8. The trust's CQC rating remained "good" overall for well-led and core services. Following the trust's inspection of services by CQC the trust agreed and has been implementing a quality improvement plan to ensure the following three areas of regulated activity are 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

a) The Board has oversight of quality and its Safety Quality and Standards Committee provides assurance in this respect. The Director of Nursing 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 2018/19:

 - Scrutiny of the quality improvement action plan to ensure compliance of regulatory activity.
 - Oversight of freedom to speak up reported incidents and action taken to support improvement including agreement of the strategic plan for freedom to speak up.
 - Review of external investigations to ensure the trust has sight of recommendations and can assess whether any trust action is required.
 - Quality monitoring including quality visits by the trust's lead commissioner
 - Review of clinical audit and compliance with NICE guidance
 - The trust's quality risks which link to the Board's strategic risks 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 which are due to the inability to recruit qualified staff.
 - Medical workforce – specifically 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 and shared.
 - Review of the trust's management of sepsis, responding to alerts and learning from deaths.
9. During the year where incidents have been reported as serious, assurance has been provided on action taken including being open and compliant with our duty of candour. The trust has reported two 'never events' which took place in 2018/19. Both incidents related to incorrect prostheses in two separate speciality areas. Investigations have identified changes in practice and learning has been shared.
10. During 2018/19 following investigation two complaints were closed by the Parliamentary and Health Service Ombudsman (PHSO).

Quality Account

- a) 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 a positive outcome in respect of data testing undertaken on clostridium difficile (CDiff) and serious incident management. Additionally following an audit undertaken by Mersey Internal Audit the trust has received positive assurance on the accuracy and quality of data within the booking process which includes waiting list information. The Quality

Account 2018/19 is recording significant improvements in priorities in Harm-free care, Improving Outcomes, Listening and Responding and Integrated Care which is detailed in Annex 3.

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

The purpose of the systems of internal control - Risk Profile and Board Assurance Framework

Capacity to handle risk

11. 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, by evaluating 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.
12. 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.
13. 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. Areas of focus have been, understanding the Gosport Review and learning from 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.

14. The reviewed strategic risks within the Board Assurance Framework which have been identified in 2018/19 and going forward are:

Strategic Risk	Controls/Key Actions
<p>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.</p>	<p>The trust has continued to work with partners of The Health and Care Partnership of Cheshire and Merseyside, local “Place” partners and Greater Manchester partners to develop sustainable services for its population. This aligns to the NHS 10 year plan.</p>
<p>If quality is not maintained in line with regulatory standards during and after transition then this could impact on services the trust provides and its ability to provide services that are caring, safe, and responsive and safeguard the health and wellbeing of the local population.</p>	<p>The trust Board has ensured there is executive focus on improving performance on the key access standards including:</p> <ul style="list-style-type: none"> • Implementing improvement plans to relating to key access standards • learning from external visits/ audit reviews • Continued work on its Quality Strategy and harm-free care agenda.
<p>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.</p>	<p>The trust Board has continued to prioritise financial performance and control alongside patient safety to ensure delivery against its agreed plan.</p> <ul style="list-style-type: none"> • Governance arrangements have been implemented across Cheshire East “Place” to support the ongoing work to develop a more sustainable care model.
<p>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.</p>	<p>The trust Board has commenced the implementation of the trust’s workforce strategy which aligns to the recommendations set out in “Developing Workforce Safeguards”</p> <ul style="list-style-type: none"> • Ward staffing levels have been reported to the Board. • Gaps in some middle-grade rotas have required a high-level of executive focus. • Recruitment and retention schemes have seen a reduction in some vacancies and positive impacts on agency spend. • The trust has seen improvements in national Staff Survey and continued to work on its inclusion agenda.

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 Board has through its capital and space management arrangements continued to:

- Review and prioritise the Capital Plan resource which focused on agreed fire safety works, continued investment in equipment, upgrading of the estate in a number of areas including changes to the location of the discharge lounge
- The trust has also invested in its digital transformation programme through upgrading computer equipment.

General Data Protection Regulations (GDPR) - Information Governance

Employment, equality and diversity and environment

15. The trust Board has reviewed compliance in relation to the NHS provider license; taking into account external reviews including the outcome of the CQC inspection for Well Led being "Good". The trust has published its outcome.
16. GDPR risks are managed as part of the integrated Risk Management Strategy and assessed using the GDPR Data Security and Protection Toolkit, measuring performance against the national Data Guardian's 10 data security standards. 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 2018/19.
17. The trust's GDPR and information governance status is scrutinised by the Clinical Management Board. A review by internal audit against information governance compliance criteria received substantial assurance. This has supported the trust's self-assessment of having met all mandatory standards of the Data Protection and Security Toolkit requirements. During 2018/19 the trust's annual information governance training compliance score achieved above the 95% expected standard.
18. 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.
19. Control measures are in place to ensure that all the 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.

Review of economy,
efficiency and effectiveness
of the use of resources;
the effectiveness of risk
management and internal
control

20. The trust has been implementing its Workforce Strategy which aligns to the “Developing Workforce Safeguards” recommendations. The Finance Performance and Workforce (FPW) Committee of the Board has oversight of the strategy which sets out the short, medium and long term plans.
21. The trust has been an active member of NHSI’s Retention Programme and implemented schemes which have had successful outcomes. During the year work has been undertaken with partners across Cheshire East “Place” to develop workforce plans for the future. All workforce risks are assessed and during the year a thematic review of workforce risks has been presented to FPW identifying the mitigations in place. The trust invested in an electronic tool to support safe nurse staffing aligned to the acuity of patients and the Board receives reports on safe staffing.
22. The trust complies with local anti-fraud and security management services directives. Reports have been presented to the Audit Committee which has included a plan and annual report on anti-fraud and security management.
23. The trust has undertaken risk assessments and a sustainable management plan is in place which takes account of UK 2018 climate projections (UKCP18), to ensure that this organisation’s obligations under the Climate Change Act and the adaptation reporting requirements are complied with.
24. 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 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.
25. 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. The Head of Internal Audit Opinion has provided an overall opinion of “substantial assurance”. 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

2018/19 all audit reviews have received substantial or high assurance with the exception of one review which related to IT service continuity of the backup system where two high risk recommendations were made. Action plans have been agreed and work is being implemented to address identified areas for improvement.

b) My review is also informed by comments made by the external auditor in their management letter, and other reports which include 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 to 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's Quality Account, the achievements and proposed actions where full achievement has not been reported.

26. 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 also aware of the role of the trust 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 including ensuring resources are used economically, efficiently and effectively during 2018/19. Additionally 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).

27. 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 and is a key partner of East Cheshire “Place” Programme Board. This Programme Board was established in year to maximise opportunities which would support the delivery of sustainable services across eastern Cheshire. The pace of transformation is identified as a key challenge.
- b) The trust has seen major challenges relating to the delivery of access standards. The four hour access standard for March 2019 was 78.3% against an agreed trajectory of 90% for March 2019. A priority area for the trust will be continued work with partners to support improvement in this standard including a continued reduction in the number of delayed transfers of care and further development of out of hospital services. The trust has also set out an improvement plan for other key access standards which aims to either deliver the standard or demonstrate realistic improvement.
- c) The trust did meet its agreed control total although it continued to have significant financial challenges during the year including delivery of QIPP using traditional recurrent and non-reccurent methods. The trust will continue to work with partners to transform service delivery to provide sustainable local services across both health and care settings. The trust will endeavor to improve its productivity and efficiency.
28. I have listed the significant risks that face the organisation in section 14

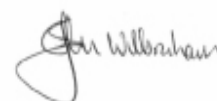
Conclusion

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, and segment 4 in respect of the four hour access standard.

29. Assessment has been undertaken via risk assessment and inspection and the trust remains registered with the Care Quality Commission without any enforcement notices.
30. My review confirms that East Cheshire NHS Trust has no significant internal control issues identified. There is a sound system of internal control that supports the achievement of trust objectives, aims and policies and this has been in operation up to 31st March 2019 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:



John Wilbraham, Chief Executive,
East Cheshire NHS Trust

Date: 28th May 2019

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 2018/19 the Board has met formally in public on eight occasions and in private on ten 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 the Senior Independent Director and one is the Vice Chair
- five voting executives; the Chief Executive, Director of Nursing and Quality (also the Deputy Chief Executive), Medical Director, Director of Finance and Director of Human Resources & Organisational Development
- two non-voting executive directors - the Director of Corporate Affairs and Governance. The Chief Operating Officer who commenced in January 2019.

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

e) In 2018/19 the Board reviewed and updated its corporate governance arrangements (corporate governance manual) which included standing orders, standing 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. The trust has published conflicts declared.

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 specialty level. The Board has reviewed the NHS 10 year plan and set an operational plan and quality strategy to support this. The Board has also received assurance in respect of planning for a European Union ‘no deal’ exit.

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 2018/19 focused 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; dementia awareness and safeguarding training and a spotlight on patient flow.
- Partnerships – developing sustainable services, challenges and opportunities
- People – receiving guest partnership speakers and leaders across health and social care agenda. Compassionate and inclusive leadership
- Resources – Annual plan requirements; including review of objectives, governance and assurance processes. Overview of system wide approach to capacity, demand and care pathways

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 2018/19 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 2018/19 reports brought to the attention of the committee for scrutiny included:

- The assurance framework and corporate risk register
- The annual report and accounts
- The corporate governance manual
- 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 changes to the 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.

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 three times during 2018/19 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 2018/19 this committee met 11 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 its membership comprises two non-executive directors and all executive directors, the Deputy Director of Nursing and Quality, the Deputy Director of Corporate Affairs and Governance, 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 2018/19 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 and 'Spotlight' investigations where targets are not consistently being met
 - 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.
 - Assurance reports relating to the quality improvement CQC plan

d)The following key areas of focus have also provided further assurance on how the trust will improve risk scores:

- Learning from Deaths
- Management of Sepsis
- Harm-free care including falls
- Pressure ulcers and nutrition
- Diabetes
- Acute nursing
- WHO checklist
- Diagnostics - focusing on cancer performance standards
- Medical staffing
- Community nursing
- Emergency department pressures
- Clinical audit ensuring learning outcomes are shared.
- Maternity claims and dashboard

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. The Committee has also undertaken a self-assessment of its effectiveness and provided an annual report in respect of its achievements.

