Salford Royal NHS Foundation Trust

Annual Report and Accounts

2019-20

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

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Performance Report

Performance Overview

The purpose of this Performance Overview is to provide an introduction to Salford Royal NHS Foundation Trust including an outline of the purpose and activities of the organisation and a brief description of the business model and organisational structure throughout 2019-20. In addition, the Chief Executive and Chairman's perspective of performance during the year is provided, including the key issues and risks to the delivery of our principal objectives.

An Introduction to Salford Royal NHS Foundation Trust

Salford Royal NHS Foundation Trust (Salford Royal) is a statutory body, which became a public benefit corporation on 1 August 2006. We are an Outstanding Trust; the only NHS acute and community Trust to be rated as Outstanding on two consecutive occasions. Salford Royal is an integrated provider of hospital, community, social and primary care services, including the University Teaching Trust. Our team of over 9,000 staff provide local services to the City of Salford, specialist acute services to Greater Manchester and beyond, along with community services to Bury, Rochdale and Oldham localities via our Care Organisation structures.

The majority of acute services are provided at the main Salford Royal site in addition Salford Royal also provides:

- community healthcare services across Salford, Bury, Rochdale and Oldham;
- specialist services at The Maples Neuro-Rehabilitation Centre in Boothstown;
- renal dialysis services at satellite units in Wigan, Bolton and Rochdale;
- elective orthopaedic services at the Manchester Elective Orthopaedic Centre (MEOC) on the Trafford General Hospital site;
- outpatient neurology and dermatology clinics across Greater Manchester and into Cheshire

Adult Social Care services are delivered in partnership with Salford City Council to maintain a diverse and sustainable market of social care providers who meet the needs of Salford citizens. This includes Residential Care, Supported Tenancies and Learning Disability and Home Care services all across Salford.
Salford Royal has a clinical divisional management structure to coordinate and deliver high quality services for specific patient and service user population groups. These include:

- Division of Greater Manchester Neurosciences
- Division of Integrated Care
- Division of Surgery and Tertiary Medicine

As part of Salford Royal's vision to provide safe and sustainable local health and care services, Salford Royal committed to developing a healthcare group which would enable the delivery of reliable, high quality care around a large population catchment area. In April 2016 the Chairman and Chief Executive of Salford Royal (at that time), were invited to assume operational management of Pennine Acute Hospitals NHS Trust (Pennine). This arrangement was formalised through the establishment of a management agreement in April 2017, which paved the way for the establishment of a Group arrangement – The Northern Care Alliance NHS Group ('Group' in this context does not mean a 'Group' as defined for accounting purposes; separate financial statements continue to be prepared for statutory bodies).

The Northern Care Alliance (NCA) Group brought together the governance of Salford Royal and Pennine, with both Trusts delegating their functions to a Group Board (Committees in Common). Throughout 2019-20, the NCA has served communities through four 'Care Organisations': Salford, Oldham, Bury & Rochdale and North Manchester. From 1st April 2020, the NCA will continue to manage Salford, Oldham and Bury & Rochdale and North Manchester will be managed by Manchester Hospitals NHS Foundation Trust (MFT) as part of the Single Hospital Service arrangements for Manchester and Trafford.

Our Care Organisations are responsible for delivering safe, high quality and reliable care to the local communities they serve. Each has a leadership team consisting of a Director of Operations, Medical Director, Director of Nursing and Finance Director, one of which is appointed as Chief Officer to lead the team. The local arrangements place the emphasis for operational management where it matters - in each hospital and locality. This enables Care Organisations to deliver tailored local plans, whilst working together to achieve the common NCA vision, shared objectives and deployment of standard operating models. All Care Organisations continue to be supported by group-wide corporate shared services and diagnostics and pharmacy services.

Vision and Objectives

Our Mission Statement that binds us together is: 'Saving lives, Improving lives'.

Salford Royal's Head Office is at:
Chief Executive's Office
Salford Royal NHS Foundation Trust
Stott Lane, Salford, Greater Manchester, M6 8HD
Tel: 0161 7897373
Email: enquiries@srft.nhs.uk

Performance Overview from the Chairman and Chief Executive

This Performance Overview highlights some of the main developments, improvements and challenges to our services throughout 2019-20. We would also like to use this opportunity to update you on the progress we are making as the Northern Care Alliance NHS Group (NCA), bringing together the services provided by Salford Royal and Pennine.

The year began with Mr Raj Jain, commencing in his role as the newly appointed Chief Executive of Salford Royal and the NCA, having previously been Deputy Chief Executive and Chief Strategy and Organisational Development Officer. We also welcomed a number of Executive Directors and Non-Executive Directors during the year to the Group Board (Committees in Common). More information can be found in the Directors Report.

Furthermore, following governor elections, we welcomed a number of new faces to our Council of Governors. Our Governors play an important role in helping the way we work and deliver services, representing the interests of our members, staff and the local communities. In January 2020, Mr Dave Pike stepped down from his role as Lead Governor (and governor). We would like to take this opportunity to thank Dave for his dedication and support ensuring the voice of patients and service users are heard.

Our membership continued to grow during 2019-20, with over 15,000 public members signed up to support, be involved and follow our news. Across the year, nearly 600 members joined events to find out more about topics including neurosurgery, diabetes, Parkinson's disease and audiology, along with attending food tasting events and tours. These events give the public a chance to learn about different treatments and services provided across the NCA.

Much work took place throughout 2019-20 to implement the formal transactions for Salford Royal to acquire the Royal Oldham Hospital, Fairfield General Hospital & Rochdale Infirmary, and Manchester Foundation Trust (MFT) to run North Manchester General Hospital (NMGH). From 1st April 2020, two interim management agreements were put in place meaning that Salford Royal and MFT were responsible for managing the respective parts of Pennine described above. Throughout 2020-21 the newly established Pennine Acute Hospitals NHS Trust Board will oversee the transactions, focusing on ensuring the full legal transactions are delivered and that interim management arrangements are implemented. All organisations involved are committed to securing the best future for patients and staff.

In July 2019, we welcomed some 1,300 staff to the NCA (via Salford Royal) who work across a range of community healthcare services in Bury, Rochdale and Oldham; these staff are operationally deployed via the respective NCA Care Organisations. The NCA now has around 19,000 staff providing a range of hospital, community and social care services throughout the NCA footprint. Within year the Group Board approved and committed to a five year plan to improve workforce equality, inclusion and engagement across the NCA and improve the working lives of our workforce. We are one of the first NHS organisations in the country to make such a commitment to equality, where diversity is valued, and the experience of our staff is the forefront of what we do.

The NCA's quality improvement journey to save and improve lives continued in 2019-20; with the approval and launch of the first NCA wide Quality and Productivity Improvement

Strategy. We were pleased that throughout 2019-20 Salford Royal maintained its Hospital Standardised Mortality Rate (HSMR) within the top performing 10% of organisations in England, and statistically lower than expected over the past 12 months. Healthcare mortality is complex but monitoring our risk adjusted mortality rate is one way to understand how we are developing in eliminating preventable deaths.

As in recent years, 2019-20 was another extremely challenging year for NHS both financially and operationally; Salford Royal was no different. Salford Royal's financial position for 2019-20 was a surplus of £51k. From an operational perspective, the year commenced with a continued increase in demand for services, challenging our ability to achieve national access standards for much of the year. The Group Board and Care Organisation Leadership Teams focussed their attention on improvement plans to improve performance. The year ended with the onset of the Covid-19 global pandemic, presenting an even great challenge; one of the biggest challenges ever faced by the NHS. The NCA and Salford Care Organisation mobilised a swift and co-ordinated response. We would like to take this opportunity to thank our staff and volunteers that continue to carry out incredible work to help provide the best possible care for all our patients and their families at this time'.

Key Risks

The Board Assurance Framework (BAF) is a tool for the Group Board and Salford Care Organisation to assure itself on the delivery of governing objectives. The risks identified in the BAF are based on a collective assessment of the environment in which the Group Board and Salford Care Organisation operate, including both principal risks and high-scoring risks, identified locally through the day to day operation of the Care Organisation, which may impact on the achievement of objectives.

The key risks to which the NCA and Salford Care Organisation was exposed in 2019/20 reflect those faced in 2018/19 and were in relation to the following areas:

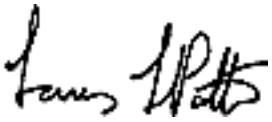
- achieving planned activity and income levels and/or expenditure levels
- successfully delivering the Pennine Transaction
- developing and delivering an effective productivity improvement and cost reduction strategy
- effective capacity and demand planning to achieve compliance with access standards
- effective implementation of the Contribution Framework 2.0
- remodelling the workforce to deliver new models of care
- improving the working lives of staff
- digital stabilisation and modernisation
- estate investment to remedy safety risks identified in North East Sector Care Organisations
- estate strategy for future service developments and sufficient operational estates capacity

The BAF was proactively maintained by the Group Board and Salford Care Organisation leaders throughout 2019/20, enabling the identification, analysis and management of risk to the delivery of objectives in-year. Controls and assurances were assessed and action plans were developed and implemented appropriately. This has provided clear sight of significant risks and ensured action was prioritised appropriately.

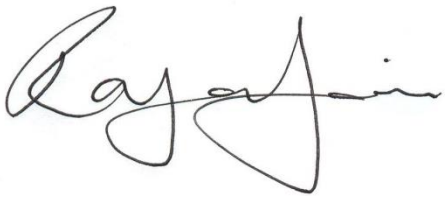
Going Concern Assessment
Salford Royal NHS Foundation Trust has prepared its 2019/20 Annual Accounts on a going concern basis. After making enquiries, the directors have a reasonable expectation that the NHS foundation trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

This Annual Report provides a fair review of the business of Salford Royal, including a balanced and comprehensive analysis of strategic developments and operational and financial performance during 2019/20.

Jim Potter
Chairman



Raj Jain
Chief Executive Officer



Performance Analysis

Each year the Northern Care Alliance NHS Group (NCA) sets a number of governing objectives and key performance indicators to ensure the delivery of its mission to "Save Lives, Improve Lives". These governing objectives take account of opportunities and threats, national and regional context and commissioner plans to ensure the NCA fulfils its statutory duties and develops and delivers clinically and financially sustainable care in the future.
The NCA governing objectives provide a common framework for its constituent Care Organisations and Group Business Units to work within. Annual Plans and Key Performance Indicators (KPIs) are set appropriately at each constituent level to provide assurance that national, regional and local performance standards are being attained.

An integrated reporting approach is used by the Group Board to ensure that the impact on all areas of the NCA and its Care Organisations is understood, including patient, clinical, staffing, financial and regulatory perspectives. An 'Integrated Performance Dashboard' including the most important metrics and risks, historical trend analysis and external benchmarks where available, is reviewed on a monthly basis by the Group Board. The dashboard is supported by a suite of reports and assurance flows, including the Finance and Activity and Productivity & Value Efficiency Reports, a quarterly Quality Improvement Dashboard and Learning from Deaths Report, alongside six-monthly Learning from Experience Report (including incident management and complaints) and Patient and Service User Experience Report are reviewed. Additionally, a quarterly People Report is considered by Group Board, alongside progress with respect to key strategic programmes.

This section of the Performance Report provides an analysis of the NCA in relation to each priority and objective, specifically including Salford Care Organisation (Salford Royal) performance. This analysis highlights key achievements, challenges and any actions taken to address these.

STRATEGIC AIM 1: Pursue quality improvement to assure safe, reliable and compassionate care

Quality Improvement Strategy and Key Achievements
In 2019, we developed and launched a five year Quality and Productivity Improvement Strategy, bringing together, for the first time, the improvement strategies of both Salford Royal and Pennine. This presented a unique and exciting opportunity to learn from each other, encourage innovation and identify and champion best practice across the Northern Care Alliance at pace.

Quality and Productivity Improvement Strategy Aims
Aim 1: Value patients' and service users' time as the most important currency in health and social care
Aim 2: Provide the best employee experience to enable the best patient and service user experience
Aim 3: Improving quality of life by delivering care closer to home, in our communities

Aim 4: No preventable deaths

Aim 5: Deliver safe and reliable care for every patient and service user, every time

Achievements
In 2019-20 Salford Care Organisation has progressed a number of quality improvement initiatives.