8. Finance, Performance and Workforce Committee

a. During 2018/19 this committee met ten 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 2018 and to Trust Board in June 2018.

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 and delivered.

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 2018/19 reports received by the committee include:

- QIPP – scrutiny of performance through deep dives into schemes and key business functions
- Workforce reports; supporting the development of workforce safeguards
- Equality, diversity and human rights reports
- Review of all risks scoring 15 and above and deep dives relating to areas of risk
- Reports from the Guardian of Safe Working for Junior Doctors
- Performance dashboard reports relating to finance, performance and workforce
- Finance reports
- Assurance reports on the staff survey and subsequent action plan
- Self-assessment of the effectiveness of the committee
- Benchmarking reports in relation to Carter at scale/model hospital and Getting it Right First Time (GIRFT)

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 third year running we are above average for the national staff survey, ensured agency spends 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

Trust risk and control framework (risk appetite)

1. 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.
2. 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.
3. Where the trust has key service level agreements and contracts with other organisations these are monitored via reports through the governance structure.
4. 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.
5. The public and patients are involved in highlighting risk and bring this to the attention of the trust in a variety of ways:
 - a) Patient satisfaction surveys
 - b) Complaints, claims and Patient Advice and Liaison (PALS) concerns
 - c) Patient forums

6. The following guidance is set out within the Risk Management Strategy and sets out 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 – 12)	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

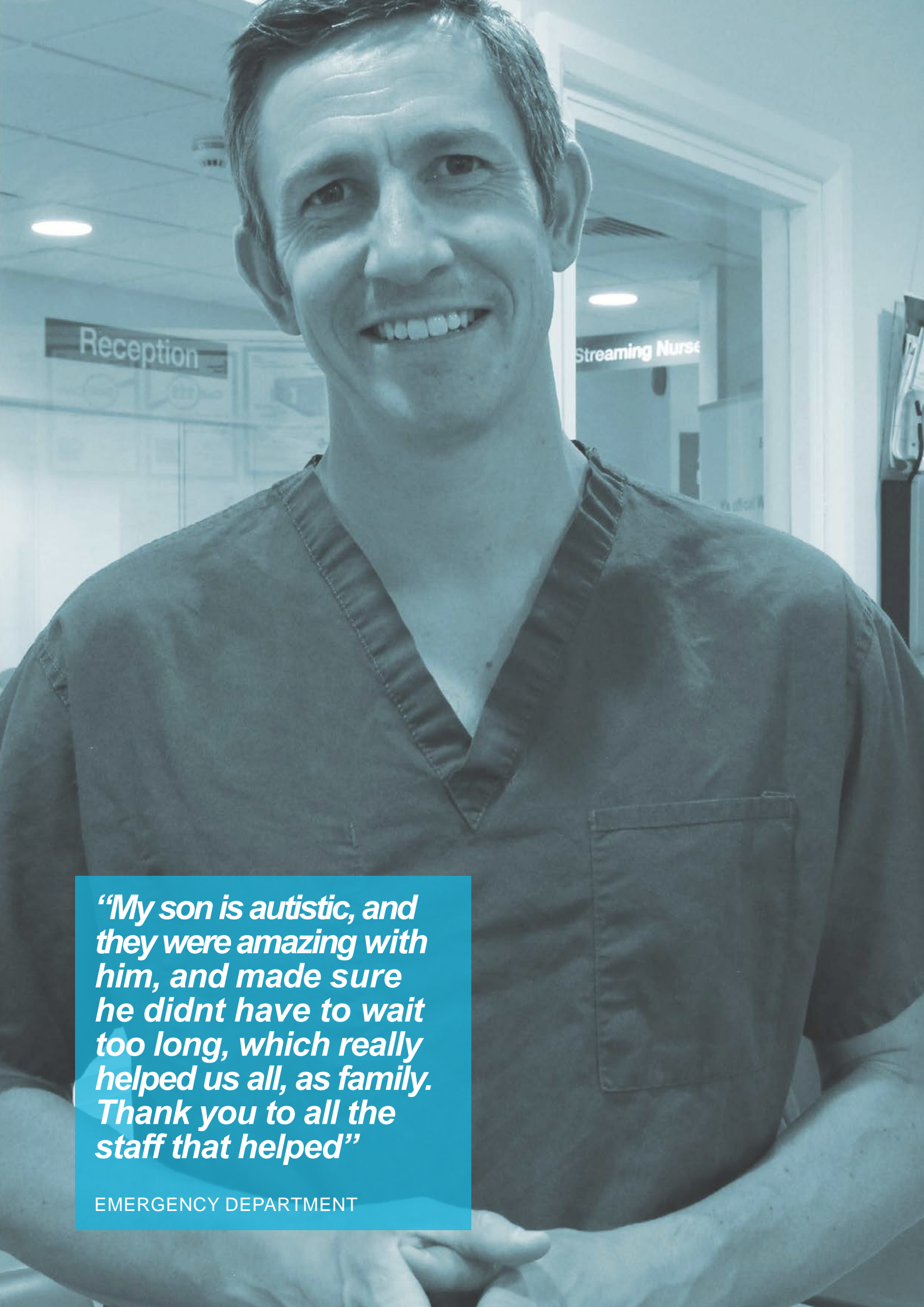
7. There is an integrated electronic risk management system known as DATIX which is used across the organisation to support the management of risks. Risk assessments including quality impact assessments are recorded on the DATIX system. The Head of Integrated Governance and Head of Safety and Risk provide training and support to staff.

Annex 3

Quality Priority Performance

Domain	Action focus	Progress
Harm Free Care (Evidence of significant improvement)	Reduction in falls with harm	<ul style="list-style-type: none"> The injurious falls rate per 1000 occupied bed days for 2018/19 has been achieved at 1.7% against a target of 2.5%. This equates to 13% reduction in the total number of injurious falls reported when compared to last year (193 compared to 222) There has been one fall resulting in moderate harm There have been two reported falls resulting in severe harm which is a significant improvement from the previous year. The trust has commenced participation in the new 2018 National falls and fragility fracture audit programme. Part 1 has been completed (outcome pending).
	Reduction in pressure ulcers associated with lapses in care	<ul style="list-style-type: none"> Overall there has been 53 pressure ulcers reported on StEIS during 2018/19 of which 21 have been undeclared as there have been no lapses in care. Of the 32 remaining - 22 have been deemed as avoidable and 10 are currently under investigation. There have been 2 Category 4 and 10 Category 3 which have been confirmed as hospital acquired pressure ulcers. The remaining confirmed avoidable relates to 2 Category 4 and 8 Category 3 pressure ulcers which have been reported as developed on community nursing caseloads. <p>End of year figures may change once the 10 current investigations have been completed.</p> <p>Pressure ulcer prevention training is now delivered as part of the face to face clinical statutory and mandatory training.</p>
	Reduction of Clostridium difficile infection	<ul style="list-style-type: none"> Overall reduction in number of Clostridium difficile infections - eleven cases in year against national trajectory of 13 cases
	Full implementation of Sepsis Care bundle	<ul style="list-style-type: none"> Implementation of evidence based tools Clinical consistency of critical care outreach Outreach sepsis Champion Red Sepsis Grab boxes Mandated e-learning Named sepsis nurse per shift in ED Grand round presentation
	Improved management of Intravenous lines	<ul style="list-style-type: none"> Review of current process for Peripheral Cannula care New Peripheral Cannulation Policy developed Planned audits using the National Saving Lives Peripheral Care tool.

Domain	Action focus	Progress
Improving outcomes (Evidence of significant improvement)	Improved patient's understanding of possible side effects of medications including improved antimicrobial stewardship	<ul style="list-style-type: none"> Consultant Microbiologist presented Grand round presentation in May which included section on red flag sepsis and also importance of reviewing antibiotics Shared decision making pages on medication uploaded to the trust website to support patients
	Embedding Personalised Care Plans	<ul style="list-style-type: none"> Frailty Dementia care bundle has been created EMIS system has been improved to enable personalized care to be documented electronically
	Improve patient flow	<ul style="list-style-type: none"> Launched "Improving Patient Flow" (Flo) with an internal event Produced a public video to demonstrate the initiative which went on to win a Regional award - video featuring local NHS and social care staff
Listening & responding (Evidence of significant improvement)	Improving Care Environment within Medical Wards	<ul style="list-style-type: none"> Relocated the Discharge Lounge to support patient flow New clinical equipment purchased including 70 new electronic beds Increased the number of computer workstations Improved sluice environments and installed new flooring on some wards
	Skill mix review of acute ward areas	<ul style="list-style-type: none"> Registered nurse vacancies and retention rates improved First cohort of Nursing Associates commenced on the wards Increase the Health Care Assistant pool Introduced a flexible Registered Nurse pool
	Reduction of outpatient clinic cancellations	<ul style="list-style-type: none"> Monthly data has been monitored to provide assurance regarding the rationale for any clinic cancellations The Annual leave policy for Medical Staff has been updated to provide a clear and equitable process Further work is ongoing to streamline processes from the point of request to action by the booking team so that any impact on patient care is minimized.
	Friends and Family Test	<ul style="list-style-type: none"> Overall positive Friends and Family test results throughout the year
	Develop integrated community care teams effectively aligning health and social care professionals	<ul style="list-style-type: none"> Five Care Communities fully established Development of a Community Dashboard with Key Quality Metrics Trusted assessor pathway implemented for all seven nursing homes who support intermediate care patients
	Improve End of Life Pathway in Hospital and Community	<ul style="list-style-type: none"> Trust received "Outstanding" rating for the CQC Caring Domain in Community End of Life Care.



“My son is autistic, and they were amazing with him, and made sure he didnt have to wait too long, which really helped us all, as family. Thank you to all the staff that helped”

EMERGENCY DEPARTMENT

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 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 centred upon three key programmes of work-namely resourcing, engagement and development. 2018/19 marked the fourth year 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.
- 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 ensure that information remains current and comparative .

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 2018/19 was £144k (2017/18 £13k). These values are shown in 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 (titled changed to Director of Nursing and Quality January 2019) , 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)
- Jayne Wood Chief Operating Officer, Appointed January 2019 (fixed-term)

Non-executive directors' tenures

- 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
- Mike Wildig, Non-Executive Director, Appointed: November 2013 Reappointed: November 2017
- Dr Peter Madden, Non-Executive Director, Appointed: April 2018

Remuneration Tables

Salary and pension benefits of non-executive and executive directors

Name and title	2018/19			2017/18		
	Salary (bands of £5,000) £000	All pension-related benefits (bands of £2,500) £000	TOTAL (bands of £5,000) £000	Salary (bands of £5,000) £000	All pension-related benefits (bands of £2,500) £000	TOTAL (bands of £5,000) £000
Mrs L McGill, Chairman	35-40		35-40	35-40		35-40
Mr A Coombs, Non-Executive Director	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 PL Madden, Non-Executive Director (started April 2018)	5-10		5-10	0		0
Mr JM Wilbraham, Chief Executive	150-155	0	150-155	145-150	20-22.5	165-170
Ms RS Charlton, Director of HR and Organisational Development	105-110	0-2.5	105-110	105-110	25-27.5	130-135
Mrs J Green, Director of Corporate Affairs and Governance	105-110	0	105-110	100-105	55-57.5	155-160
Dr J Hunter, Medical Director	200-205	0	200-205	200-205	105-107.5	305-310
Mr M Ogden, Director of Finance	145-150	0	145-150	140-145	20-22.5	160-165
Ms KM Senior, Director of Nursing, Performance and Quality	120-125	0	120-125	115-120	15-17.5	130-135
Mrs Jayne Wood, Chief Operation Officer (started January 2019)	20-25	77.5 -80	100-102	0	0	0

This table has been subject to audit

Within the figures above, Dr Hunter received salaries and allowances in the band £55,000 - £60,000 (£65,000 - £70,000 in 2017/18) for the clinical duties he undertook during the year 2018/19.

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 2019 (bands of £5,000) £000	Lump sum at pension age related to accrued pension at 31 March 2019 (bands of £5,000) £000	Cash Equivalent Transfer Value at 1 April 2018 £000	Real Increase / (Decrease) in Cash Equivalent Transfer Value £000	Cash Equivalent Transfer Value at 31 March 2019 £000	Employer's contribution to stakeholder pension
Mr J Wilbraham, Chief Executive	0-2.5	0-2.5	60-65	190-195	1,312	116	1,488	0
Ms RS Charlton, Director of HR and Organisational Development	0-2.5	(2.5)-(5)	40-45	100-105	704	93	818	0-2.5
Mrs J Green, Director of Corporate Affairs and Governance	0-2.5	0-2.5	40-45	125-130	932	0	0	0
Dr J Hunter, Medical Director	0-2.5	(7.5)-(10)	65-70	160-165	1,106	122	1,262	0
Mr M Ogden, Director of Finance	0-2.5	0-2.5	45-50	145-150	1,009	0	0	0
Ms KM Senior, Director of Nursing, Performance and Quality	0-2.5	0-2.5	45-50	145-150	1,004	98	1,132	0
Mrs Jayne Wood, Chief Operations Officer	2.5-5	10-12.5	45-50	135-140	884	27	1,077	77.5 -80

This table has been subject to audit

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).

	2018-19	2017-18
Band of Highest Paid Director's remuneration (£000)	200-205	200-205
Median Total £	£28,050	£26,565
Ratio	7.2	7.6
Range of Remuneration £	£6,157 - £211,336	£6,157 - £285,816

This table has been subject to audit

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

The banded remuneration of the highest paid director in East Cheshire NHS Trust in the financial year 2018-19 was in the band £200k - £205k (2017-18 £200 - 205k). This was 7.2 times (2017-18 7.6) the median remuneration of the workforce, which was £28,050 (2017-18 £26,565).

In 2018-19 one employees (2017-18, four) received remuneration in excess of the highest paid director. Remuneration ranged from £6,157 to £211,336 (2017-18 £6,157 - £285,816).

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 2018-9 compared to 2017-18 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 2018-19. As at 31 March 2019, the trust reported 2,191 female staff members (83.72%) and 426 male staff members (16.28%).

Staff Numbers

Average number of employees (WTE basis)	2018/19			2017/18
	Permanent	Other	Total	Total
Medical and dental	204	8	212	250
Ambulance staff	2	-	2	2
Administration and estates	569	12	581	568
Healthcare assistants and other support staff	546	-	546	550
Nursing, midwifery and health visiting staff	690	59	749	752
Nursing, midwifery and health visiting learners	-	-	-	-
Scientific, therapeutic and technical staff	267	6	273	269
Healthcare science staff	-	-	-	-
Social care staff	-	-	-	-
Other	-	-	-	-
Total average numbers	2,278	85	2,363	2,391
Of which:				
Number of employees (WTE) engaged on capital projects	4	-	-	4

This table has been subject to audit

Employee benefits

Employee benefits	2018/19			2017/18
	Permanent (£000)	Other (£000)	Total (£000)	Total (£000)
Salaries and wages	78,767	6,750	85,517	84,162
Social security costs	8,009	-	8,009	7,369
Apprenticeship levy	391	-	391	379
Employer's contributions to NHS pensions	9,848	-	9,848	9,615
Pension cost - other	52	-	52	20
Other post employment benefits	-	-	-	-
Other employment benefits	-	-	-	-
Termination benefits	51	-	51	3
Temporary staff	-	6,482	6,482	6,929
Total gross staff costs	97,118	13,232	110,350	108,477
Recoveries in respect of seconded staff	-	-	-	-
Total gross staff costs	97,118	13,232	110,350	108,477
Of which:				
Costs capitalised as part of assets	266	-	266	267
Employee expenses - staff & executive directors	96,852	13,232	110,084	108,210

Staff sickness absence and ill health retirements

	2018/19	2017/18
	Number	Number
Total Days Lost	23,435	22,145
Total Staff Years	2,115	2,103
Average working Days Lost	11	11
Number of persons retired early on ill health grounds	1	2

Off-payroll engagements

	Number
Existing engagements as of 31 March 2019	7
Of which, the number that have existed:	
For less than 1 year at the time of reporting	4
For between 1 & 2 years at the time of reporting	2
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

New engagements

	Number
Number of new engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018	3
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	3
Number of who assurance has been requested	3
Of which:	
Assurance has been received	1
Assurance has not been received	1 pending response
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.	0

Exit packages for staff leaving the trust

	Cost of special payment element included in exit packages	Number of departures where special payments have been made	Total cost of exit packages	Total number of exit packages	Cost of other departures agreed	Number of other departures agreed	Cost of compulsory redundancies	Number of compulsory redundancies
	£000	No.	£000	No.	£000	No.	£000	No.
2018/19								
Exit package cost band (including any special payment element)								
Less than £10,000			11	4	11	4	0	0
£10,000-£25,000			0	0	0	0	0	0
£25,001-£50,000			0	0	0	0	0	0
£50,001-£100,000			51	1	0	0	51	1
£100,001 - £150,000			0	0	0	0	0	0
£150,001 - £200,000			0	0	0	0	0	0
> £200,000			0	0	0	0	0	0
Total			62	5	11	4	51	1

2017/18								
Less than £10,000			11		11			
£10,000-£25,000			1		1			
£25,001-£50,000			3		3			
£50,001-£100,000			0		0			
£100,001 - £150,000			0		0			
£150,001 - £200,000			0		0			
> £200,000			0		0			
Total			15	123	15	123		

This table has been subject to audit

Other exit packages - disclosure

	2018/19		2017/18	
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	0	0
Mutually agreed resignations (MARS) contractual costs	0	0	0	0
Early retirements in the efficiency of the service contractual costs	0	0	1	17
Contractual payments in lieu of notice	4	11	11	5
Exit payments following employment tribunals or court orders	0	0	1	48
Non-contractual payments requiring HMT approval (special severance payments)*	0	0	2	53
Total**	4	11	15	123
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	0	0

This table has been subject to audit

** 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.

There have been a number of initiatives aimed at promoting East Cheshire NHS Trust as a great place to work including the development of a new role to specifically focus on attraction and retention. The trust now has career-dedicated Facebook and Twitter pages and a new recruitment website is being developed to advertise vacancies and promote the trust to a much wider audience.

Other activities have encouraged managers to think more creatively about how they promote opportunities including how to effectively market a vacancy. New and alternative roles have also been trialled such as advanced nurse practitioners, medical nurse practitioners, physician associates and discharge co-ordinators, with a view to remodelling the workforce to incorporate these roles through skill-mixing, in place of hard-to-recruit vacancies.

Alongside continuing with the 'refer a friend' scheme for qualified nursing positions and student nurse bonus schemes, targeted recruitment initiatives including financial support with NMC payments for community nursing staff and recruitment and retention premia for Emergency Department medical staff have proved successful in reducing vacancies. The trust has also worked with partners to help retain staff within the local healthcare economy following organisational change.

Through 'on-boarding' initiatives, successful candidates who have received a job offer are contacted regularly by the trust to keep them engaged throughout the pre-hire period. Trust induction and new starter training has been streamlined, removing any unnecessary duplication of e-learning and offering flexible options for completing mandatory training on-line.

A rolling campaign to recruit more healthcare support workers and increased signposting to training and development opportunities has been successful, with turnover of this staff group reducing and the number of vacancies dropping.

The trust is part of a national programme to improve retention of staff in the NHS, with initial focus on nursing roles and is developing its preceptorship offering for newly-qualified nurses. A programme of 'reconnect sessions' is also offered to all new nurses which involves regular meetings with senior nursing staff. Any member of staff considering leaving the organisation is encouraged to discuss personal and career ambitions and review available options to support them to remain. The trust is keen to develop career pathways for clinical staff and is maximising the potential of the apprenticeship levy to support staff to develop into new roles or to undertake higher qualifications.

The trust continues to support return to practice schemes and has developed a bespoke programme in Physiotherapy. Further overseas recruitment has resulted in the successful training and appointment of 12 nurses from the Philippines. The Cheshire Career and Engagement Hub, hosted by the trust, has connected with a huge number of school-age children over the last 12 months, through careers events, interactive workshops and assemblies, to promote the breadth of careers in health and care.



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' closely followed by 'access to computers', 'study space', and 'printed books'.