Acutely Unwell Adult
45% reduction against baseline period in the cardiac arrest rate per 1000 admissions for Salford Care Organisation

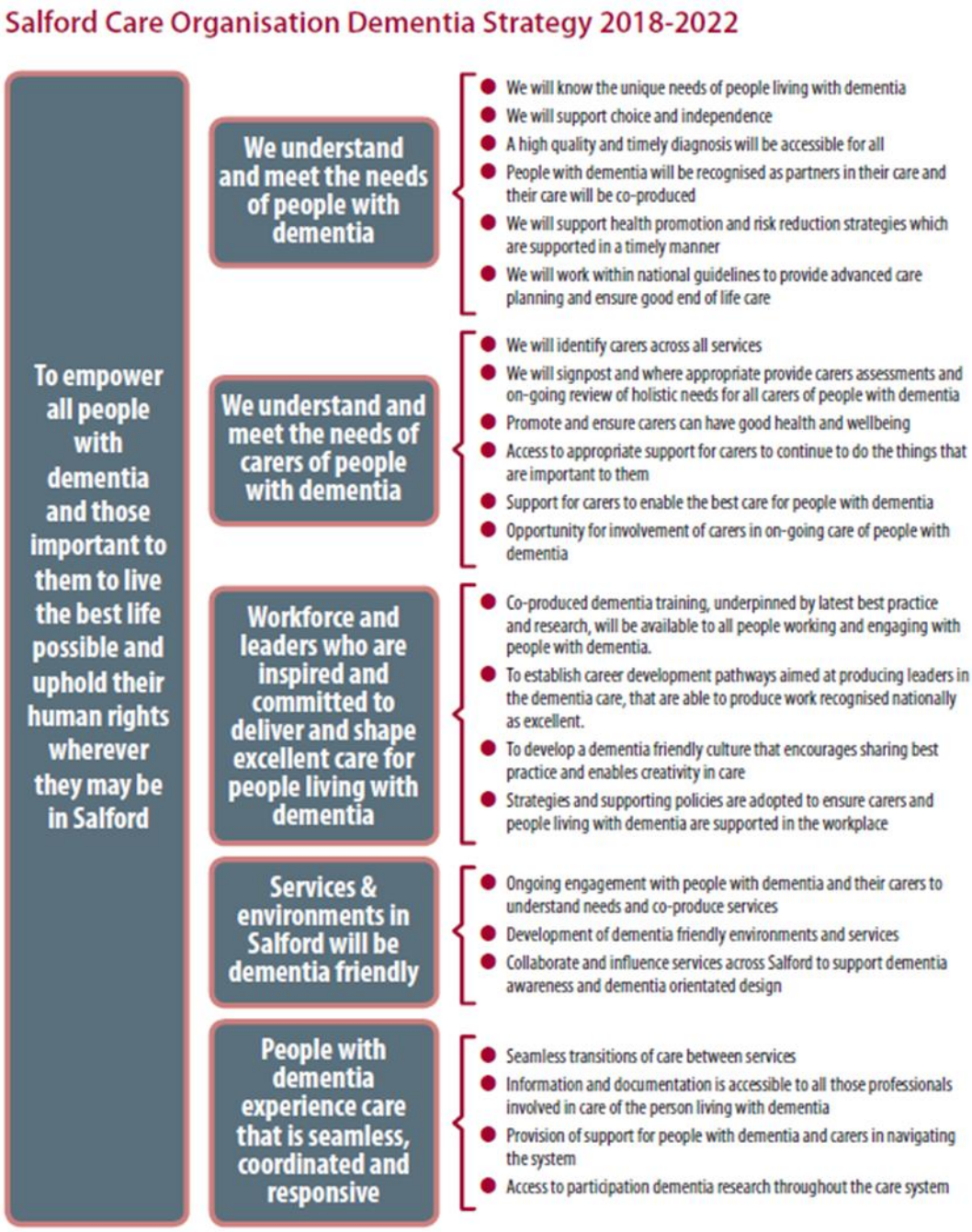
In 2008, Salford Royal NHS Foundation Trust (SRFT) launched the original Acutely Unwell Adult collaborative, achieving a 41% reduction in the cardiac arrest rate over two years. This reduction has been sustained since then; ten years on we refreshed this project in order to explore the potential for a further reduction in cardiac arrests.

What: **Reduce the cardiac arrest rate (per 1000 admissions) in Collaborative wards**
How much: **25% reduction**
By when: **November 2019**
Outcome: **45% reduction against the baseline period**
Progress: **Target achieved**

The change package included seven changes:

1. Reliable manual observations
2. Nurse led response
3. Code red
4. Structured ward round
5. Ceilings of care document
6. Nurse led Do Not Attempt Cardiopulmonary Resuscitation (DNA-CPR)
7. Allocation of roles at ward level in the event of a cardiac arrest

Dementia and Delirium
Dementia and delirium are ongoing priorities for Salford Care Organisation. We are now a year into implementation of the Salford Care Organisation Dementia Strategy with positive performance and improvements audited during the year, particularly regarding the use of psychotropic medication. These medications may be used for symptoms such as agitation and aggression in dementia and should always be carefully considered and reviewed at regular intervals.



Elective Access Transformation

Salford Care Organisation receives over 135,000 referrals and delivers over half a million appointments each year as part of our Elective Access Services (Outpatients and Planned Surgery).

To meet the challenges of year on year growth in activity and to maintain the delivery of outstanding care the Elective Access Transformation Programme has been launched to improve and transform work across the NCA in order to deliver a 'fit for purpose' elective access service that supports the ambition and vision of the NHS and meets the needs of our communities.

The programme is delivered through a range of projects including the Dermatology Super One-Stop Clinic

What: **Dermatology Super One-Stop Clinic – Improving the management of 'two week wait' (TWW) patients**
How much: **Reduce waiting times for TWW Dermatology One-Stop patients & increase attendance through the One-Stop Clinics**
By when: **September 2019**
Outcome: **20% reduction in waiting times & 46% increase in attendances**
Progress: **Target achieved**

As a result of the project patients who attended the one-stop clinic experienced on average a 4.6 day reduction in wait for diagnosis and in some cases treatment. The additional throughput in the clinic has created an additional 270 appointments per year.

Nursing Assessment and Accreditation System
The Nursing Assessment and Accreditation System (NAAS) was introduced at Salford Royal in 2008 as a mechanism to assure patients, visitors and staff that patients are receiving Safe, Clean and Personal care (SCaPe) every time. It provides nursing teams with a set of standards and indicators, including patient experience, patient safety, end of life care, communication, infection control and team work, to strive towards with the end goal of achieving SCaPe status. Nursing teams were involved in the creation of NAAS and the system has created a great sense of pride and ownership amongst the organisation's nurses and the colleagues they work with in their wards and teams.

Currently, 35 of Salford Care Organisation's 43 wards have SCaPe status, along with 11 community teams who achieved it via the Community Assessment and Accreditation System (CAAS). Salford Royal became responsible for the majority of community health services. In Salford in 2011 and CAAS was developed and rolled out in November 2012 to provide a framework for community teams and services. There has been further progress of a fourteenth standard of the document, reviewing People Management. This standard, ensures staff promote a positive workplace, ensures students are mentored well, new starters are appropriately supported and staff developed. This commenced in February 2020.

CQC
There have been no further inspections carried out by the Care Quality Commission (CQC) during 2019-20. In August 2018, the CQC published their report in relation to the quality of care and management at Salford Royal following a comprehensive

inspection across services. The Trust was rated as 'Outstanding' for both its acute and community services.
Following on from the inspection a comprehensive improvement plan was developed and continues to be monitored to ensure the 'Should' do requirements noted in the report were addressed.

Complaints
During 2019-20 there has been a focus on continued improvements to the investigation process and adoption of a much more patient focused approach. We aim to be more responsive to the needs of our patients, relatives and carers, discussing concerns either face to face or by phone as soon as possible upon receipt of a complaint or concern. This enables early identification of the real issues for investigation. Feedback from complainants regarding this patient centred approach has been very positive.

There is much focus on learning lessons from complaints to inform service changes and service developments across the NCA. Our Complaints Review Panel meets on a monthly basis to review a randomly selected complaint (a complaint that has been completed) to ensure our responses meet regulatory standards with a patient focused approach.

Performance April 2019-March 2020
Overall, the number of complaints has increased from the previous year and we are continually striving to improve our response times to complaints. There has also been an increase in the number of compliments and good practice comments, up to 952 from 350 last year.

	Total for 2019-20
No of complaints received	583
% of complaints responded to within time	79%
% of complaints acknowledged within 3 working day	94%
No of PALS received	2843
No of compliments and good practice comments	952

Patient & Service User Experience
How we deliver person centred care, treatment and support to our service users and deliver excellent experience.
As an organisation we continually strive to become a listening and learning organisation, looking to improve and identify how we capture feedback from the people that access our services and use this to celebrate good practice and identify areas for improvement. Our Patient and Service User Experience Strategy was approved in 2019 with the following goals:

NHS
Northern Care Alliance
NHS Group

Salford | Oldham | Bury | Rochdale | North Manchester

Our goals

Northern Care Alliance six key themes for delivering **person-centred care, support and treatment**

Core Theme 1:
Using 'I' & 'We' statements as foundations to develop locally agreed Always Experiences
We will use the agreed 'I' & 'We' statements as the foundations of delivering person centred care evidencing you said/we did & Always Experiences.

Core Theme 2:
Ask (feedback)
We will take proactive steps so people who access services, their families & carers can actively feedback on their experiences.

Core Theme 3:
Listen and act
We will listen and use feedback to drive improvements; from major service redesign to locally driven changes.

Core Theme 4:
Joint-working (co-production)
We will establish joint working/co-production as a core element to all that we do including developing better connections with the local community.

Core Theme 5:
Support our staff/ volunteers to deliver great and compassionate care
We will enable staff to have the skills and knowledge to truly understand what it means to deliver person-centred care, support and treatment.

Core Theme 6:
Accessibility
We will improve access across and to our services; including delivering the right care at the right time, supporting individuals with communication support needs, using technology and support independent living.

What our patients and service users can expect from us:

Our plan to deliver patient-centred care, support and treatment

NHS
Northern Care Alliance
NHS Group

Salford | Oldham | Bury | Rochdale | North Manchester

Other core themes for delivering person-centred care and treatment

Co-design

Right staff with right skills

Accessibility

You said/ We did & Always Experiences

Active involvement in decisions	Flexible and co-ordinated services	Clear, easy to understand information	Compassion, dignity and respect	The right support to stay in control	Keeping safe and well	Welcoming the involvement of family and carers	Access to the right care, at the right time, delivered by trusted staff
People with lived experience 'I' Statements (our patients/service users)							
I am respected as an equal individual I feel you understand my needs and that I know me best I am an active partner in my care and support	I feel my care/support is well planned by people that work together and with me I get the outcomes that are important to me, including moving on in my care/support	I have the right information when I need it and in a way I understand I have no decision made about me without me I get information on self-care	I am treated with dignity and respect I am treated with compassion and care	I have access to support at the right time, this may include emotional, mental health, spiritual and practical support I am supported so I can live as independently as possible	I feel safe in a warm, clean and comfortable environment I have access to effective pain relief I have appropriate food and drink	I am able to involve my loved ones in decisions about my care I feel they are actively welcomed and have their needs recognised	I am able to access services when I need them I am supported by people who listen carefully so they know what matters most to me I have my care/ support delivered by trusted staff
'We Will' statements (our staff)							
Take time to understand your individual needs and how we support them Listen and address your concerns, ensure you are fully informed and given options Treat you as in individual, an equal partner and respect the choices you make	Ensure care/support plans are developed with you/family/carers Deliver consistent information Work with colleagues and in partnership with others so services work together	Discuss and support your communication needs Provide information you can understand, so you can make choices and decisions Not use medical jargon and provide easy read information	Take time to listen and show that we care Treat you as a valued person first Not make assumptions and be honest and open Respond to you in a timely manner	Manage expectations Discuss your fears and anxieties and give reassurance Enable you to maintain your independence, stay in control including having appropriate aids	Ensure you have a clean, warm, safe environment including managing risks Ensure pain relief is given in a timely manner and adjusted as needed Meet your nutritional/ hydration support needs	Clarify and take action on how you would want your family/carer to be involved Fully involve your family/carer at the start of the planning of your care or treatment Develop triangulation of care model	Work to ensure we deliver services in the right way, at the right time Know how to have conversations with people to explore what matters most Ensure you have confidence in staff with a 'can do' attitude

Services will ASK, LISTEN & ACT to deliver - You said/We did & locally agreed Always Experiences

Saving lives, Improving lives

How do we gather feedback?
To ensure we are continually improving patient and service users' experience, Salford care Organisation uses a variety of ways to monitor performance, progress and obtain feedback, these include:

- National Surveys.
- "Friends and Family Test" – asking patients whether they would recommend us to their friends and family.
- NHS Choices website
- Local surveys and real time feedback:
- Patient/Service user stories
- Partnership Working with local groups including Healthwatch
- Targeted engagement – asking patients their views on our plans for improvement
- Patient focused engagement support groups
- Carers – working with local external organisations and charities that support carers.

Asking, Listening and Acting on Feedback - You Said/We Did

While gathering a variety of feedback is essential to our approach to experience, using this feedback to drive improvements is at the very heart of us demonstrating that we are a listening and learning organisation and we can evidence 'you said/we did'.

Some examples of patient experience improvements:

You said	They Did
The very end of the discharge process needs to be improved so that it is supportive and safe	Worked with Age UK to provide an information board at the unit and to have an enhanced care programme to give support on discharge.
Patients wanted to see the same district nurse if possible	The team relooked at the patient caseload and reallocated named nurses based on patterns established on their new system
Newly diagnosed diabetes patients at introductory session wanted dietary information	A new workshop focusing on food was developed and piloted with auditing patient's weight and HBA1C before and after. The pilots were so successful the course is now run monthly.
I just want to talk to someone who has been through what I have	Critical Care now run twice yearly coffee mornings, inviting patients and their relatives/friends 6-12 months post discharge to come and talk about their experience on the unit
The waiting times are too long and feel we have been forgotten in the waiting area	A&E has converted one of the cubicles in Majors 2 to a sub waiting area. This will help to try and facilitate flow and try to decrease the waiting times for patients
An older gentleman wasn't drinking many fluids and kept leaving his coffee when the family revealed that he	Through co-design approach with speech & language staff and patients with communication support needs, they have started the development of communication support flash cards, starting with hydration.

only drank tea.	