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

- Increase in Library Quality Assurance Framework (LQAF) to 100% compliance. This was the fifth successive year of improvement
- Procurement of the much requested point of care tool 'UpToDate'
- Creation of new knowledge hubs for a variety of Specialties including a patient information hub
- Support for the development and content of a Cheshire & Wirral system leadership portal
- 176 evidence searches to support patient care
- Off-site access to the library catalogue
- Purchase of an advertising display screen to market library services
- Help with guideline developments
- Joint working with the e-learning support team to enable library staff to give robust support to those completing courses in the library
- Engaging with trust staff through participation in national library/health events such as National Libraries Week; 6 book challenge, World Book Night; NHS 70th birthday, career/recruitment/induction events.

Staff engagement

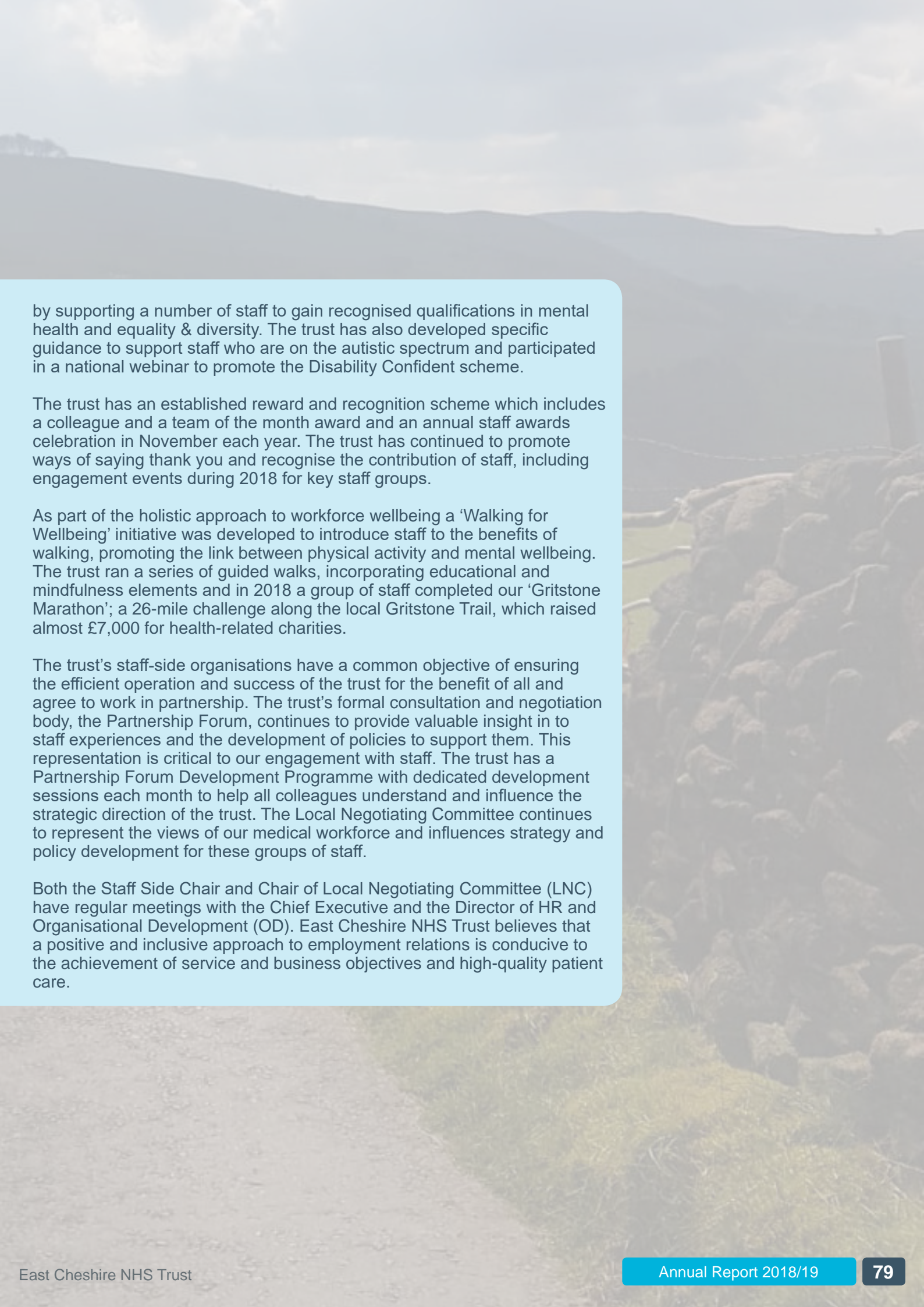
The trust continues to develop an Engagement, Wellbeing & Inclusion Plan to support better health and wellbeing across the organisation, targeted to address the issues which affect employees the most and our NHS Staff Survey results show significant year-on-year improvements in relation to staff engagement.

The trust continues to provide an on-site in-house staff counselling service and in partnership with occupational health services, ensures alignment of engagement and wellbeing activity to better understand issues linked to workforce health and wellbeing. To support the trust's policy on stress-related illness, the trust continues to promote good mental health and took steps in 2018 to mainstream the trust's workplace 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 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 actions arising from these standards are incorporated into the Engagement, Wellbeing and Inclusion Plan. In 2018, the trust saw some improvements in the overall WRES position in relation to closing the gaps between the reported experience of BME staff and white staff.

The trust was proud this year to be the first NHS trust in the North West to be awarded Disability Confident Leader status. During the year, the trust has continued to develop its positive approach to disability in the workplace



by supporting a number of staff to gain recognised qualifications in mental health and equality & diversity. The trust has also developed specific guidance to support staff who are on the autistic spectrum and participated in a national webinar to promote the Disability Confident scheme.

The trust has an established reward and recognition scheme which includes a colleague and a team of the month award and an annual staff awards celebration in November each year. The trust has continued to promote ways of saying thank you and recognise the contribution of staff, including engagement events during 2018 for key staff groups.

As part of the holistic approach to workforce wellbeing a 'Walking for Wellbeing' initiative was developed to introduce staff to the benefits of walking, promoting the link between physical activity and mental wellbeing. The trust ran a series of guided walks, incorporating educational and mindfulness elements and in 2018 a group of staff completed our 'Gritstone Marathon'; a 26-mile challenge along the local Gritstone Trail, which raised almost £7,000 for health-related charities.

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. 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.

The trust has continued to grow its offering of leadership and management training for staff aspiring to move into a leadership role or for those already in a leadership role who wish to develop their skills further. In-house courses are designed to bring staff from all professions together, to learn from each other and focus on the competencies and behaviours underpinned by the trust's leadership framework.

The trust has maximised the potential of the apprenticeship levy to commission accredited programmes for leaders and managers at degree and masters level. Such programmes equip staff with the knowledge and skills to work broadly across systems and organisations and which are essential for the care models and workforce of the future.

The trust has invested in new appraisal systems for all staff to provide have a clear link between the trust's objectives and priorities and those of the individual, while supporting an ongoing conversation around performance, development and aspiration.

Over the last 12 months, the trust's apprenticeship offering has grown significantly as new apprenticeship standards have become available and local education providers have developed programmes for work-based learners alongside direct entry students. The trust has invested in a second cohort of trainee nursing associates and a Maternity Care Assistant Apprenticeship Programme has been implemented in partnership with a local college. The trust is also piloting the Registered Nurse Degree Apprenticeship with a small number of staff.

In addition, the number of learners attending work experience at the trust has increased significantly in the last 12 months, with over 150 students from local schools and colleges participating in programmes where they meet healthcare professionals, undertake bespoke placements in areas of their choice or attend workshops to gain insight into working in the NHS.

Two 'Insight and Inspire' events have been held in partnership with the local Job Centre which are open to anyone wishing to find out more about pre-employment opportunities in East Cheshire.

The trust has increased the number of medical student placements over the last 12 months and has committed to increasing placements for non-medical students over the next 12 – 18 months. In order to achieve this, the trust is working in partnership with other trusts and education providers in Cheshire to allocate and manage students more effectively, maximising the potential within the Cheshire footprint to provide a quality learning experience.

The trust is piloting a collaborative coaching model to support learners on clinical placements. The model has evaluated well so far and there are plans in place to roll this out further which will help to increase student placement capacity in the hospital setting.

The trust employs a number of doctors on fixed-term contracts seeking to gain the experience and competencies required to secure training posts in the future. East Cheshire Trust is one of a very small number of employers who have invested in a tutor role to support these doctors to get the most out of their clinical placements and develop their portfolio of competence. This is a really important group given there are currently insufficient numbers of doctors in training to meet national workforce demands.

Following recognition and accreditation of the Simulation Centre in 2018, the trust has invested in new equipment and programmes to further enhance the training capacity and capability.

NHS Staff Survey and Friends and Family Test

This year the trust achieved a 44.5% completion rate for the annual NHS Staff Survey 2018/19, 4% higher than in 2017 and almost 4% higher than the national average. As standard, the survey asks staff for their 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 improved our position in relation to overall staff engagement and remain better than the national average in a further 5 themes tested by the survey. These included equality, diversity and inclusion, workforce health & wellbeing, the support offered to staff by immediate line managers, staff morale and quality of care. There were improvements or stabilisation on all ten themes tested by the survey. We continue to work towards our ambition to exceed national average in all 10 themes.

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.

2018/2019	Q1 Focus on all staff	Q2 Focus on nurses and healthcare assistants	Q3	Q4 Focus on nurses and healthcare assistants
recommend as a place to receive care	84.1%	75.9%	Survey not run due to annual staff survey	70.7%
not recommend as a place to receive care	5.2%	12.0%		12.2%
recommend as a place to work	72.9%	64.8%		63.4%
not recommend as a place to work	10.9%	11.1%		22.0%

Volunteers

The trust's volunteer programme is vibrant and varied. Volunteers make a huge difference to patient's lives throughout the trust, by providing a welcome and guide to visitors along with supporting administrative staff in trust HQ. Volunteers on wards support patients and their carers by helping at mealtimes encouraging vulnerable people to eat and build up their strength, or provide company to those patients that are not near family or friends.

The volunteering programme helps people that are looking to give something back to the community. The trust is also supporting people back into work, or to further their career by offering volunteering opportunities to those wishing to gain some experience or develop new skills.

The trust welcomes volunteer applications from everyone as additional support can be provided where necessary. Applications can be made in person or by emailing ecn-tr.volunteering@nhs.net. Open evenings are held monthly for those wanting to find out more about the programme and the opportunities available. For more information visit www.eastcheshire.nhs.uk/Get-Involved/Volunteers.htm

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. We ensure that we have the right volunteers for the right roles.

As a trust we value our volunteers immensely, and celebrate their contribution with an annual thank you event, which is always very well received. The Chair of the trust also hosts a regular coffee morning to show appreciation, and this also gives the volunteers a chance to meet up and share their experiences.

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.

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.





***“I have the best of care
you could have wished
for from everybody. From
carers, nurses and all the
staff all the way through
my stay. I would come
back tomorrow if I could.”***

ASTON WARD

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 28 May 2018.

Introduction

The trust is pleased to have ended the financial year £3.4m ahead of its financial control total set by NHS Improvement, with a NHSI adjusted deficit of £14.5m.

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. 2018/19 performance is outlined below:

Performance area	Objective	Outcome
Financial Risk Rating	Achieve overall financial risk rating of a 3	Achieved
Income and expenditure	Meet control total of £17.9m including finance PSF and including A&E performance PSF. Meet control total of £23.9m excluding PSF 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 2018/19 Accounts

Financial Performance

East Cheshire NHS Trust has delivered a NHSI-reported position of £14.5m deficit in 2018/19. This is £3.4m better than the trust's control total (including finance PSF and excluding A&E performance PSF) of £17.9m.

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 2019/20. The trust has a signed contract in place with its main commissioner for 2019/20.

Post Statement of Financial Position Events

There are no post balance sheet events.

Related Party Disclosures

There are three directors with related party disclosures (note 35).

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

The Chief Executive of NHS Improvement, in exercise of powers conferred on the NHS Trust Development Authority, has designated that the Chief Executive should be the Accountable Officer of the trust. The relevant responsibilities of Accountable Officers are set out in the NHS Trust Accountable 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: 28th May 2019

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;

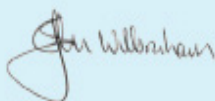
state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

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: 28th May 2019

Signed:



Finance Director

Date: 28th May 2019

Statement of Comprehensive Income

	Note	2018/19	2017/18
		£000	£000
Operating income from patient care activities	3	137,557	134,368
Other operating income	4	22,712	18,158
Operating expenses	6	(177,126)	(166,857)
Operating (deficit) from continuing operations		(16,857)	(14,331)
Finance income	11	78	23
Finance expenses	12	(1,040)	(766)
PDC dividends payable		-	-
Net finance costs		(962)	(743)
Retained (deficit) for the year		(17,819)	(15,074)

Other comprehensive income			
Impairments	7	(4)	-
Revaluations	16	60	121
Other reserve movements		305	-
Total comprehensive expense for the year		(17,458)	(14,953)

Adjusted financial performance (control total basis):			
Retained (deficit) for the period		(17,819)	(15,074)
Remove net impairments not scoring to the Departmental expenditure limit		3,231	(951)
Remove I&E impact of capital grants and donations		116	25
Remove 2016/17 post audit STF reallocation (2017/18 only)		-	(189)
Adjusted (deficit)		(14,472)	(16,189)

The Trust has met its 2018/19 NHS Improvement planned financial control total of £17.9 million deficit including A&E performance PSF.

Statement of Financial Position

	Note	31 March 2019	31 March 2018
		£000	£000
Non-current assets			
Intangible assets	13	738	1,034
Property, plant and equipment	14	49,755	52,430
Receivables	18	313	242
Total non-current assets		50,806	53,706
Current assets			
Inventories	17	1,738	1,349
Receivables	18	17,676	15,800
Cash and cash equivalents	19	9,463	7,313
Total current assets		28,877	24,462
Current liabilities			
Trade and other payables	20	(14,699)	(16,140)
Borrowings	21.1	(41,876)	(8,955)
Provisions	23	(5,055)	(3,103)
Other liabilities	21	(471)	(458)
Total current liabilities		(62,101)	(28,656)
Total assets less current liabilities		17,582	49,512
Non-current liabilities			
Borrowings	21.1	(40,301)	(54,262)
Provisions	23	(4,254)	(4,599)
Total non-current liabilities		(44,555)	(58,861)
Total assets employed		(26,973)	(9,349)
Financed by			
Public dividend capital		39,599	39,460
Revaluation reserve		2,131	2,095
Income and expenditure reserve		(68,703)	(50,904)
Total taxpayers' equity		(26,973)	(9,349)

The notes on pages 94 to 131 form part of these accounts.

The financial statements on pages 86 to 93 were approved by the Audit Committee 28 May 2019 and signed on its behalf by:

Signed:



Chief Executive

Date: 28th May 2019

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' equity at 1 April 2018 - brought forward	39,460	2,095	(50,904)	(9,349)
Impact of implementing IFRS 15 on 1 April 2018	-	-	(305)	(305)
(Deficit) for the year	-	-	(17,819)	(17,819)
Other transfers between reserves	-	(20)	20	-
Impairments	-	(4)	-	(4)
Revaluations	-	60	-	60
Public dividend capital received	139	-	-	139
Other reserve movements	-	-	305	305
Taxpayers' equity at 31 March 2019	39,599	2,131	(68,703)	(26,973)

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 - brought forward	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 Cash Flows

	Note	2018/19	2017/18
		£000	£000
Cash flows from operating activities			
Operating (deficit)		(16,857)	(14,331)
Non-cash income and expense:			
Depreciation and amortisation	6.1	3,814	3,381
Net impairments	7	3,231	(951)
Income recognised in respect of capital donations	4	(30)	(94)
(Increase) / decrease in receivables and other assets		(1,947)	(1,911)
(Increase) / decrease in inventories		(389)	(60)
Increase / (decrease) in payables and other liabilities		(1,568)	1,439
Increase / (decrease) in provisions		1,602	363
Net cash generated from / (used in) operating activities		(12,144)	(12,164)
Cash flows from investing activities			
Interest received		78	23
Purchase of intangible assets		(81)	(333)
Purchase of property, plant, equipment and investment property		(3,632)	(4,268)
Net cash generated from / (used in) investing activities		(3,635)	(4,578)
Cash flows from financing activities			
Public dividend capital received		139	1,475
Movement on loans from the Department of Health and Social Care		19,233	20,241
Capital element of finance lease rental payments		(452)	(444)
Interest on loans		(924)	(609)
Interest paid on finance lease liabilities		(67)	(85)
Net cash generated from / (used in) financing activities		17,929	20,578
Increase / (decrease) in cash and cash equivalents		2,150	3,836
Cash and cash equivalents at 1 April - brought forward		7,313	3,477
Cash and cash equivalents at 31 March	19	9,463	7,313

Notes to the accounts

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 2018/19 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

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 2018/19, 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 2019. 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 actual deficit of £17.8m excluding A&E PSF which is in line with the planned financial control total of £17.9m issued by NHSI, together with the 2019/20 planned deficit of £5.1m, including a savings target of £3.4m
- The trust reached a net liability position during the 2017/18 financial year which continued in 2018/19. The situation is planned to continue throughout 2019/20 and it is anticipated, in future years

- Loans from the Department of Health and Social Care fall due for payment:
£5.3m due August 2019
£19.6m due January 2020
£8.5m due February 2020
£7.8m due March 2020

NHSI have not confirmed arrangements for financing in future years.

- The trust has not yet received formal confirmation of financing of the trust's 2019/20 operational plan by NHSI / Department of Health and Social Care

These are mitigated by:

- The trust's 2019/20 operational plan is in line with the agreed control total issued by NHSI
- The trust's contract for 2019/20 with its main commissioner has been agreed and signed
- The trust has assessed the risks in achieving the 2019/20 financial plan and, in particular, the cost improvement programme
- A track record of achievement of challenging efficiencies programmes, with £6.4m delivered in 2018/19. However £3m was delivered non-recurrently
- The trust is actively engaged in local strategic transformation planning with health economy partners to develop system wide models anticipated to deliver sustainable healthcare in future years
- 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 they will provide the appropriate funding to support the provision of the trust's services and the loan repayments falling due in 2019/20

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.

1.3 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 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS). As directed by the GAM, the transition to IFRS 15 in 2018/19 has been completed in accordance with paragraph C3 (b) of the Standard: applying the Standard retrospectively but recognising the cumulative effects at the date of initial application (1 April 2018).

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

1.4.1 Revenue from NHS contracts

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

Revenue is recognised to the extent that collection of consideration is probable. Where contract challenges

from commissioners are expected to be upheld, the Trust reflects this in the transaction price and derecognises the relevant portion of income.

1.4.2 NHS injury cost recovery scheme

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

1.4.3 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.

1.4.4 Other income

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

1.5 Expenditure on employee benefits

1.5.1 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.

1.5.2 Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health 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.

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

1.6 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 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 cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control
- 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, eg, plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives.

1.7.2 Measurement

Valuation

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

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

Revaluations of 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

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

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

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 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' cease 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, respectively.

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 De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

- The asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- The sale must be highly probable i.e.:
 - Management are committed to a plan to sell the asset
 - An active programme has begun to find a buyer and complete the sale
 - The asset is being actively marketed at a reasonable price
 - The sale is expected to be completed within 12 months of the date of classification as 'held for sale'
- 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 lives of property, plant and equipment

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

	Min life Years	Max life Years
Land	Infinite	Infinite
Buildings, excluding dwellings	1	67
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 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 expenses attributable to the asset during development

Software

Software which is integral to the operation of hardware, e.g. 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 or 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 lives in a manner consistent with the consumption of economic or service delivery benefits.

1.8.3 Useful economic life of intangible assets

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

	Min Life Years	Max Life Years
Software licences	5	7

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.

1.10 Cash and cash equivalent

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)

The CRC scheme is a mandatory cap and trade scheme for non-transport CO2 emissions. The trust is registered with the CRC scheme, and is therefore required to surrender to the Government an allowance for every tonne of CO2 it emits during the financial year. A liability and related expense is recognised in respect of this obligation as CO2 emissions are made.

The carrying amount of the liability at the financial year end will therefore reflect the CO2 emissions that have been made during that financial year, less the allowances (if any) surrendered voluntarily during the financial year in respect of that financial year.