Delivering the best clinical pathways and outcomes for patients
During 2019-20, the NCA and Salford Care Organisation prioritised the development and improvement of clinical pathways for Critical Care, Urology, and General Surgery, later adding Orthopaedics and Rapid Cancer Diagnostics Centre (RCDC). Key programmes of work have been progressed for each of these specialties which will develop benefits for patients, improve clinical outcomes, and address financial and workforce challenges.

STRATEGIC AIM 2: Improve care and services through partnership, integration and collaboration

Healthier Together (HT) Plan for General Surgery
Salford Royal forms part of the Bolton, Salford and Wigan Partnership working together to deliver a single sector service for General Surgery as part of the Greater Manchester Healthier Together initiative. Timelines for delivery have been impacted by delays in the release of capital funding which will enable the building of the Acute Receiving Centre (where sector high risk emergency and elective general surgery patients will receive their inpatient care), and refurbishment of surgical ambulatory care units at Royal Bolton Foundation Trust and Wrightington, Wigan and Leigh Foundation Trust.
Clinical teams from the sector have developed the high risk emergency General Surgery pathway and partners have also worked with the North West Ambulance Service to identify standards for the delivery of care for frail patients.

Local Care Organisations and Community Services
Within each of the localities we operate, we have established the NCA as a key partner in the development of localised services that will support people to live independently and will reduce the future reliance on hospital-based or long-term care. We are working with partners to develop a more systematic approach to health and care within each locality, targeting support more effectively to ensure people are living as well and as independently as they can with increasingly complex conditions. In July 19, we welcomed some 1,300 staff to the NCA (via Salford Royal) who work across a range of community healthcare services in Bury, Rochdale and Oldham; these staff are operationally deployed via our Care Organisations.

Salford has been at the forefront of testing new models of Integrated Care over a number of years. Our Integrated Care Organisation (ICO) which brought health and social care staff together in one organisation in 2016 has been a key enabler. The ICO established, with partners, including commissioners and the voluntary sector, a three year programme of service transformation to develop new models of care. The aims are to improve health outcomes and experiences, bring care closer to local Salford communities and keep people from having to go to hospital, unless they really need to.

During 2019/20 the transformation tests have all completed and highlights of both project and system improvements over the course of the programme are below:

- Our Urgent Care Team has preventing 1909 people being taken to hospital in an ambulance, treating people with an urgent health need in their own home:
- A multi-disciplinary team offering enhanced tailored support for people with long-term conditions has supported 400 people through a 12 week programme with significant improvements in Quality of Life for these people.
- Our test of bespoke carers support, offered at point of hospital stay, has identified over 100 new carers and been well received by these carers.
- New pathways for falls and more postural stability classes have been introduced and there has been a 10% reduction in falls related admissions the year after the changes.
- Three specialist mental health workers have worked with primary care to ensure people with severe mental health difficulties have received a health check. As a result over 60 people have accessed new support for physical health problems.
- There has been no increase in the rate of A&E attendances and we have seen an 8% reduction in the rate of non-elective admissions. A&E attendance and admissions from care homes have reduced by one third.

Transformation is an evolving journey of continuous improvement, change and development, embracing learning and innovation. Our next phase seeks to maintain and grow impact, informed by both citizens and staff and drawing on what has been learnt from transformation, national evidence and national policy. The next steps include:

- **Neighbourhood development**:
  This will encompass expansion of Integrated Neighbourhood Teams enabling improved access to therapy, pharmacy & mental health support. Integrated Neighbourhood Working processes will be redesigned, connecting sectors, practitioners and communities, to deliver improvements in multidisciplinary, strength based, pro-active and preventative support.

  Voluntary sector partners have been involved in most projects to date, which has set us in good stead for our introduction of Community Led Support in 2020/21.

- **Intermediate Care development**
  We will build on the test of the Urgent Care Team and also develop a service called Homesafe, to support patients in their own homes after discharge so that they can leave hospital safely sooner.

Improve employment opportunities in localities

We have been seeking to strengthen our role as employer within our localities to ensure that we are able to support our communities into employment. We have done this in a number of ways this year. Across Salford Royal we have 102 Career Ambassadors who visit schools and colleges to help students understand the opportunities that are available to them within a health and care environment.

In addition, the NCA actively supports the Prince's Trust and has had 30 placements through the scheme in year, with a 45% success rate for the individuals securing employment within the NCA after the placement and 58% securing employment in total. We have also run pre-employment programmes to help individuals gain key skills to improve their chances of securing employment and have this year successfully hosted 45 placements. Our work experience programme has gone from strength to strength this year with demand far exceeding supply, with almost 600 placements taking place.

This year we have started a more ambitious programme under our 'Anchor Institution' programme which is aimed at improving the number of people employed in our organisations from our local communities. Initially this work is focused in Oldham and involves targeting specific roles, holding Insights Careers Days in disadvantaged neighbourhoods as well as working with local colleges to ensure the education students receive is as relevant as possible.

Acquisition of Pennine Acute Hospitals NHS Trust

Overseen by NHS England/Improvement NHSE/I), progress continued on the transaction programme for Salford Royal to acquire the Oldham, Bury & Rochdale Care Organisations of the Pennine Acute Hospitals NHS Trust.

New interim management agreements came into effect from 1st April 2020 which marked an important stage for the transaction. Salford Royal continues to manage Bury & Rochdale Care Organisation and Oldham Care Organisation, as well as diagnostics & pharmacy service and the majority of corporate services, as part of the NCA, with Manchester University NHS Foundation Trust taking on responsibility for managing services delivered through the North Manchester Care Organisation.

Building on the Strategic Case submitted in the summer of 2019, a full business case is being developed proposing plans for investment, a vibrant future and accelerated benefits for the staff and populations of Salford, Oldham, Rochdale and Bury Care Organisations. The formal transaction is expected to conclude within 2020/21.

STRATEGIC AIM 3: Deliver the financial plan to assure sustainability

In 2019/20 the NHS implemented the Long Term Plan including a long-term financial settlement to help NHS providers return to financial balance. Additional funding was made available to NHS providers through:

- Allocating a proportion of funding previously earned through achievement of financial, operational or quality standards to national tariff price.
- Continuing to offer Provider Sustainability Funding (PSF) to those providers who deliver a nationally set financial control total (or financial target) with PSF paid quarterly in arrears on successful delivery of the quarterly financial target.
- Offering Financial Recovery Funding (FRF) allocated non-recurrently to support efforts to secure the financial sustainability of essential NHS services.

As part of the annual planning cycle all NHS providers were offered a financial control total which they could choose to accept or reject. Acceptance and delivery of this financial control total unlocks access to the national PSF funding as described.

The Foundation Trust accepted and successfully delivered its financial control total for 2019/20 and, as a result, received PSF funding of £7.8m which was the maximum sum available to the Foundation Trust. The Foundation Trust also received £12.0m of FRF in 2019/20. After adjusting the year end position for items excluded from control total performance the Foundation Trust is pleased to report a £0.1m surplus as summarised in the table below:

	Foundation Trust £ millions	**Consolidated Charity £ millions**	**Consolidated Accounts £ millions**
Operating Income and Expenditure			
Income	827.1	0.7	827.8
Expenditure	(824.5)	(0.2)	(824.7)
Financing Costs			
Total interest receivable / (payable)	(7.0)	0.1	(6.9)
PDC dividends	(0.4)	0.0	(0.4)
Other gains – transfer of community services on behalf of the NCA and profit on disposal of surplus assets	0.5	0.0	0.5
Deficit for the year	**(4.2)**	**0.5**	**(3.7)**
Adjustments to the totals reported above to report on a Control Total basis			
Add back net impairments	2.5		
Add back non-cash costs associated with accrued benefits of the Greater Manchester Pension Fund	2.8		
Add back net impact of donated asset depreciation less income recognised following receipt of a donated asset	0.1		
Deduct PSF paid in 2019/20 related to 2018/19 performance	(0.6)		
Deduct the net gain reported following the transfer of community services on behalf	(0.5)		

of the Northern Care Alliance to the Foundation Trust on 1st July 2019			
Adjusted financial performance on a Control Total basis for 2019/20	0.1		

Further details regarding the financial performance of Salford Royal can be found in the Annual Accounts.

STRATEGIC AIM 4: Support our staff to deliver high performance and continuous improvement

Contribution Framework 2.0 Performance Review Process
Contribution Framework 2.0 (known as CF2) is the new approach for performance reviews across the NCA, moving away from a 'one size fits all' traditional appraisal process to a person-centred, forward focused approach. At the heart of CF2 is the premise we succeed 'One Conversation at a Time' through a developmental and coaching approach.

The implementation of CF2 has provided the infrastructure for managers at all levels to have coaching conversations with all their line reports. The aims of these sessions are to ensure that every individual has a positive development conversation, provide support for their wellbeing, align their work to the organisation's objectives and provide support for the individual's development and career aspirations. Our focus this year has been on getting the system embedded and over 1000 managers have been trained in its use.

Our focus in future years will be on improving the quality of the conversations and our leadership training will help managers with this. Compliance with having CF2 conversations is 83%.

Workforce and Capacity Development
Ensuring we have a robust plan to sustain delivery of our services is critical to our success. This year we have focused on the 3 year plan to understand the skills and capabilities of our services over the next 3-5 years. We have introduced tools to help the teams work this through in more detail and have invested in a new framework that will support this in future years.

Retention of our current staff is a key factor in ensuring we have the right skills to deliver our services and we have made significant progress this year in this area. Nursing vacancy rates across Salford Care Organisation have reduced from 7% to 1% in year demonstrating our achievements in retaining our nurses. We have also had increased success in recruiting doctors to a number of specialities across the organisation. In addition we have continued to invest in our Advanced Clinical Practitioner programme as well as increasing the numbers of Physicians Associate roles we employ, as both are roles that enable us to cope with skills shortages across other staff groups. We have also reduced our dependency on the use of agency staff which creates more stable teams across our services.

Improving Working Lives Model
We want the NCA to be seen as the best place to work in the North West. To do this we have to ensure we are supporting our staff in the best way we can by providing development as well as support for their wellbeing. We have launched a Health and Wellbeing Strategy this year which outlines our ambition to support staff wellbeing in a number of different ways. This was developed having asked staff what support they most needed. This has included the introduction of a Health, Wellbeing and Benefits platform for staff which details over 50 different areas of support for staff as well as an Employee Assistance Programme (24 hour advice and telephone counselling service) with integration of referrals to our own Occupational Health Service. Specific initiatives of note include the training of over 400 mental health first aiders.

STRATEGIC AIM 5: Deliver Operational Excellence

Cancer, Urgent Care and Wait List Performance
The year commenced with continued increase in demand for services, challenging our ability to achieve national access standards. The year ended with the onset of the Covid-19 global pandemic, presenting one of the biggest challenges ever faced by the NHS. The NCA mobilised a swift and co-ordinated response to the pandemic via 'Executive Gold Command', with the guiding principle that every single patient would continue to be treated based on clinical need.

Ahead of the global pandemic, the level of demand was such that Salford Care Organisation, was unable to meet the national emergency care standard of 95 per cent of patients being seen, treated, transferred or discharged from hospital within 4 hours of arrival at our Emergency Department. In November 2019, an Urgent Care Improvement Collaborative was launched across the NCA with three areas of focus: Urgent Treatment Service including Same Day Emergency Care, Reducing Length of Stay in Hospital and Improving Site Management, Escalation and Information Flow. Our performance against the A&E standard in 2019/20 was 84.54%. Although we did not achieve the national standard (95%), Salford Care Organisation was ranked as one of the top performing organisations in Greater Manchester for Emergency Department performance.

The NHS continued to suffer from a mismatch between rising demand and capacity to treat patients within 18 weeks from referral to treatment (RTT), with recent focus on waiting list growth rather than RTT. For Salford Care Organisation, specialties including Dermatology, Neurosurgery and Neurology struggled with capacity to treat patients in a timely way. We continue to work with partners in Salford and Greater Manchester on ways we can deliver better, more timely care to our patients. As we neared the end of the year, the size of the waiting list continued to be above trajectory, with performance for RTT at 85.00% for the year, which is below the required standard (92%).

National cancer performance also remained highly challenged throughout 2019-20. Disappointingly, Salford was unable to achieve all national cancer standards.

However, 62 day target was achieved. Improvement work in cancer performance has focused on those specialties experiencing the greatest increase in demand.

Cancer Standard	Salford Performance
62 Day performance (85%)	85.57%
31 Day performance (96%)	76.26%
2 Week Wait performance (93%)	81.44%

Scale and standardisation transformation programmes

Realising the NCA's vision will involve the delivery of transformational programmes across the NCA. Over the year, the NCA wide programmes have evolved and consolidated into a portfolio which consists of:

- Elective Access Transformation;
- Radiology, Pathology and Pharmacy Transformation;
- Cancer Rapid Diagnostic Centres; and
- Digital Control Centre.

The NCA portfolio is complemented by programmes of change carried out by each of the Care Organisations that are specific to their locality.

Achievements this year include:

- Participation in an Artificial Intelligence and Digital Pathology pilot which aims to improve cancer diagnostic turnaround times and support precision medicine
- Expansion of automated medicines cabinets which has enabled the team to release clinical time to care
- Launch of the new Radiography Academy for advanced training of radiographers

High Performing Management Systems (HPMS)

In order to deliver sustained change and drive operational excellence, the NCA has committed to delivering a programme of work to achieve a High Performing Management System for our operational managers. This will focus on delivering to the needs of our patients; empowering our staff to operate as effective leaders and teams across our system; and optimising activities within our processes. This programme of work and associated benefits will be delivered over a period of 5 years.

During the 2019/20 the programme has been defined and workstreams established to deliver across four key areas, which will provide our operational managers with the key skills, tools and enabling functions to create a consistent standard of professional competence. The 4 elements are:

- Professional Forums
- Professional Development Programme
- Talent Board & Competency Framework
- Service Assessment and Accreditation System

The first Professional Forum and launch event for over 150 operational managers took place at the end of January, with attendees feeding back that they felt inspired and motivated. The Syllabus for the Professional Development programme has been defined and content has started to be developed, with the first modules launching in April 2020. Competency Frameworks are due to be developed in Q1 2020, with the first talent board in August. The Service Assessment and Accreditation System will be developed over 20/21 with the first assessments occurring in 2021.

STRATEGIC AIM 6: Deliver our NCA clinical service strategy and NCA enabling strategies

Emergency Preparedness
As required by the Civil Contingencies Act 2004 and NHS England Emergency Preparedness Resilience & Response (EPRR) Framework 2015, Salford Royal NHS Foundation Trust has the responsibility to ensure arrangements are in place to plan, test and respond to Major, Business Continuity and Critical Incidents.

EPRR is led by the Chief Delivery Officer, who is the Group Accountable Emergency Officer (AEO) and Chair of the Group Resilience Forum. The Group AEO is supported by the EPRR Team. In the last 12 months the EPRR Team has reviewed and developed a number of EPRR Policies, Procedures, Plans and Guidance documents and published these on the intranet:

- EPRR Policy
- EPRR Threat Assessment & Risk Register
- Business Continuity SOP
- Business Continuity Response Guidance
- Hazmat/CBRNe Incident Response Plan
- Extreme Weather Guidance
- Heatwave Guidance
- Lockdown Plan
- Capacity Escalation Procedure
- Pandemic Influenza Guidance

A robust Business Continuity Management System has been developed which has been aligned with ISO 22301: 2019 and has been shared with MIAA who have previously audited Salford Royal NHS FT Business Continuity Preparedness.

A Decontamination Unit has been installed supported by a comprehensive training programme for all ED personnel delivered by the EPRR Team.

During 2019/20 the EPRR Team supported operational managers in a number of incidents such as Business Continuity issues relating to patient flow, estates, and Information Technology (IT), and support services. The group has responded to one Major Incident Declaration which was declared in October by North West Ambulance Service (NWAS) during the knife attack in the Arndale Centre.

The priority for the EPRR Team in the last quarter has been to continue to support all sites with their preparation for and response to COVID-19.

Digital Infrastructure
During the year the Group Board approved plans to join forces with Hitachi to create the UK's first fully integrated Digital Control Centre. These plans aim to transform the care and experience of patients at the Salford Care Organisation; staff will have better use of systems, data and analytics so they can offer patients and service uses more personal and timely care. The Digital Control Centre will allow the Salford Care Organisation to better plan how to care for patients whilst demand for services is high – including the management of beds, operating theatres and equipment. We look forward to developing these plans during 2020/21.

STRATEGIC AIM 7: Deliver excellence in research and education programmes

Undergraduate Education
Salford Royal's Undergraduate Education Campus works in partnership with the Division of Medical Education at the University of Manchester to deliver clinical training to approximately 400 medical students. This year a group of junior doctors were recruited to work with the medical students. This has been a great success, enhancing the formal teaching programme and supporting the students' learning in the clinical environment.

Clinical Examination pass rates improved from 92% to 97%, and the external National Prescribing Safety Assessment saw a 98% pass rate. The Annual Performance Review by the University of Manchester recognised the supportive education culture across the NCA.
In October 2019, we held the first NCA Staff and Student awards, which celebrated the academic achievements of our students and the educators recognised by the students as providing high quality education and training, even when working in very busy environments.

Postgraduate Education
Postgraduate Medical Education has continued to strive for excellence as measured against the General Medical Council (GMC) principles in Promoting Excellence (2015). The GMC National Training Survey 2019 achieved the highest quality feedback to date for Salford Care Organisation, with multiple positive outliers. We are also working with colleagues to promote the Physician Associate role as part of the wider blended workforce.

The new Internal Medicine Training programme has been successfully implemented with minimal disruption to rotas, and workforce gaps that impact service and training have improved through the success of the rotational clinical fellows programme. Opportunities to promote training through the redesign of Major Trauma services across Greater Manchester and the Healthier Together programme continue, and the associated service redesign with the opening of the Acute Receiving Centre will be a focus in the coming 2 years.

Research & Innovation
The NCA is committed to undertaking high quality research and innovation, and deploying the evidence generated from these activities to improve the quality of care

we provide to our patients. Salford Care Organisation currently supports 756 research studies, of which 189 are clinical trials involving medications. During 2019-20, our patients participated in 180 National Institute for Health Research (NIHR) studies. We supported activity across 21 of the 30 NIHR specialties and our performance is ranked amongst the very best (top 10%) in England across the following 7 specialities: Neurology, Stroke, Dementia and Neurodegeneration, Renal, Dermatology, Diabetes, and Anaesthesia. The total number of patients who participated in NIHR studies was 5120.

Salford Care Organisation's reputation for attracting, initiating and delivering high quality industry trials remains strong, with the Trust recruiting 650 patients to 44 separate industry sponsored trials across 11 different clinical specialities. This extensive collaboration with industry provides our patients with the very latest access to "cutting edge" treatments and interventions. Honorary academic appointments with our local universities have increased by 20% over the past year. These roles play a key role in ensuring that the research and innovation we support remains grounded in the day-to-day delivery of treatment and care.

Our commitment to making new scientific discoveries and shortening the time it takes to turn them into effective treatments to deliver benefits for patients locally and around the world remains one of our major priorities. Over the past year, we have successfully hosted over 30 research grants, with 18 of these being funded by the National Institute for Health Research. In addition, our expertise in neuroscience research has been recognised with the formation of the Neuroscience Research Domain (Manchester Academic Health Science Centre). Salford Royal are the clinical partner for this important research domain, which aims to research new treatments, improve health education and transform patient care.

Sustainability Report

In January 2020 NHS Chief Sir Simon Stevens announced the NHS and its staff will step up action to tackle the climate "health emergency" this year, helping to prevent illness, reducing pressure on A&Es, and saving tens of thousands of lives.

The causes of air pollution and climate change are often the same and as the health and care system in England is responsible for an estimated 4-5% of the country's carbon footprint the "For a greener NHS" campaign will work to help to address some of this.

Air pollution is linked to killer conditions like heart disease, stroke and lung cancer, which contributes to around 36,000 deaths annually. We recognise air pollution is directly adding to current pressures in accident and emergency departments and changing climate is leading to more frequent heatwaves and extreme weather events, such as flooding which could increase the potential spread of infectious diseases in the UK, therefore we have developed our Sustainable Development Management Plan (SDMP) to tackle our impact and contribute to the wider communities action. During 2019/2020 the Group Board approved the SDMP which sets out the strategic direction as well as the short term plan to begin to address the climate crisis.

Procurement
In addition to our focus on carbon reduction, we are also committed to reducing our wider environmental, economic and social impacts associated with the procurement of goods and services. This is set out within our policies on sustainable procurement and we will continue to develop and review a sustainable procurement strategy, in particular recognising the impact of whole life considerations, application of new technologies and engagement with our supply base including Small Medium Enterprises (SMEs).

Capital

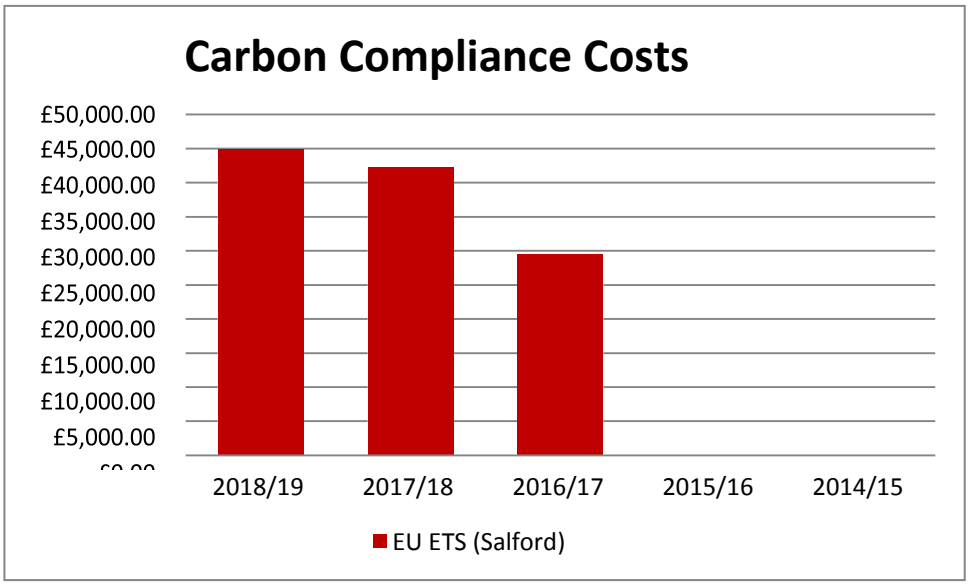
Designing the Built Environment
The NCA's operational estate will continue to increase with new site development. To maintain the drive to reduce our energy and carbon activity, the NCA needs to consider carefully the design of these buildings to understand the whole life carbon cost, and how these investments can contribute to the net-zero target we are driving towards
This is achieved by:

- decommissioning under utilised buildings wherever possible;
- striving for compliance with best practice environmental standards such as Building Research Establishment Environmental Assessment Method (BREEAM), WELL Building Standard and Leadership in Energy and Environmental Design (LEED);
- looking to the Net Zero Carbon Buildings: A Framework for clarity on how to achieve net- zero carbon in construction and operation.

Carbon
In the UK, the mandatory greenhouse gas emission targets set in the UK Climate Change Act is for emissions to reach "net zero" by 2050.

Significant progress has already been made. 2019 was the cleanest year on record for Britain as, for the first time, the amount of zero-carbon power outstripped that from fossil fuels for a full twelve months. The phase-out of coal-fired power has seen the share of electricity from coal in the UK decline from 40 per cent in 2012 less than 1 per cent of generation came from coal and oil combined in the third quarter of 2019 with the national grid expecting to be carbon zero by 2025.

Carbon pricing has been instrumental in supporting decarbonisation with EU Emissions Trading Scheme (EU ETS) and Carbon Reduction Commitment (CRC) contributing to driving up incentive. Below is the cost of EU ETS compliance at Salford. We are expecting to see the costs increase as the cost of carbon has increased significantly.



The next key stage for us is understanding our gas use and planning how and when to invest in technologies over the next 15 years in order to realise a net-zero future.

Air

As a member of the Transport for Greater Manchester Travel Choices Business Network, we are committed to encouraging active and sustainable travel across Greater Manchester. We continue to seek to deliver realistic active and sustainable travel actions and promotions throughout our organisation to facilitate changes to travel patterns and encourage reduced emissions.

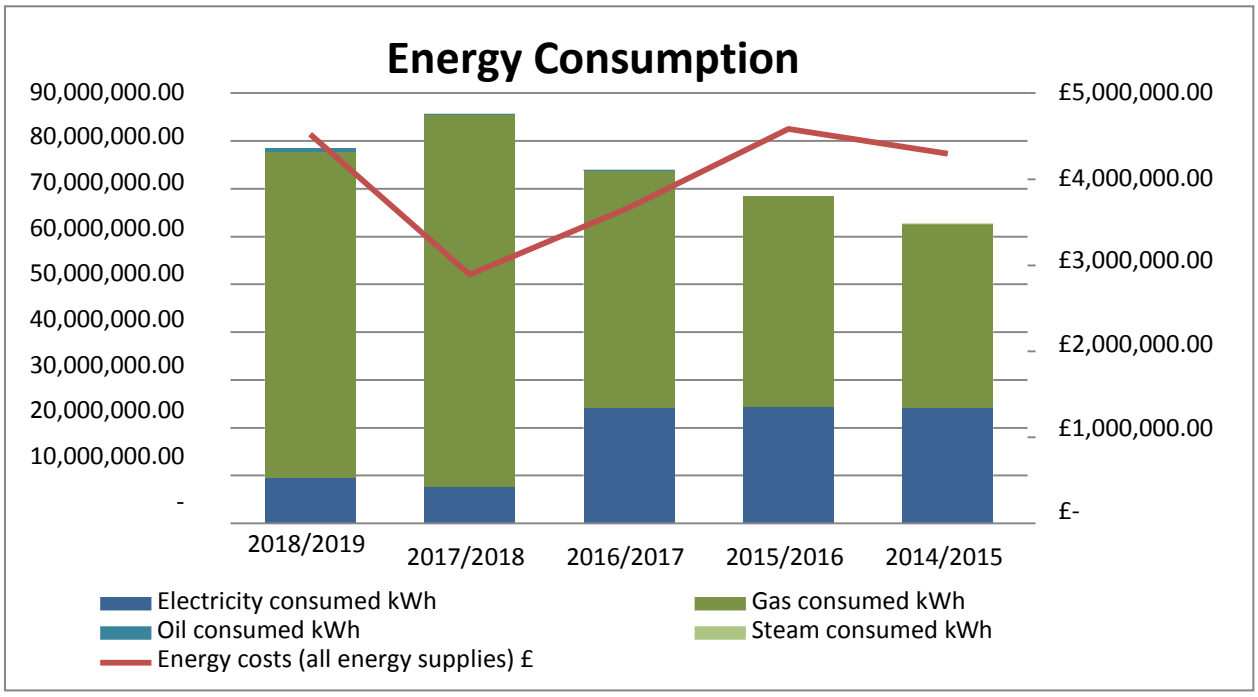
During the 2019/2020 year as part of this work;