The liability will be measured at the amount expected to be incurred in settling the obligation. This will be the cost of the number of allowances required to settle the obligation.

1.12 Financial assets and financial liabilities

1.12.1 Recognition

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

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

1.12.2 Classification and measurement

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

valuation techniques.

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

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

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

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

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

Financial assets measured at fair value through other comprehensive income

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

Financial assets and financial liabilities at fair value through income and expenditure

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

Impairment of financial assets

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

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

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

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

1.12.3 Derecognition

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

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

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 charge 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 in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the 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 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 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 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 public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for

- i. donated 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 is not liable for corporation tax and therefore has no corporation tax liability.

1.19 Foreign exchange

The functional and presentational currency of the trust is sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- Monetary items are translated at the spot exchange

rate on 31 March

- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

1.20 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 19.1 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 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.

1.24 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the trust 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.

1.24.1 Sources of estimation uncertainty

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

At each year end, the trust accounts for income in respect of partially completed spells. This income is an estimate based on the patients specialty and length of stay at 31 March 2019 (excess bed days are also calculated using an average trim point for each specialty). This income crystallises when a patient is discharged and the full details of charge to the commissioner can be confirmed. The accounts include

£1,063k in respect of partially completed spells (2017/18: £1,220k).

IFRS15 "Revenue from contracts with customers" was introduced from 1st April 2018. The partially completed spells adjustment has been updated to recognise the new standard. Impact for 2018/19 is £355k, (re-stated opening position 1st April 2018 if IFRS15 had been adopted is £1,063k).

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 pre-payment 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 £422k (2017/18: £412k) 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.

1.25 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2018/19.

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

The HM Treasury FReM does not require the following Standard and Interpretation to be applied in 2018/19. The government implementation date for IFRS 16 is 1st April 2020.

- IFRS 16 Leases – application required for accounting periods beginning on 1st April 2020, 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 cash flows. 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:

	2019/20	2018/19
	£000	£000
Revenue	145	347
Expenditure	163	352
Liabilities	13	16

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 than 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.

3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4

3.1 Income from patient care activities (by nature)

	2018/19	2017/18
	£000	£000
Elective income	15,998	16,643
Non elective income	30,672	30,269
First outpatient income	9,473	9,638
Follow up outpatient income	6,761	6,937
A & E income	6,804	6,623
High cost drugs income from commissioners (excluding pass-through costs)	6,199	6,373
Other NHS clinical income	26,793	23,760
Community services income from CCGs and NHS England	26,918	26,594
Income from other sources (e.g. local authorities)	5,175	5,752
Private patient income	129	147
Agenda for Change pay award central funding	1,468	-
Other clinical income	1,167	1,632
Total income from activities	137,557	134,368

3.1 Income from patient care activities (by source)

	2018/19	2017/18
	£000	£000
NHS England	9,522	9,719
Clinical commissioning groups	119,886	116,667
Department of Health and Social Care	1,478	10
Other NHS providers	324	754
NHS other	139	139
Local authorities	5,602	6,361
Non-NHS private patients	129	147
Non-NHS overseas patients (chargeable to patient)	18	28
Injury cost recovery scheme	420	388
Non-NHS other	39	155
Total income from activities	137,557	134,368
Of which:		
Related to continuing operations	137,557	134,368

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

	2018/19	2017/18
	£000	£000
Income recognised this year	18	28
Cash payments received in-year	5	19
Amounts added to provision for impairment of receivables	23	-

4 Other operating income

Other operating income from contracts with customers:	2018/19	2017/18
	£000	£000
Research and development (contract)	353	327
Education and training (excluding notional apprenticeship levy income)	3,948	4,132
Non-patient care services to other bodies	211	2,256
Provider sustainability / sustainability and transformation fund income (PSF / STF)*	9,391	6,927
Income in respect of employee benefits accounted on a gross basis	250	243
Other contract income **	8,374	4,164
Other non-contract operating income		
Education and training - notional income from apprenticeship fund	155	15
Receipt of capital grants and donations	30	94
Total other operating income	22,712	18,158
Of which:		
Related to continuing operations	22,712	18,158

* Provider and Sustainability Fund (PSF) income is money paid to the trust for achieving performance and financial targets set by NHSI.

** The movement in income 2018/19 relates to a re categorisation from non patient care services to other bodies and income risk accruals in 2017/18 not required in 2018/19.

5 Additional information on revenue from contracts with customers recognised in the period

	2018/19
	£000
Revenue recognised in the reporting period that was included within contract liabilities at the previous period end	458

6. Operating expenses

6.1 Operating expenses analysis

	2018/19	2017/18
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	3,058	2,644
Purchase of healthcare from non-NHS and non-DHSC bodies	809	1,558
Staff and executive directors costs	110,084	108,210
Remuneration of non-executive directors	69	69
Supplies and services - clinical (excluding drugs costs)	13,618	12,817
Supplies and services - general	8,689	6,960
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	12,142	12,414
Consultancy costs	144	13
Establishment	2,445	2,639
Premises	6,664	5,806
Transport (including patient travel)	39	403
Depreciation on property, plant and equipment	3,433	2,909
Amortisation on intangible assets	381	472
Net impairments	3,231	(951)
Movement in credit loss allowance: contract receivables / contract assets	224	
Movement in credit loss allowance: all other receivables and investments	-	51
Change in provisions discount rate(s)	(56)	46
Audit fees payable to the external auditor		
audit services- statutory audit	57	56
other auditor remuneration (external auditor only)	7	7
Internal audit costs	108	108
Clinical negligence	7,764	5,959
Legal fees	454	451
Insurance	63	68
Education and training	529	366
Rentals under operating leases	2,330	2,720
Hospitality	4	-
Other	836	1,062
Total	177,126	166,857
Of which:		
Related to continuing operations	177,126	166,857

6.2 Other auditor remuneration

	2018/19	2017/18
	£000	£000
Other auditor remuneration paid to the external auditor:		
2. Audit-related assurance services	7	7
Total other auditor remuneration	7	7

In 2018/19 and 2017/18, there were no services provided by the 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' in note 6.1 and the Quality Account fee is shown under 'Other auditor remuneration' in note 6.2.

6.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £1m (2017/18: £2m).

7 Impairment of assets

	2018/19	2017/18
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	870	(951)
Other	2,361	-
Total net impairments charged to operating surplus / deficit	3,231	(951)
Impairments charged to the revaluation reserve	4	-
Total net impairments	3,235	(951)

The trust instructed its professional valuers, Cushman and Wakefield, to undertake an interim valuation of its land and buildings as at 31 March 2019. This resulted in a net impairment of £870k in respect of the trust's building portfolio. Furthermore, Cheshire & Wirral Partnership NHS Foundation Trust served notice to vacate onsite accommodation which resulted in an impairment of £2,361k.

8. Employee benefits

	2018/19	2017/18
	Total	Total
	£000	£000
Salaries and wages	85,517	84,162
Social security costs	8,009	7,369
Apprenticeship levy	391	379
Employer's contributions to NHS pensions	9,848	9,615
Pension cost - other	52	20
Termination benefits	51	3
Temporary staff (including agency)	6,482	6,929
Total staff costs	110,350	108,477
Of which		
Costs capitalised as part of assets	266	267

8.1 Retirements due to ill-health

During 2018/19 there was 1 early retirement from the trust agreed on the grounds of ill-health (2 in the year ended 31 March 2018). The estimated additional pension liabilities of these ill-health retirements is £117k (£160k in 2017/18).

The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

9 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 2019, is based on valuation data as 31 March 2018, updated to 31 March 2019 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

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

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 £52k per annum (2017/18: £20k per annum).

10 Operating leases

	2018/19	2017/18
	£000	£000
Operating lease expense		
Minimum lease payments	2,330	2,720
Total	2,330	2,720

			31 March 2019	31 March 2018
	Buildings	Other	Total	Total
	£000	£000	£000	£000
Future minimum lease payments due:				
- not later than one year;	1,545	232	1,777	1,583
- later than one year and not later than five years;	5,793	655	6,448	5,602
- later than five years.	13,054	-	13,054	13,977
Total	20,392	887	21,279	21,162

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

11. Finance income

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

	2018/19	2017/18
	£000	£000
Interest on bank accounts	78	23
Total finance income	78	23

12 Finance expenditure

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

	2018/19	2017/18
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	970	668
Finance leases	65	85
Total interest expense	1,035	753
Unwinding of discount on provisions	5	13
Other finance costs	-	-
Total finance costs	1,040	766

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

In 2018/19, there were no payments made by the trust relating to the late payment of commercial debts (2017/18: £nil).

13. Intangible assets - 2018/19

	Software Li- censes	Intangible Assets Under Construction	Total
	£000	£000	£000
Valuation / cost			
At 1 April 2018 - brought forward	5,173	-	5,173
Additions	42	43	85
Valuation / gross cost at 31 March 2019	5,215	43	5,258
Amortisation			
Amortisation at 1 April 2018 - brought forward	4,139	-	4,139
Provided during the year	381	-	381
Amortisation at 31 March 2019	4,520	-	4,520
Net book value at 31 March 2019	695	43	738
Net book value at 1 April 2018	1,034	-	1,034

13.1. Intangible assets - 2017/18

	Software Li- censes	Intangible Assets Under Construction	Total
	£000	£000	£000
Valuation / cost			
At 1 April 2018 - brought forward	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
Amortisation 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 Property, plant and equipment - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2018 - brought forward	4,290	40,943	31	618	16,562	55	5,902	1,321	69,722
Additions	-	1,748	-	292	1,115	-	614	164	3,933
Impairments	-	(4)	-	-	-	-	-	-	(4)
Revaluations	-	(4,469)	-	-	-	-	-	-	(4,469)
Reclassifications	-	-	-	(611)	-	-	611	-	-
Valuation/gross cost at 31 March 2019	4,290	38,218	31	299	17,677	55	7,127	1,485	69,182

Accumulated depreciation at 1 April 2017 - restated	-	159	3	-	12,621	39	3,592	878	17,292
Provided during the year	-	1,340	2	-	1,053	3	957	78	3,433
Impairments	-	3,330	-	-	-	-	-	-	3,330
Reversals of impairments	-	(99)	-	-	-	-	-	-	(99)
Revaluations	-	(4,529)	-	-	-	-	-	-	(4,529)
Accumulated depreciation at 31 March 2018	-	201	5	-	13,674	42	4,549	956	19,427