- Our sustainable travel plan for the hospital was updated to reflect future proposed developments, setting targets to further increase active and sustainable travel modes by 2022.
- We launched our “1 day a week campaign", positive promotion and “nudge" campaign to encourage small scale changes in staff and contractor commuting behaviour; targeting single-car usage and creating cultural change in particular.
- We worked with Transport for Greater Manchester (TfGM) Sustainable Journeys Team and Octopus Energy to hold an Electric Vehicle (EV) Event for the public and staff during September 2019. Our current electrical capacity will constrain our ability to install a large number of EV points
- We have been successful in a bid for match funding to install an additional cycle parking hub for 16 bikes with lockers; which will be installed by the end of March 2020.
- Working with our colleagues at Manchester Bike Hire we have held several bike maintenance and promotion events at the hospital during Summer and Autumn 2019, which due to their success we will seek to expand during 2020.
- Working with Greater Manchester Health & Social Care Partnership (GMHSCP) to look at actions that need to be taken across the area, with multiple partners to improve air quality (Including TFGM and GM authority)

Energy

Consumption

Reducing the amount of energy used in our organisation contributes to achieving the NHS Carbon reduction targets for England. There is also a financial benefit which comes from reducing our energy consumption, particularly as prices become more volatile, as energy security becomes a growing issue



Sources

Moving forward we need to plan for a decarbonised future, electricity is already on a zero-carbon path, and there are clear examples of work we can do on Power Purchase Agreements and existing suppliers to secure renewable sources of electricity. Our biggest challenge comes from decarbonising our Gas and Combined Heat and Power (CHP) usage. An Energy Manager is to be recruited to lead on this work

Waste

Eliminate

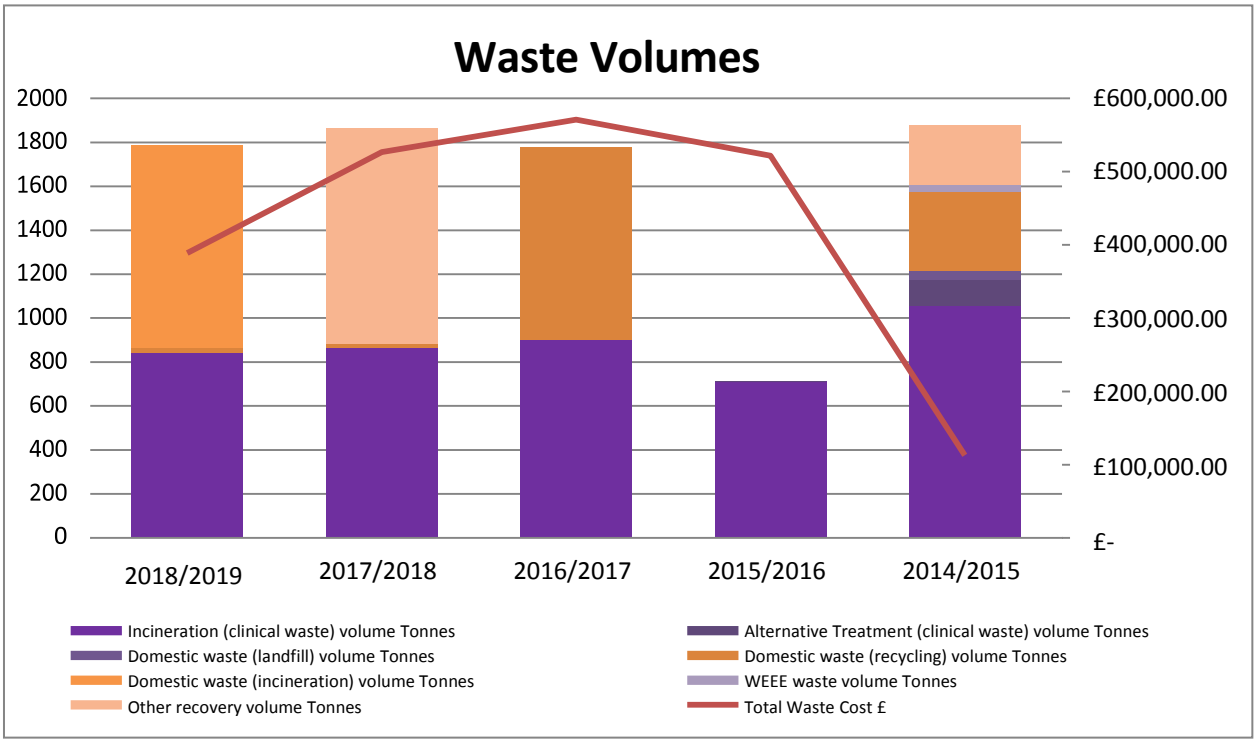
In 2019 we signed up to the NHS Plastics pledge, intending to eliminate as much single-use plastics as possible.

Reduce

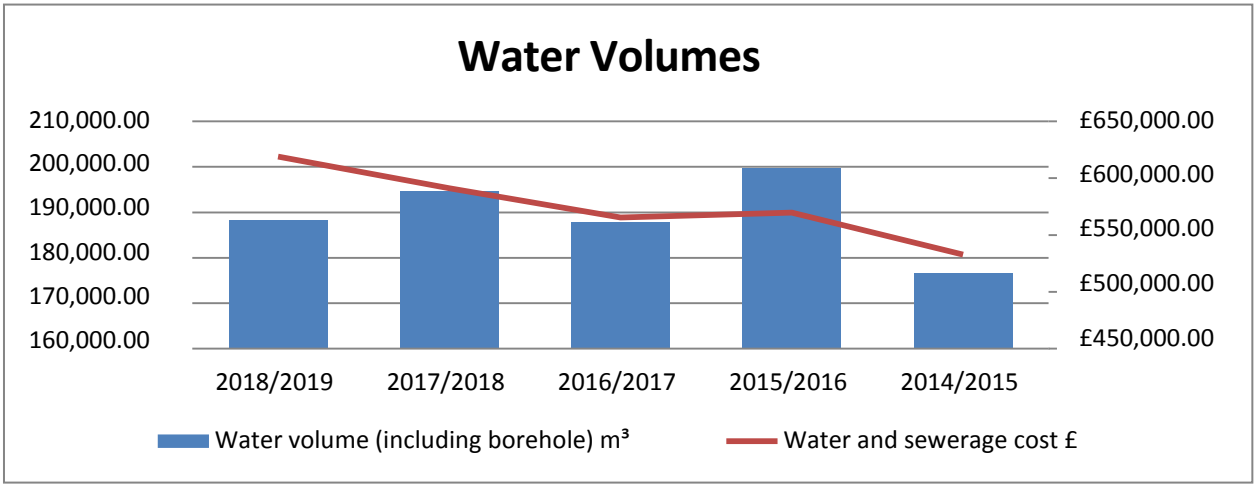
To encourage the reduction of waste production we have also been looking at where we can swap single-use items for reusable and encourage staff to opt for reusable items

Recycle

We have bought together our waste managers from across the NCA and are moving forward with better segregation of waste. With food waste and dry mixed recycling streams we gain better recycling rates, get a better understanding of the waste we generate, a better control of our data, and a deeper understanding of where we can make improvements, efficiencies and potentially save money.



Water Management Consumption



Biodiversity
We know from our own experience that green spaces and design help deliver better patient outcomes and have a positive impact on staff morale and engagement. There is a growing body of evidence showing the benefits of Biophilic design, and we will be developing a strategy for how we use our Sites to reduce our impact

NCA Modern Slavery and Human Trafficking Statement 2019/20

In accordance with the Modern Slavery Act 2015, the NCA fully supports the Government's objectives to eradicate modern slavery and human trafficking and recognises the significant role the NHS has to play in both combatting it, and supporting victims. In particular, we are strongly committed to ensuring our supply chains and business activities are free from ethical and labour standards abuses.

Organisations Structure and Business
The NCA brings together Salford Royal NHS Foundation Trust (Salford Royal) and Pennine Acute Hospitals NHS Trust (Pennine) to create one of the largest NHS healthcare organisations in Greater Manchester and the North West, serving a population of over 1 million people under a Group arrangement of hospitals and community healthcare services.

Throughout 2019-20, the NCA has served communities through four 'Care Organisations': Salford, Oldham, Bury & Rochdale and North Manchester. From 1st April 2020, the NCA will continue to manage Salford, Oldham and Bury & Rochdale and North Manchester will be managed by Manchester Hospitals NHS Foundation Trust (MFT) as part of the Single Hospital Service arrangements for Manchester and Trafford.

Our Care Organisations are responsible for delivering safe, high quality and reliable care to the local communities they serve. Each has a leadership team consisting of a Director of Operations, Medical Director, Director of Nursing and Finance Director, one of which is appointed as Chief Officer to lead the team. The local arrangements place the emphasis for operational management where it matters - in each hospital and locality. This enables Care Organisations to deliver tailored local plans, whilst working together to achieve the common NCA vision, shared objectives and deployment of standard operating models. All Care Organisations continue to be supported by group-wide corporate shared services and diagnostics and pharmacy services.

The NCA position on modern slavery is to:

- Comply with legislation and regulatory requirements
- Make suppliers and service providers aware that we promote the requirements of the legislation
- Develop an awareness of human trafficking and modern slavery within our workforce
- Consider human trafficking and modern slavery issues when making procurement decisions

Policies on Modern Slavery
We are committed to ensuring that there is no modern slavery or human trafficking in any part of our business and, in so far as is possible, to requiring our suppliers hold a corresponding ethos.

To identify and mitigate the risks of modern slavery and human trafficking in our own business, the NCA has established robust recruitment procedures, details of which are found in its Management of Employment Checks Policy. The policy supports compliance with national NHS Employment Checks and CQC standards.

In addition, all other external agencies providing staff have been approved through Government Procurement Suppliers (GPS). The Trust will audit and monitor agencies (via GPS) who provide staffing for the Trust once a year to ensure that they are able to provide evidence of identification, qualification and registration.

Training on Modern Slavery and Trafficking
Modern slavery is incorporated within NCA Safeguarding Children and Safeguarding Adults policies. In addition, modern slavery is referenced within the Safeguarding Children and Adult mandatory training from Levels 1-3, which applies to all staff employed by the NCA across the four care organisations. The NCA Safeguarding Training and competency Framework (2019) clearly articulates the level of training appropriate to our people.

The NCAs People must:

- Undertake Safeguarding training appropriate to their roles and responsibilities.
- Work with the Procurement Department when looking to work with new suppliers so appropriate checks relating to modern slavery can be undertaken.

Procurement and supply chain
The Procurement Department's senior team are all Chartered Institute of Purchasing and Supply (CIPS) qualified and uphold the CIPS's code of professional conduct and practice relating to procurement and supply. Many of the CIPS qualified members of the team have recently upgraded to chartered status which involves holding a current CIPS Ethical Procurement and Supply Certificate. All members of the Procurement Department are required to undertake Safeguarding training at a level appropriate to their roles and responsibilities.

As part of the Cabinet Office / Crown Commercial Services Standard Selection Questionnaire (PPN 8/16), it is clear that the NCA expects any potential supplier to be fully compliant with the provisions of the Modern Day Slavery Act and be able to evidence this compliance if required.

Any area of a supply chain can be vulnerable to risks of modern slavery which is why the Procurement Department have introduced a supplier relationship management policy and conduct regular contract / supplier meetings where appropriate. These meetings are also conducted by central framework contract providers which the NCA

Procurement Department use and which also help to further promote the awareness of Modern Day Slavery in the supply chain.

The procurement department follows good practice, ensuring all reasonable steps are taken to prevent slavery and human trafficking and will continue to support the requirements of the Modern Slavery Act 2015 and any future legislation.

Accountability Report

Directors Report

With effect from 1st April 2017, Salford Royal and Pennine Board of Directors approved the establishment of a Group Board (Committees in Common) and delegated the exercise of their functions. The Group Board had responsibility for effectively managing both Trusts during 2019/20. The Executive Directors of Salford Royal are also Group Chief Officers and voting members of the Group Board. Over the year, the Group Board comprised the Chairman and six Non-Executive Directors along with seven Executive Directors; Chief Executive Officer, Chief Medical Officer, Chief Nursing Officer, Chief Financial Officer, Chief Delivery Officer, Chief People Officer (from September 2019), Chief Improvement Officer (from September 2019) and Chief Strategy Officer (non-voting). Care Organisation Chief Officers are also non-voting members of the Group Board.

Composition of the Board of Directors 2019/20

Executive Directors (Group Chief Officers) and Non-Voting Members

Mr Raj Jain
Salford Royal Board of Directors: Chief Executive Officer
Group Board: Group Chief Executive Officer
Raj re-joined Salford Royal in January 2015 to lead the development of the Group's corporate strategy, then becoming the Chief of Strategy & Organisational Development, with responsibility for workforce, digital, service development, estates and facilities. He was also Deputy Chief Executive. From the 1st April 2019, Raj was appointed as the Chief Executive Officer for Salford Royal, and therefore the Group Board.