Net book value at 31 March 2019	4,290	38,017	26	299	4,003	13	2,578	529	49,755
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Net book value at 1 April 2018	4,290	40,784	28	618	3,941	16	2,310	443	52,430
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14.1 Property, plant and equipment - 2017/18

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2017 - as previously stated	4,290	39,287	31	491	16,074	55	4,588	1,295	66,111
Valuation / gross cost at 1 April 2017 - restated	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	-	-
Transfers to / from assets held for sale	-	-	-	-	(36)	-	-	-	(36)
Valuation/gross cost 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 - as previously stated	-	996	2	-	11,583	36	2,787	788	16,192
Accumulated depreciation at 1 April 2017 - restated	-	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)
Transfers to / from assets held for sale	-	-	-	-	(36)	-	-	-	(36)
Accumulated depreciation 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
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Net book value at 1 April 2017	4,290	38,291	29	491	4,491	19	1,801	507	49,919
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14.2 Property, plant and equipment financing- 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019									
Owned - purchased	4,290	37,069	26	299	2,458	13	2,573	497	47,225
Finance leased	-	-	-	-	1,317	-	-	-	1,317
Owned - donated	-	948	-	-	228	-	5	32	1,213
NBV total at 31 March 2019	4,290	38,017	26	299	4,003	13	2,578	529	49,755

14.3 Property, plant and equipment financing- 2017/18

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
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
NBV total at 31 March 2018	4,290	40,784	28	618	3,941	16	2,310	443	52,430

15 Donations of property, plant and equipment

Assets totalling £30k (2017/18: £94k) were donated to the trust by East Cheshire NHS Trust Charitable Fund (ECHO).

16 Revaluations of property, plant and equipment

The trust instructed its professional valuers, Cushman and Wakefield, to undertake an interim valuation of its land and buildings as at 31 March 2019. This was performed in accordance with the new guidance from the Royal Institute of Chartered Surveyors (RICS), which incorporates the International Valuation Standards and the RICS UK Valuation Standards (the RICS Red Book). This resulted in a decrease of £3,175k in respect of the trust's buildings portfolio, with a reversal of previously recognised impairment of £99k reflected in operating expenses note 6.1 and £56k increase to the Revaluation Reserve.

17 Inventories

	31 March 2019	31 March 2018
	£000	£000
Drugs	728	584
Consumables	994	749
Energy	16	16
Total inventories	1,738	1,349

Inventories recognised in expenses for the year were £16,161k (2017/18: £16,379k). Write-down of inventories recognised as expenses for the year were £0k (2017/18: £0k).

18 Trade receivables and other receivables

	31 March 2019	31 March 2018
	£000	£000
Current		
Contract receivables*	14,050	-
Trade receivables*	-	5,549
Accrued income*	-	8,128
Allowance for impaired contract receivables / assets*	(576)	-
Allowance for other impaired receivables	-	(380)
Prepayments	3,060	2,005
VAT receivable	971	464
Other receivables	171	34
Total current trade and other receivables	17,676	15,800

Non-current		
Contract receivables*	401	-
Allowance for impaired contract receivables / assets*	(88)	-
Allowance for other impaired receivables	-	(72)
Other receivables	-	314
Total non-current trade and other receivables	313	242

Of which receivables from NHS and DHSC group bodies:		
Current	12,776	10,496

*Following the application of IFRS 15 from 1 April 2018, the trust's entitlements to consideration for work performed under contracts with customers are shown separately as contract receivables. This replaces the previous analysis into trade receivables and accrued income. IFRS 15 is applied without restatement therefore the comparative analysis of receivables has not been restated under IFRS 15.

18.1 Allowances for credit losses - 2018/19

	Contract receivables and contract assets	All other receivables
	£000	£000
Allowances as at 1 Apr 2018 - brought forward	-	452
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	452	(452)
New allowances arising	224	-
Utilisation of allowances (write offs)	(12)	-
Allowances as at 31 Mar 2019	664	-

18.2 Allowances for credit losses - 2017/18

IFRS 9 and IFRS 15 are adopted without restatement therefore this analysis is prepared in line with the requirements of IFRS 7 prior to IFRS 9 adoption. As a result it differs in format to the current period disclosure.

	All
	£000
Allowances as at 1 Apr 2017 - as previously stated	404
Prior period adjustments	-
Allowances as at 1 Apr 2017 - restated	404
Transfers by absorption	
Increase in provision	51
Amounts utilised	(3)
Unused amounts reversed	-
Allowances as at 31 Mar 2018	452

19 Cash and cash equivalents movements

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

	2018/19	2017/18
	£000	£000
At 1 April	7,313	3,477
Net change in year	2,150	3,836
At 31 March	9,463	7,313
Broken down into:		
Cash at commercial banks and in hand	37	42
Cash with the Government Banking Service	9,426	7,271
Total cash and cash equivalents as in SoCF	9,463	7,313

19.1 Third party assets held by the trust

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

	31 March 2019	31 March 2018
	£000	£000
Bank balances	106	117

20 Trade and other payables

	31 March 2019	31 March 2018
	£000	£000
Current		
Trade payables	2,896	2,995
Capital payables	863	588
Accruals	10,569	11,916
Social security costs	110	179
Accrued interest on loans*	-	135
Other payables	261	327
Total current trade and other payables	14,699	16,140

Of which payables from NHS and DHSC group bodies:		
Current	2,960	2,763

* Following adoption of IFRS 9 on 1 April 2018, loans are measured at amortised cost. Any accrued interest is now included in the carrying value of the loan within note . IFRS 9 is applied without restatement therefore comparatives have not been restated.

21. Other liabilities

	31 March 2019	31 March 2018
	£000	£000
Current		
Deferred income: contract liabilities	471	458
Total other current liabilities	471	458

21.1. Borrowings

	31 March 2019	31 March 2018
	£000	£000
Current		
Loans from the Department of Health and Social Care	41,403	8,501
Obligations under finance leases	473	454
Total current borrowings	41,876	8,955
Non-current		
Loans from the Department of Health and Social Care	39,474	52,962
Obligations under finance leases	827	1,300
Total non-current borrowings	40,301	54,262

21.2. Reconciliation of liabilities arising from financing activities

	Loans from DHSC	Finance leases	Total
	£000	£000	£000
Carrying value at 1 April 2018	61,463	1,754	63,217
Cash movements:			
Financing cash flows - payments and receipts of principal	19,233	(452)	18,781
Financing cash flows - payments of interest	(924)	(67)	(991)
Non-cash movements:			
Impact of implementing IFRS 9 on 1 April 2018	135	-	135
Application of effective interest rate	970	65	1,035
Carrying value at 31 March 2019	80,877	1,300	82,177

22. 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 2019	31 March 2018
	£000	£000
Gross lease liabilities	1,358	1,876
of which liabilities are due		
not later than one year	513	517
later than one year and not later than five years	845	1,359
Finance charges allocated to future periods	(58)	(122)
Net lease liabilities	1,300	1,754
Of which payable:		
not later than one year	473	454
later than one year and not later than five years	827	1,300

23. Provisions for liabilities and charges analysis practice code

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Re-structuring	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2018	3,596	1,430	622	-	111	1,943	7,702
Change in the discount rate	(28)	(28)	-	-	-	-	(56)
Arising during the year	86	38	389	885	292	1,170	2,860
Utilised during the year	(359)	(62)	(26)	-	(51)	(346)	(844)
Reversed unused	-	-	(20)	-	(59)	(279)	(358)
Unwinding of discount	4	1	-	-	-	-	5
At 31 March 2019	3,299	1,379	965	885	293	2,488	9,309
Expected timing of cash flows:							
- not later than one year;	359	65	965	885	293	2,488	5,055
- later than one year and not later than five years;	1,794	328	-	-	-	-	2,122
- later than five years.	1,146	986	-	-	-	-	2,132
Total	3,299	1,379	965	885	293	2,488	9,309

Provisions for pension early departure costs and pensions injury benefits 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 include provisions relating to intermediaries legislation (IR35), VAT and employment status.

24. Clinical negligence liabilities

At 31 March 2019, £94,244k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of East Cheshire NHS Trust (31 March 2018: £87,784k).

25. Contingencies

	31 March 2019	31 March 2018
	£000	£000
Value of contingent liabilities		
NHS Resolution legal claims	(22)	(19)
Net value of contingent liabilities	(22)	(19)

26. Contractual capital commitments

	31 March 2019	31 March 2018
	£000	£000
Property, plant and equipment	3	120
Total	3	120

27 Financial instruments

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 2019 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.

28. Carrying values of financial assets

IFRS 9 Financial Instruments is applied retrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

	Held at amortised cost	Total book value
	£000	£000
Carrying values of financial assets as at 31 March 2019 under IFRS 9		
Trade and other receivables excluding non financial assets	13,958	13,958
Other investments / financial assets	-	-
Cash and cash equivalents at bank and in hand	9,463	9,463
Total at 31 March 2019	23,421	23,421

	Loans and receivables	Total book value
	£000	£000
Carrying values of financial assets as at 31 March 2018 under IAS 39		
Trade and other receivables excluding non financial assets	12,941	12,941
Other investments / financial assets	-	-
Cash and cash equivalents at bank and in hand	7,313	7,313
Total at 31 March 2018	20,254	20,254

29. Carrying value of financial liabilities

IFRS 9 Financial Instruments is applied retrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

	Held at amortised cost	Total book value
	£000	£000
Carrying values of financial liabilities as at 31 March 2019 under IFRS 9		
Loans from the Department of Health and Social Care	80,877	80,877
Obligations under finance leases	1,300	1,300
Obligations under PFI, LIFT and other service concession contracts	-	-
Other borrowings	-	-
Trade and other payables excluding non financial liabilities	14,589	14,589
Other financial liabilities	-	-
Provisions under contract	3,079	3,079
Total at 31 March 2019	99,845	99,845
Carrying values of financial liabilities as at 31 March 2018 under IAS 39		
Loans from the Department of Health and Social Care	61,463	61,463
Obligations under finance leases	1,754	1,754
Obligations under PFI, LIFT and other service concession contracts	-	-
Other borrowings	-	-
Trade and other payables excluding non financial liabilities	15,961	15,961
Other financial liabilities	-	-
Provisions under contract	1,832	1,832
Total at 31 March 2018	81,010	81,010

30 Fair values of financial assets and liabilities

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

31 Maturity of financial liabilities

	31 March 2019	31 March 2018
	£000	£000
In one year or less	59,544	26,748
In more than one year but not more than two years	20,741	33,197
In more than two years but not more than five years	19,560	21,065
In more than five years	-	-
Total	99,845	81,010

32. Losses and special payments

	2018/19		2017/18	
	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
Bad debts and claims abandoned	6	1	11	2
Stores losses and damage to property	2	2	2	15
Total losses	8	3	14	18
Special payments				
Compensation under court order or legally binding arbitration award	4	31	5	33
Ex-gratia payments	18	8	22	5
Special severance payments	-	-	2	53
Total special payments	22	39	29	91
Total losses and special payments	30	42	43	109

33. Initial application of IFRS 9

IFRS 9 Financial Instruments as interpreted and adapted by the GAM has been applied by the trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to reserves on 1 April 2018.