Raj has previously held the post of Managing Director of Greater Manchester Academic Health Science Network (AHSN), created to bring together healthcare and academic organisations in partnership with industry, local authorities and other agencies to improve health and economic wealth through the spread of innovation. In addition, Raj has held regional and national leadership positions in health development and planning and was Chief Executive of an NHS Foundation Trust that was named Hospital of the Year in 2012.

Mr Chris Brookes
Salford Royal Board of Directors: Executive Medical Director
Group Board: Chief Medical Officer/Deputy Chief Executive
Chris commenced as Executive Medical Director at Salford Royal on 1 May 2010. Since this time he has maintained focus on reducing mortality and morbidity and infection control and through the contribution of all staff members in Salford Royal there has been significant progress made in ensuring that our patients receive care which is safe and does not expose them to harm. Chris continues to practice as a Senior Consultant in A&E In March 2017, Chris was appointed Chief Medical Officer for the Group Board in addition to his post as Executive Medical Director for Salford Royal, and from 1st April 2019 was also appointed as the Deputy Chief Executive.

Mrs Elaine Inglesby-Burke CBE
Salford Royal Board of Directors: Executive Nurse Director
Group Board: Chief Nursing Officer
Elaine qualified as a Registered Nurse in 1980 at Warrington District General Hospital and specialised in critical care and general medicine and held various clinical positions at Ward level and Nurse Specialist. Educated to postgraduate degree level, Elaine maintains her professional/clinical development through regular clinical shifts and Executive Safety Shifts with frontline staff and has a strong track record in professional nursing and operational management. In addition to her role at Salford Royal, Elaine was appointed as Executive Nurse Director of Pennine on 1st August 2016 and Chief Nursing Officer for the Group Board in March 2017.

Mr Ian Moston
Salford Royal Board of Directors: Executive Director of Finance
Group Board: Chief Financial Officer
Ian began his NHS career in 1991 as a Regional Financial Management Trainee and has held Finance Director positions in Primary Care, Acute and Intermediate Tier organisations since 2005. During this time he has worked on a number of large scale transactions, including the development of a new national service for cancer treatment and the development of a joint venture company to deliver benefits to the NHS. In addition to his role at Salford Royal, Ian was appointed as Chief Financial Officer for the Group Board in March 2017.

Mrs Judith (Jude) Adams
Salford Royal Board of Directors: Executive Director of Group Delivery
Group Board: Chief Delivery Officer
Jude has over 30 years' experience in the NHS, starting her career as a Registered Nurse in the North West region and then working in London based hospitals, before moving into operational management. Jude has been involved in a number of major change programmes including the development and move to the new Alder Hey Children's Hospital in 2015, where she held the position of Chief Operating Officer. In addition to her role at Salford Royal, Jude was appointed as Chief Delivery Officer for the Group Board in March 2017.

Ms Nicky Clarke
Salford Royal Board of Directors: Executive People Director
Group Board: Chief People Officer
Nicky joined the NHS in January 2013 at Chesterfield Royal Hospital as Director of Workforce and Organisational Development. Prior to joining the NHS Nicky worked in the private sector, having spent a large part of her career in HR at Boots UK, where she worked for 20 years in a variety of HR roles. Nicky has worked on several change programmes and worked closely with executive teams supporting them on the overall shape and design of organisations, the organisational culture and employee engagement. Before joining Salford Royal in September 2019, Nicky previously worked as Director of HR at Nottingham University Hospitals from April 2015.

Mr Damien Finn
Salford Royal Board of Directors: Executive Improvement Director
Group Board: Chief Improvement Officer
Damien has over twenty-five years' experience in the NHS in variety of finance positions, working at very high performing acute hospitals. He joined Pennine Acute Hospitals NHS Trust as the Executive Director of Finance in September 2015 and was appointed Chief Officer/Director of Finance for the North Manchester Care Organisation in 2017. In September 2019 Damien was appointed to the short-term role of Executive Improvement Director and Chief Improvement Officer (0.6FTE) on the SRFT Board of Directors and Group Board respectively, assuming responsibility for improvement and transformation programmes. Damien retained his position as Director of Finance for North Manchester Care Organisation (0.4FTE) only. Damien stood down from this role as Executive Improvement Officer on 31st March 2020.

Mr Jack Sharp (Non-voting member of the SRFT Board of Directors/Group Board)
Salford Royal Board of Directors: Director of Strategy
Group Board: Chief Strategy Officer
Jack started his career in the NHS as graduate management trainee and has held a wide range of general management posts during his career. Jack has led the development of a number of large scale change programmes, including the transfer and integration of community services in both Salford and the North East Sector and the development of Salford's strategy to integrate health and social care services for older people.

Mr James Sumner (Non-voting member of the SRFT Board of Directors/Group Board until July 2019)
Salford Royal Board of Directors: Director of Performance and Improvement
Group Board: Chief Officer Salford Care Organisation
James began his NHS career in primary care and has held a number of roles in commissioning, provider and regional health organisations. James brings years of experience in operational management in Board Level Executive roles and previously held the position of Deputy Chief Executive at a nearby NHS Foundation Trust. In March 2017 James was appointed as the Chief Officer for Salford Care Organisation, a post he undertook until July 2019.

Dr Peter Turkington (Non-voting member of the SRFT Board of Directors/Group Board)
Salford Royal Board of Directors: Medical Director Standards and Performance
Group Board: Chief Officer/Medical Director Salford Care Organisation
Pete completed his medical training in Yorkshire before moving to Salford Royal in 2003 to take up his Consultant Post in Respiratory Medicine. Pete was Clinical Director of Respiratory Medicine between 2007 and 2010 and Chair of the Division of Salford Healthcare between 2010 and 2013 during which time he led the development of the Emergency Village and seven day working for acute medicine. From 1st April 2017, Pete was appointed as the Medical Director of Salford Care Organisation, assuming the role of Chief Officer in June 2019 with full responsibility for all matters relating to the Salford site and its community services.

Non-Executive Directors

Mr James (Jim) Potter
Salford Royal Board of Directors: Chairman
Group Board: Chairman
Jim spent most of his working life in electrical engineering, initially as an engineer before moving into management. In 1990 Jim was made Managing Director of a packaging company based in Salford, a position he held until July 2016. In addition to his role at Salford Royal, Jim was appointed as Chairman of Pennine on 1st April 2016.

Mr John Willis CBE (Until May 2019)
Salford Royal Board of Directors: Non-Executive Director/Vice-Chairman/Chairman of Audit Committee
Group Board: Non-Executive Director/Vice-Chairman/Chairman of Audit Committee
John was a qualified accountant and Chief Executive of Salford City Council from 1992 until his retirement in 2006. John led the team that secured funding for The Lowry and oversaw much of the regeneration of Salford. John stood down from his Non-Executive Director role on 31st May 2019.

Professor Chris Reilly
Salford Royal Board of Directors: Non-Executive Director/Senior Independent Director
Group Board: Non-Executive Director/Senior Independent Director
Chris is a scientist and business leader with over 30 years' experience in medical research, life science consultancy and venture capital in the UK, USA and Sweden. Chris has a Ph.D. in Biochemistry from the University of Georgia and performed his postdoctoral work in the Massachusetts Institute of Technology. Chris was appointed as the Senior Independent Director in March 2019.

Dr Hamish Stedman
Salford Royal Board of Directors: Non-Executive Director
Group Board: Non-Executive Director
Hamish was educated at St Andrews and Victoria Universities, qualifying as a Doctor in 1978. He has worked in most of Salford's hospitals and has recently retired from his role as a General Practitioner in Swinton, and Chair of Salford CCG and the Association of Greater Manchester CCGs. Hamish continues as a part time Medical Officer at St Ann's Hospice in Little Hulton and Neighbourhood Primary Care Lead for Salford Primary Care Together. Hamish was appointed as a Non-Executive Director at Pennine from 1st April 2019.

Mrs Christine (Chris) Mayer CBE
Salford Royal Board of Directors: Non-Executive Director/Vice-Chairman
Group Board: Non-Executive Director/Vice-Chairman
Chris was Chief Executive of Her Majesty's Court Service, accountable for the day to day operation of 550 court centres across England and Wales until 2010. Chris is a consultant in leadership and executive coaching and is an associate with Fiona Macneill Associates. Chris was appointed as the Vice-Chairman from 1st June 2019. Chris has also been a Non-Executive Director at Pennine since 2011.

Mr Kieran Charleson
Salford Royal Board of Directors: Non-Executive Director
Group Board: Non-Executive Director
Kieran has held UK and international leadership roles in the digital sector with IBM and BT over a 30 year period and has extensive experience in developing and leading strategic partnerships. In 2019 Kieran stood down from his role as the North West Regional Director for BT Group, where he represented BT's interests from broadband to broadcast in the region. He also led BT's UK engagement with the Federation of Small Businesses and the Institute of Directors.

Mrs Carmen Drinkwater
Salford Royal Board of Directors: Non-Executive Director
Group Board: Non-Executive Director
Carmen was the Director for HR Projects and HR Transformation for Sodexo in the UK. Prior to this role she joined Sodexo in July 2013 as HR Director for the HR Shared Services function at Sodexo, accountable for smooth operation of employee relations, HR transactional and payroll services for a multi-site, multi-services business with 37,000 employees across the UK. Prior to joining Sodexo, Carmen held a number of senior HR roles creating and running shared services operations at Royal Bank of Scotland, SPX Corporation and AstraZeneca.

Mr Tim Crowley
Salford Royal Board of Directors: Non-Executive Director/Chairman of Audit Committee
Group Board: Non-Executive Director/Chairman of Audit Committee
Tim's has over 40 years' experience working with NHS organisations. As a qualified CIPFA accountant, Tim worked in finance and audit roles in a number of health bodies in the south east. He also undertook a secondment with the Department of Health to strengthen NHS governance following a number of corporate failures. Before taking on the role of Non-Executive Director in June 2019, in more recent years, Tim led MIAA, an NHS shared service providing audit, assurance, governance, risk and advisory support to the majority of northwest trusts and CCGs. Tim is also a Non-Executive Director at Pennine, and an Audit Committee independent member of SCOPE, the national disability equality charity.

Executive Directors	Responsibilities	Appointment date		Group Board Attendance	Salford Royal Board of Directors Attendance
		From	To		
Mr Raj Jain	Chief Executive/Chief Executive Officer	2019	Present	11/11	6/7
Mr Chris Brookes	Executive Medical Director/Chief Medical Officer	2010	Present	11/11	6/7
Mrs Elaine Inglesby-Burke CBE	Executive Nurse Director/Chief Nursing Officer	2004	Present	10/11	5/7

Mr Ian Moston	Executive Director of Finance/Chief Financial Officer	2014	Present	11/11	7/7
Mrs Judith Adams	Executive Delivery Director/Group Delivery Officer	2017	Present	11/11	6/7
Ms Nicky Clarke	Executive People Director/Chief People Officer	2019	Present	6/6	5/5
Mr Jack Sharp	Director of Strategy/Chief Strategy Officer	2014	Present	10/11	7/7
Mr James Sumner	Director of Performance and Improvement/Chief Officer Salford Care Organisation	2016	June 2019	2/3	0/0
Dr Peter Turkington	Medical Director Standards and Performance/Salford Care Organisation Medical Director Salford Care Organisation Chief Officer	2014 2019	Present Present	9/9	6/7
Mr Damien Finn	*Chief Officer North Manchester Care Organisation (Until August 2019)* Chief Improvement Officer (From September 2019)	*2017* 2019	*August 2019* March 2020	*4/4* *5/7*	*NA* *3/5*
Mr Simon Featherstone	*Chief Officer North Manchester Care Organisation*	*2019*	*Present*	*6/11*	*NA*
Mr Steve Taylor	*Chief Officer Bury & Rochdale Care Organisation*	*2017*	*Present*	*10/11*	*NA*
Mrs Nicola Firth	*Chief Officer/Director of Nursing Oldham Care Organisation*	*2018*	*Present*	*10/11*	*NA*
Non-Executive Directors	**Responsibilities**	**Appointment**		**Group Board Attendance**	**Board of Directors Attendance**
Mr James Potter	Chairman	In post as Vice-Chairman when		11/11	7/7

		Salford Royal became a Foundation Trust in August 2006. Appointed as Chairman on 1.7.08 Re-appointed from 1.7.12 until 30.6.15 Re-appointed from 1.7.15 until 2017 AMM Tenure extended until 30.06.18 Re-appointed from 1.07.18 until 30.06.19 Re-appointed from 1.07.19 until 30.06.20 Jim is in his 14th year		
Mr John Willis CBE	Vice-Chairman/ Chairman of Audit /Charitable Funds Committees	Reappointed from 1.04.19 to 31.05.19	1/1	1/1
Professor Chris Reilly	Non-Executive Director	Appointed 1.10.14 to 30.9.17 Reappointed 1.10.17 to 30.09.20 Chris is in his 6th year	11/11	7/7
Dr Hamish Stedman	Non-Executive Director	Appointed 1.09.16 to 31.08.19 Re-appointed 01.09.19 to 30.09.20 Hamish is in his 4th year	9/11	7/7
Mrs Christine Mayer CBE	Non-Executive Director/Vice Chairman	Appointed 1.04.17 to 31.05.20 Re-appointed 01.06.20 to 31.05.23	11/11	7/7

		Chris is in her 4rd year		
Mr Kieran Charleson	Non-Executive Director/Chairman Charitable Funds Committee	Appointed 1.12.17 to 30.11.20 Kieran is in his 3rd year	10/10	7/7
Mrs Carmen Drinkwater	Non-Executive Director	Appointed 01.04.19 to 31/03/22 Carmen is in her 1st year	11/11	7/7
Mr Tim Crowley	Non-Executive Director/Chairman of Audit Committee	Appointed 01.06.19 to 31.05.22 Tim is in his 1st year	10/11	6/6

Declaration of Interests of the Board of Directors
The Group Board, including all members of the Board of Directors, undertakes an annual review of its Register of Declared Interests and compliance with the Fit and Proper Persons Requirements as applicable to all members of Group Board, the Board of Directors and Care Organisation Leadership Teams. At each meeting of the Group Board and the Board of Directors a standing agenda item requires all members to make known any interest in relation to the agenda or other matters, and any changes to their declared interests.

The Register of Declared Interests is made available to the public via the Group Board papers and within the Declarations of Interests Register available on Salford Royal's website. Members of the public can also gain access by contacting the Group Secretary:

Mrs Jane Burns
Director of Corporate Services/Group Secretary
Trust Executive Offices
3rd Floor, Mayo Building,
Salford Royal NHS Foundation Trust
Stott Lane
Salford
M6 8HD

Tel: 0161 206 5185
Email: jane.burns@srft.nhs.uk

Statutory statements required within the Directors Report

Salford Royal has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

A statement describing adoption of the Better Practice Payment Code is included within the Annual Accounts.

Income disclosures as required by Section 43 2(A) of the NHS Act 2006 are included within the Financial Performance section of the Performance Report.

The total amount of liability to pay interest which accrued by virtue of failing to pay invoices within the 30 day period where obligated to do so was £26k, this was also the total amount of interest actually paid in discharge of any such liability.

All Directors of Salford Royal have undertaken to abide by the provisions of the Code of Conduct for Board Level Directors.

The provisions of the Code of Conduct also confirm, and directors have undertaken to have taken, all the steps that they ought to have taken as a director in order to do the things mentioned above and:

- made such enquiries of his/her fellow directors and of the company's auditors for that purpose; and
- taken such steps (if any) for that purpose, as are required by his/her duty as a director of the company to exercise reasonable care, skill and diligence.

NHS Improvement's Well Led Framework

During 2016/17 the Salford Royal Board of Directors commissioned an independent review, delivered by MIAA, in partnership with AQuA, of governance arrangements in accordance with NHS Improvement/England, (formerly Monitor's) publication *'Well-led framework for governance reviews: Guidance for NHS Foundation Trust's Updated April 2015'*. The report from this independent review was received by the Salford Royal Board of Directors at the end of March 2017 and determined that 'it is a Board that is open to the necessity for transformation and a Board that has the clearest of commitments to quality; safety; patient experience; improvement; and robust risk management and governance processes'.

Stepping into 2017/18, and aware of the new guidance for NHS trusts and NHS Foundation Trusts regarding 'Developmental reviews of leadership and governance using the well led framework', in November 2017 each Care Organisation conducted a self-assessment of their developing leadership and governance arrangements. Following this, MIAA in partnership with AQuA, led a series of 'Confirm and Challenge' workshops, providing early opportunity to explore integrated quality, operational and financial governance arrangements within each Care Organisation, interface with the Group Board, and undergo consideration of further evidence to support the developmental self-assessments.

In the latter part of 2018/19, the NCA completed a Self-Assessment against the Well-Led Framework for Governance. Mersey Internal Audit (MIAA) conducted an

independent review of the self-assessment, considering comprehensiveness and sources of evidence, in order to provide further assurance with respect to compliance with the Key Lines of Enquiry (KLOEs). The outcome of the independent review, in summary, concluded that the position statements were comprehensive and presented a compelling and positive picture of the NCA.

As demonstrated above a robust NCA and Salford Royal assessment cycle utilising the Well Led Framework for Governance is established, supported by a range of external reviews as follows. In May 2018, Salford Royal was rated 'Outstanding' in its CQC Inspection, including 'Good' in the 'well led' domain. In 2019/20 an independent Salford Royal Board Capability and Capacity Review was undertaken, alongside all NCA Care Organisations completing a Self-Assessment against the Well Led Framework for Governance, with 'Areas of Strength' and 'Key Developments' reviewed by both Audit Committee and the Group Risk and Assurance Committee. In light of the positive feedback from the aforementioned independent reviews and established self-assessment process, the organisation determined that it would not be an effective use of resources to commission an externally facilitated evaluation this year. In light of the developing covid-19 pandemic, a high-level review of the Group Self-Assessment was completed in 2019/20.

Remuneration Report

Annual statement from the Chairman of the Northern Care Alliance's Remuneration Committees

In accordance with the requirements of the HM Treasury Financial Reporting Manual (FReM) and NHS Improvement, we have divided this Remuneration Report into the following parts:

- An annual statement on remuneration from the chairman of the remuneration committees
- The Senior Managers' Remuneration Policy
- The Annual Report on Remuneration, which includes details about directors' service contracts, the governance arrangements for key committees and business conducted.

I am pleased to present the Remuneration Report for the financial year 2019/20 on behalf of the Northern Care Alliance's Remuneration Committees.

As delegated by the Salford Royal NHS Foundation Trust Board of Directors, the Nominations, Remuneration and Terms of Service (NRTS) Committee was established by the Group Committees in Common (Group Board). The NRTS Committee has primary regard to the nominations, remuneration and terms of service of Executive Directors.

The Nominations, Remuneration and Terms of Office (NRTO) Committee is established by the Council of Governors and has regard to the nominations, remuneration and terms of service Non-Executive Directors.

2019/209 Major Decisions on Remuneration

During 2019/20, the NRTS Committee made the following major decisions on remuneration:

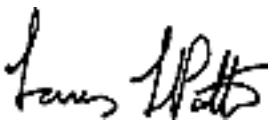
- Bonus payments were not awarded.
- To support staff and service delivery ahead of potential changes to the NHS Pension Scheme or the wider tax system, NRTS agreed an approach to mitigate the impact of taxation for 2019/20 for staff able to evidence they are adversely affected by the tax regime associated with the annual or lifetime allowance.
- In line with recommendation received from NHSI, a 1.32% recurring uplift plus 0.77% lump sum was applied to the basic salaries of executive directors and senior leaders, where personal contribution had been assessed as 'successful' or above for the 2018/19 financial year. The award was backdated to 1/4/19 and senior leaders were given the option to take the recurring element as non-pensionable.
- Review of Executive salaries against benchmark and an adjustment was made to one Director's salary.

As described earlier in this year's Annual Report, Salford Royal NHS Foundation Trust has continued throughout 2019/20 to implement the agreement in place with

NHS Improvement to manage The Pennine Acute Hospitals NHS Trust. The Chief Executive and Executive Nurse Director held executive responsibility for both organisations. To reflect these arrangements the salaries of the Chief Executive and Executive Nurse Director were split and paid equitably by Salford Royal NHS Foundation Trust and Pennine Acute Hospitals NHS Trust.

The NRTO Committee reviews the remuneration levels of the Chairman and Non-Executive Directors on an annual basis, ordinarily in March each year to make recommendation to the Council of Governors in late March for application from 1st April. Due to the escalating major incident in March 2020, due to the global pandemic, this review of remuneration levels of the Chairman and Non-Executive Directors was deferred until later in the year.

The NRTS and NRTO committees aim to ensure that non-executive and executive directors' remuneration is set appropriately, taking in to account national guidance, relevant comparator data and market conditions. The committees ensure all directors and senior managers are rewarded appropriately for their contribution in delivering personal goals and objectives that are directly aligned to the organisation's principal business objectives. The committees fulfil their responsibilities and report directly either to the Group Committees in Common or Group Council of Governors.



Date: 25 June 2020

Mr James Potter
Group Chairman and Chairman of the Northern Care Alliance's Remuneration Committees

Senior Managers' Remuneration Policy

A new senior manager remuneration policy is under development, this has been delayed due to the escalating major incident, due to the global pandemic, however the intention is for the policy to be fully developed and approved during 2020/21.

The NCA has a stated intention that improvements to individual remuneration should consider organisational performance as a leading provider, achievement of annual plan, affordability and consideration of national issues as well as personal contribution.
Principles for wider Executive and senior manager reward incentives are that they should be designed to reward sustained high performance at a team and individual level.

Future Policy Table

Element of pay	Purpose and link to Company's strategy	How operated in practice	Maximum opportunity	Description of performance metrics	Changes to 2019/20 remuneration policy from the previous year
Base salary	To help promote the long term success of SRFT, as part of the Northern Care Alliance NHS Group (NCA) and to attract and retain high-calibre Executive Directors to implement the NCA's strategy. To provide a competitive salary relative to comparable healthcare organisations in terms of size and complexity.	As determined by salary bands. Salary reviewed annually in line with national guidance and approval based on performance. The highest point of bands are only reached for sustained high performance and pay at this level can cease in light of poor personal performance The Committee considers: • national guidance and frameworks; • individual responsibilities, skills, experience and performance; • salary levels for similar positions in other foundation trusts; • the level of pay increases awarded across the	There is no prescribed maximum annual increase. The Committee on occasions may need to recognise changes in the role and/or duties of a Director; movement in comparator salaries; and salary progression for newly appointed directors.	N/A	Increased alignment with national policy.

		NCA(with the exception of promotions); • economic and market conditions; and • the performance of the NCA. The Committee retains the right to approve a higher increase in exceptional cases, such as major changes to the Executive Director's role/duties or internal promotions to the position of Director. In these circumstances a full explanation of the increases awarded will be provided in the Annual Report on Remuneration. Salaries are paid monthly in arrears. The NRTS Committee ensures particularly rigorous review of any proposal to pay a senior manager more than £150,000, in order to satisfy itself that the proposed remuneration level is reasonable.			
Benefits (taxable)	To help promote the long term success of Salford Royal, as part of the NCA, and to attract and retain high-calibre Executive Directors and to remain competitive in the market place.	Benefits for Executive Directors can include: • lease car or personal car allowance. • Pension related benefits - annual increase in NHS pension entitlement Non-Executive Directors do not receive benefits	There is no formal maximum.	N/A	No change
Pension	To help promote the long term success of Salford Royal, as part of the NCA,	Salford Royal operates the standard NHS pension scheme without any exceptions.	As per standard NHS pension scheme	N/A	No change

	and the NHS. To attract and retain high-calibre Executive Directors and to remain competitive in the market place.				
Annual bonus	To motivate and reward Executive Directors for the achievement of demanding financial objectives and key strategic measures over the financial year. The performance targets set are stretching whilst having regard to the nature and risk profile of Salford Royal, as part of the NCA. Variable remuneration allows Salford Royal, as part of the NCA, to manage its cost base by giving it the flexibility to react to changes in the health economy and any unforeseen events.	The scheme is based on corporate performance domains (regulatory and organisational) and structured to reward high and sustained organisational performance as well reflecting individual contribution. NRTS Committee determines and reviews performance against the targets on an annual basis, and the conditions that cancel bonus payments in a specific year. If the scheme is to be applied, NRTS Committee determines the size of the overall bonus budget and reviews individual performance as measured at the end of the financial year. The level of bonus is calculated at that point. Possible bonus payment is between 0-10% of base salary, dependent upon organisational and individual performance and paid in cash. Annual bonus is not pensionable.	Maximum earning potential of up to 10% of base salary.	As defined by the NCA's Contribution Framework	No change

Non-Executive Directors' fees (including the Chairman)	To attract and retain high quality and experienced Non-Executive Directors (including the Chairman).	The remuneration of the Non-Executive Directors, including the Chairman, is set by the Council of Governors on the recommendation of a NRTO Committee having regard to the time commitment and responsibilities associated with the role. The remuneration of the Chairman and the Non-Executive Directors is reviewed annually taking into account national guidance and the fees paid by comparable organisations. Non-Executive Director fees are paid in cash. The Non-Executive Directors do not participate in any performance related schemes (e.g. annual bonus or incentive schemes) nor do they receive any pension or private medical insurance or taxable benefits. No additional fees are payable for membership of Board Committees however, additional fees are paid to the Chairman of the Audit Committee, the Vice Chairman and the Senior Independent Director.	Non-Executive Director fees take into account fees paid by comparable organisations.	N/A	No change

Notes to future policy table

Salford Royal has operated a non-recurrent annual reward scheme since 2009. This has been in operation to reward sustained high performance at a team and individual level and for short and long term organisational performance.

The scheme has been designed to make payments of between 0% and 10% of base salary and considers organisational performance in the following areas: patient safety against national standards; financial performance; and contractual obligations, along with NHSI's Single Oversight Framework performance measures.

Senior managers are only eligible for a payment under this scheme if they achieve at least a 'successful' rating and will not receive any payment if they leave Salford

Royal (other than for retirement at normal retirement age) before the completion of the financial year in question.

A revised annual reward scheme was introduced in 2015/16, which formally described a structure for determining overall Trust performance across a number of measures aligned to the Annual Plan. In accordance with this policy and given current financial constraints, it was confirmed by NRTS Committee that the formal reward scheme would not be applied during 2019/20, irrespective of performance in the other domains.
A provision for earn-back remains within the Chief Executive's contract and will be considered for future senior manager appointments. No other new components have been introduced to senior manager remuneration packages.