IFRS 9 replaces IAS 39 and introduces a revised approach to classification and measurement of financial assets and financial liabilities, a new forward-looking 'expected loss' impairment model and a revised approach to hedge accounting.

Under IFRS 9, borrowings from the Department of Health and Social Care, which were previously held at historic cost, are measured on an amortised cost basis. Consequently, on 1 April 2018 borrowings increased by £135k, and trade payables correspondingly reduced.

Reassessment of allowances for credit losses under the expected loss model resulted in a £0k decrease in the carrying value of receivables.

The GAM expands the definition of a contract in the context of financial instruments to include legislation and regulations, except where this gives rise to a tax. Implementation of this adaptation on 1 April 2018 has led to the classification of receivables relating to Injury Cost Recovery as a financial asset measured at amortised cost. The carrying value of these receivables at 1 April 2018 was £797k.

34. Initial application of IFRS 15

IFRS 15 Revenue from Contracts with Customers as interpreted and adapted by the GAM has been applied by the trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to the income and expenditure reserve on 1 April 2018.

IFRS 15 introduces a new model for the recognition of revenue from contracts with customers replacing the previous standards IAS 11, IAS 18 and related Interpretations. The core principle of IFRS 15 is that an entity recognises revenue when it satisfies performance obligations through the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services.

As directed by the GAM, the trust has applied the practical expedient offered in C7A of the standard removing the need to retrospectively restate any contract modifications that occurred before the date of implementation (1 April 2018).

35. 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 Galenica (Fresenius)	223,204	3,181	0	4,586
Dr John Hunter				
Related party organisation - Spire Regency Hospital, Macclesfield - (on average) weekly elective operating lists performed				
Trust transactions with Spire Regency Hospital	70,905	51,949	74,855	8,797
Dr John Hunter				
Related party organisation - Vernova Healthcare CIC - spouse member of Vernova Healthcare CIC board				
Trust transactions with Vernova Healthcare CIC	386,772	128,061	34,309	11,379
East Cheshire NHS Trust Charitable Fund*				
	-	106,268	-	143,468

* 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 Foundation Trusts
- NHS Trusts
- NHS Resolution
- NHS Business Services Authority

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

36. 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.

	2019	2018
	£000	£000
Restricted / Endowment Funds	451	424
Non-restricted Funds	178	248
Total Funds	629	672

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.

37. Events after the reporting date

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

38. Better payment practice code

	2018/19		2017/18	
	Number	£000	Number	£000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	40,427	54,997	40,851	55,959
Total non-NHS trade invoices paid within target	37,886	51,901	36,842	51,786
Percentage of non-NHS trade invoices paid within target	93.7%	94.4%	90.2%	92.5%
NHS Payables				
Total NHS trade invoices paid in the year	1,430	13,256	1,824	15,039
Total NHS trade invoices paid within target	1,048	11,307	1,433	11,790
Percentage of NHS trade invoices paid within target	73.3%	85.3%	78.6%	78.4%

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.

39. External financing

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

	2018/19	2016/17
	£000	£000
Cash flow financing (from Statement of Cash Flows)	16,770	17,436
External financing requirement	16,770	17,436
External financing limit (EFL)	21,837	23,749
Under / (over) spend against EFL	5,067	6,313

40. Capital resource limit

	2018/19	2016/17
	£000	£000
Gross capital expenditure	4,018	4,681
Less: Donated and granted capital additions	(30)	(94)
Charge against Capital Resource Limit	3,988	4,587
Capital Resource Limit	3,988	4,587
Under / (over) spend against CRL	-	-

41. Breakeven duty financial performance

	2018/19
	£000
Adjusted financial performance surplus / (deficit) (control total basis)	(14,472)
Breakeven duty financial performance surplus / (deficit)	(14,472)

42. Breakeven duty rolling assessment

	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	1997/98 to 2008/09
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	(14,472)	(16,000)	(15,149)	(23,899)	109	262	5,535	277	806	3,926	
Breakeven duty cumulative position	(62,991)	(48,519)	(32,519)	(17,370)	6,529	6,420	6,158	623	346	(460)	(4,386)
Operating income	160,269	152,526	165,589	172,345	183,791	180,080	185,725	176,835	118,610	115,877	
Cumulative breakeven position as a % of operating income	(39.3%)	(31.8%)	(19.6%)	(10.1%)	3.6%	3.6%	3.3%	0.4%	0.3%	(0.4%)	

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 £63.0m above, together with the planned deficit for 2018/19 of £17.9m including A&E PSF, the trust is unable to meet this duty. 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 2019. This report also covers the financial year ended 31 March 2020.



***“My care was fast
efficient and carried
out with the upmost
discretion, by very
kind and considerate
people”***

RADIOLOGY

Parliamentary accountability and audit report

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 2019, 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 a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2018-19.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2019 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 2018-19; 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.

Material uncertainty relating to going concern

We draw attention to note 1.1.2 in the financial statements, which indicates that the Trust incurred a £17.8 million deficit during the year ended 31 March 2019. The Trust reached a net liability position during 2017-18 which continued in 2018-19 and is planned to continue throughout 2019-20. The Trust has loans of £41.2 million with the Department of Health and Social Care falling due within the 2019-20 financial year.

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 NHS Improvement and the Department of Health and Social Care have not, at the date of our report, formally confirmed that the appropriate funding will be available to support the provision of the Trust's services and loan repayments falling due in 2019-20.

These events or conditions, along with the other matters as set forth 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 audit 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 the 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 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 2018-19 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 issue a report 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 refer a matter to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we make 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 25 April 2019 we referred a matter to the Secretary of State under section 30a of the Local Audit and Accountability Act 2014 in relation to the Trust's breach of its three-year statutory breakeven duty arising from a cumulative deficit at 31 March 2019.

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

As explained more fully in the Statement of Director's Responsibilities, 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 they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity.

The East Cheshire Audit Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Trust's financial reporting process.

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 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 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 2019.

Basis for qualified conclusion

Our review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources identified the following matters:

- in 2018-19 the Trust incurred an adjusted deficit of £14.47 million, which resulted in a cumulative deficit of £62.99 million at 31 March 2019.
- as at May 2019 the Trust is forecasting a further £5.1 million deficit for the year ending 31 March 2020, which would result in a cumulative deficit of £68.09 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(1)(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 2019, 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.

Use of our report

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.


John Farrar

for and on behalf of Grant Thornton UK LLP, Local Auditor

Manchester
28 May 2019

Glossary

A&E	Accident and Emergency
ACS	Acute Coronary Syndrome
ACP	Association of Child Psychotherapists
AHP	Allied Health Professional
AKI	Acute Kidney Injury
AQ	Advancing Quality
AMi	Acute Myocardial Infarction
AMT	Abbreviated Mental Test
ANC	Antenatal Clinic
APLS	Advanced Paediatric Life Support
AVS	Acute visiting service
BDP	Bollington, Disley and Poyton
CARE	Clinical Audit Research and Effectiveness
CCG	Clinical Commissioning Group
CCR	Cheshire Care Record
CDiff	<i>Clostridium Difficile</i>
CGA	Comprehensive geriatric assessment
CNST	Clinical Negligence Scheme for trusts
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
DTOC	Delayed Transfers of Care
DVT	Deep Vein Thrombosis
ECCCG	East Cheshire Clinical Commissioning Group
ECT	East Cheshire NHS Trust
ED	Emergency Department
EDD	Expected Day of Discharge
EDNF	Electronic Discharge Notification Form
EMIS	Electronic Medical Information Systems
EPaCCS	Electronic Palliative Care Co-ordination Systems
EOL	End of life
ETU	Endoscopy Treatment Unit
FFT	Friends and Family Test
GIRFT	Getting It Right First Time
GMC	General Medical Council
GP	General Practitioner
GPOOH	GP Out-of-Hours
HCA	Healthcare Assistant
HDU	High Dependency Unit



HITS	Home Intravenous Therapy Team
ICU	Intensive Care Unit
CRN	Clinical Research Nurse
IG	Information Governance
IT	Information technology
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
NEWS2	National Early Warning Score 2
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
NRLS	The National Reporting and Learning System
NSF	National Service Framework
NWAS	North West Ambulance Service
OT	Occupational Therapist
OFSTED	Office for Standards in Education
PCI	Percutaneous Coronary Interventions
PE	Pulmonary Embolism
PLACE	Patient-Led Assessment of Care Environment
PPC/D	Preferred Place for Care/Death
PROMS	Patient-Reported Outcome Measures
QIPP	Quality, Innovation, Productivity and Prevention
RAD	Rapid Access and Diagnostics
RCN	Royal College of Nursing
RCM	Royal College of Midwives
RCOG	Royal College of Obstetricians and Gynaecologists
SHMI	Summary Hospital-level Mortality Indicator
SNCT	Safer Nursing Care Tool
SPCT	Specialist Palliative Care Team
SQS	Safety, Quality Standards
StEIS	Strategic Executive Information System
TARN	Trauma Audit and Research Networks
TNA	Trainee Nursing Associate
UTI	Urinary Tract Infection
VTE	Venous Thromboembolism

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

By post

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01625 661184 - Communications Department

Via our website

www.eastcheshire.nhs.uk

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