Our general policy for employee remuneration is to follow nationally set terms and conditions and salary bands. Salford Royal senior managers are employed on local Trust terms and conditions, which seek to ensure we remain competitive with equivalent NHS organisations. In certain cases, in addition to base salaries, we also offer a car allowance and annual reward schemes that have been previously described.

Where appropriate, opinion is sought from NHSI on remuneration levels.

The following tables and the fair pay multiple, which are subject to external audit, shows the remuneration of senior managers' remuneration for the year. Taxable benefits in column B relates to lease car or personal car allowances. It has been confirmed via Audit Committee that this report provides information about named individuals in senior positions having authority or responsibility for directing or controlling the major activities of the foundation trust. They are members of the Board of Directors and/or Group Board (Committees in Common) and include, the chairman, the executive directors including the chief executive, the non-executive directors and the chief officers of the care organisations.

Non-Executive Directors are not eligible to join the pension scheme.

The Trust operates six month notice periods in the contracts of senior managers.

Remuneration for the year to 31st March 2020

SRFT Remuneration Report

The Chief Executive has determined, for the purpose of the Annual Report and Accounts, those officers who have authority and/or responsibility for directing or controlling the major activities of the Trust, i.e. who influence decisions of the Trust as a whole rather than individual Care Organisations or divisions. The officers include all members of the Board of Directors and Group Board (Committees in Common), voting and non-voting.

Executive Directors

Status	Name	Role	Remuneration Proportion
Voting SRFT	Mr R Jain	Chief Executive Officer	50%
Voting SRFT	Mrs E Inglesby-Burke CBE	Executive Director of Nursing	50%
Voting SRFT	Mr C Brookes	Executive Medical Director and Deputy Chief Executive	100%
Voting SRFT	Mr I Moston	Executive Director of Finance	100%
Voting SRFT	Mrs J Adams	Executive Delivery Officer	100%
Voting SRFT	Ms N Clarke	Executive Director of People from 30/09/2019	100%
Voting SRFT	Mr D Finn	Executive Improvement Director from 01/09/2019	60%
Non-Voting SRFT	Mr J Sharp	Chief Strategy Officer	100%
Non-Voting SRFT	Mr J Sumner	Chief Officer, Salford Care Organisation until 21/07/2019	100%
Non-Voting SRFT	Dr P Turkington	Medical Director and Chief Officer of Salford Care Organisation from 10/06/2019.	100%

Chairman and Non-Executive Directors

Status	Name	Role
Voting SRFT	Mr J Potter	Chairman
Voting SRFT	Mr J Willis CBE	Vice Chairman until 31 May 2019
Voting SRFT	Mrs C Mayer CBE	Non-Executive Director (Vice Chairman from 1 June 2019)
Voting SRFT	Mr T Crowley	Non-Executive Director/Chairman of Audit Committee from 1 June 2019
Voting SRFT	Prof C Reilly	Senior Independent Director
Voting SRFT	Dr Hamish Stedman	Non-Executive Director
Voting SRFT	Mr K Charleson	Non-Executive Director
Voting SRFT	Mrs C Drinkwater	Non-Executive Director

Footnote 1: The delegation of the Board of Directors' powers to Group Board (Committees in Common) is described on page 89 of this Annual Report. The Group Board comprises all voting and non-voting members of the Salford Royal NHS Foundation Trust (SRFT) Board of Directors. The Care Organisation Chief Officers are also members of the Group Committees in Common (as follows):

Mr J Sumner	Chief Officer, Salford Care Organisation (until 21/07/2019)
Dr P Turkington	Chief Officer, Salford Care Organisation (from 10/06/2019)
Mr S Taylor	Chief Officer, Bury and Rochdale Care Organisation
Mrs N Firth	Chief Officer, Oldham Care Organisation
Mr D Finn	Chief Officer, North Manchester Care Organisation (until 01.09.19)

Mr S Featherstone Chief Officer, North Manchester Care Organisation (from 01.09.2019)

Footnote 2: Mr S Taylor, Mrs N Firth, Mr D Finn* and Mr S Featherstone received 100% of their remuneration from PAHT (as detailed in PAHT's Annual Report) (*Until 01.09.19).

Footnote 3: Mr R Jain received 50% of his remuneration from SRFT (as detailed above) and 50% from PAHT (as detailed with PAHT's Annual Report). In total the remuneration for Mr R Jain for the 2019/20 financial year was £271,059.

Footnote 4: Mrs E Inglesby-Burke CBE received 50% of her remuneration from SRFT (as detailed above) and 50% from PAHT (as detailed with PAHT's Annual Report). In total the remuneration for Mrs E Inglesby-Burke CBE for the 2019/20 financial year was £157,117.

Remuneration Report for the year to 31 March 2020

SRFT - 19/ 20

The following table, which is subject to external audit, shows the Directors' remuneration for the year. Taxable benefits in column B were for lease car or personal car allowances.

Non Executive Directors are not eligible to join the pension scheme.

The rate of inflation used has decreased from 3% in 18/19 to 1.7% in 19/20.

			Column A	Column B	Column C	Column D	Column E	Total
2019/ 20			Salary	Taxable Benefits (lease car or car allowance)	Annual Performance-related bonuses	Long-term performance-related bonuses	Pension related benefits - annual increase in NHS pension	Total Salary
		Note	bands of £5,000	rounded to nearest £100	bands of £5,000	bands of £5,000	bands of £2,500	bands of £5,000
			£000	£	£000	£000	£000	£000
Executive Directors								
Mr R Jain	Chief Executive Officer	1	105 to 110	0	0	0	25 to 27.5	135 to 140
Mrs E Inglesby-Burke CBE	Executive Director of Nursing	2	80 to 85	2,300	0	0	0	85 to 90
Dr C Brookes	Executive Medical Director	6	240 to 245	0	0	0	0	240 to 245
Mr I Moston	Executive Director of Finance		160 to 165	5,600	0	0	70 to 72.5	240 to 245
Mrs J Adams	Executive Director of Delivery		155 to 160	5,600	0	0	180 to 182.5	340 to 345
Ms N Clarke	Executive Director of People	3	75 to 80	0	0	0	45 to 47.5	120 to 125
Mr D Finn	Executive Improvement Director	4	55 to 60	0	0	0	0	55 to 60
Mr J Sharp	Chief Strategy Officer		135 to 140	400	0	0	97.5 to 100	235 to 240
Dr P Turkington	Medical Director, Salford Care Organisation and Chief Officer	5, 6	200 to 205	0	0	0	0	200 to 205
Mr J Sumner	Director Performance and Improvement/Chief Officer Salford Care Organisation	7	45 to 50	1,900	0	0	0	45 to 50
Chair and Non-Executive Directors								
Mr James J Potter	Chairman	8	35 to 40	0	0	0	N/A	35 to 40
Mr J Willis CBE	Vice Chairman and Non Executive Director	9,10	0 to 5	0	0	0	N/A	0 to 5
Mrs C Mayer	Non Executive Director	9	10 to 15	0	0	0	N/A	10 to 15
Mr T Crowley	Non-Executive Director and Chairman of Audit Committee	9, 11	10 to 15	0	0	0	N/A	10 to 15
Prof C. Reilly	Non Executive Director		20 to 25	0	0	0	N/A	20 to 25
H Stedman	Non Executive Director	9	10 to 15	0	0	0	N/A	10 to 15
Mr K Charleson	Non Executive Director		15 to 20	0	0	0	N/A	15 to 20
Mrs C Drinkwater	Non Executive Director		20 to 25	0	0	0	N/A	20 to 25

Notes

1 Mr R Jain is represented in this statement for the proportion of time attributable to Salford Royal Foundation Trust (50% for Salary bands, Taxable benefits and Pension related benefits are included in this statement). During 2019/20 Mr R Jain also held the role of Chief Executive for Pennine Acute Hospitals NHS Trust and is represented in their accounts accordingly (50%). The total salary received by Mr R Jain was within the salary band £215,000 to £220,000.

2 Mrs E Inglesby-Burke CBE is represented in this statement for the proportion of time attributable to Salford Royal Foundation Trust (50% for Salary bands and Taxable Benefits). During 2019/20 Mrs E Inglesby-Burke CBE also held the role of Executive Nurse Director for Pennine Acute Hospitals NHS Trust and is represented in their accounts accordingly (50%). The total salary received by Mrs E Inglesby-Burke was within the salary band £165,000 to £170,000.

3 Commenced on 1st October 2019.

4 Mr D Finn commenced in the role of Executive Improvement Director with effect from 1st September 2019. The remuneration shown here relates to duties undertaken in that role for the period 1st September 2019 to 31st March 2020 and is 60% of the total remuneration for that period. Total salary received by Mr D Finn for that period was within the salary band £90,000 to £95,000. Prior to September 2019, Mr D Finn held the roles of Chief Officer for the North Manchester Care Organisation and Executive Director of Finance for the Pennine Acute Hospitals NHS Trust. Remuneration for the period 1st April 2019 to 31st August 2019 is disclosed in the Pennine Acute Hospitals NHS Trust annual report. Mr D Finn has continued to cover the role of Executive Director of Finance for the Pennine Acute Hospitals NHS Trust throughout 2019/20 and therefore 40% of remuneration for the period 1st September 2019 to 31st March 2020 is disclosed in the annual report of the Pennine Acute Hospitals NHS Trust. For the reasons noted in the Pension benefits table, it has not been possible to reliably quantify the annual increase in NHS Pension entitlement for Mr D Finn.

5 In addition to his role as Salford Medical Director, Mr P Turkington also held the role of Chief Officer at Salford Care Organisation from 10th June 2019 onwards.

6 Included in the salary figure is the amount received by Dr C Brookes and Dr P Turkington for their clinical duties.

7 Ceased to be a Board member at Salford Royal Foundation Trust on 21st July 2019

8 50% of the Chairman's total remuneration is paid from PAT and 50% is paid from SRFT. Total salary was within the salary band £70,000 to £75,000.

9 Non-executive Directors, who are members of both the PAT and SRFT Board of Directors, receive £6k remuneration from PAT (in line with national NHS Trust NED remuneration) and the remainder of their remuneration from SRFT.

The total salary received by Mrs C Mayer was within the salary band £20,000 to £25,000.

The total salary received by Mr T Crowley was within the salary band £15,000 to £20,000.

The total salary received by Mr H Stedman was within the salary band £15,000 to £20,000.

10 Ceased to be a Board member at Salford Royal Foundation Trust on 31st May 2019.

The total salary received by Mr J Willis CBE for this period was within the salary band £0 to £5,000.

11 Commenced 1st June 2019.

Remuneration for the year to 31 March 2019

SRFT - 18/19

The following table, which is subject to external audit, shows the Directors' remuneration for the year. Taxable benefits in column B were for lease car or personal car allowances.

Non Executive Directors are not eligible to join the pension scheme.

The rate of inflation used has increased from 1% in 17/18 to 3% in 18/19.

			Column A	Column B	Column C	Column D	Column E	Total
2018/ 19			Salary	Taxable Benefits (lease car or car allowance)	Annual Performance-related bonuses	Long-term performance-related bonuses	Pension related benefits - annual increase in NHS pension entitlement	Total Salary
		Note	bands of £5,000	rounded to nearest £100	bands of £5,000	bands of £5,000	bands of £2,500	bands of £5,000
			£000	£	£000	£000	£000	£000
Executive Directors								
Sir David Dalton	Chief Executive	1	125 to 130	6,400	0	0	80 to 82.5	210 to 215
Mrs E Inglesby-Burke CBE	Executive Director of Nursing	2	75 to 80	2,800	0	0	0	80 to 85
Dr C Brookes	Executive Medical Director	7	210 to 215	0	0	0	0	210 to 215
Mr R Jain	Executive Director of Corporate Strategy & Business Development/Deputy CEO		180 to 185	4,900	0	0	55 to 57.5	240 to 245
Mr I Moston	Executive Director of Finance		150 to 155	5,600	0	0	40 to 42.5	200 to 205
Mrs J Adams	Executive Director of Delivery		140 to 145	5,600	0	0	0	150 to 155
Mr P Renshaw	Director of Organisational Development and Corporate Affairs (left 31.5.2017)	3	0	0	0	0	0	0
Mr J Sharp	Director of Service Strategy and Development		125 to 130	5,600	0	0	22.5 to 25	150 to 155
Dr P Turkington	Medical Director, Salford Care Organisation	7	195 to 200	0	0	0	55 to 57.5	250 to 255
Mr J Sumner	Director Performance and Improvement/Chief Officer Salford Care Organisation		140 to 145	0	0	0	40 to 42.5	180 to 185
Chair and Non-Executive Directors								
Mr James J Potter	Chairman	8	30 to 35	0	0	0	N/A	30 to 35
Mrs D Brown	Senior Independent Director	9	15 to 20	0	0	0	N/A	15 to 20
Mrs R Burns	Non Executive Member	4	0	0	0	0	N/A	0
Dr C F Reilly	Non Executive Director		15 to 20	0	0	0	N/A	15 to 20
Mr J Willis CBE	Vice Chairman and Non Executive Director	9	15 to 20	0	0	0	N/A	15 to 20
H Stedman	Non Executive Director		15 to 20	0	0	0	N/A	15 to 20
Mrs C Mayer	Non Executive Director	5, 9	10 to 15	0	0	0	N/A	10 to 15
Mr K Charleson	Non Executive Director	6	15 to 20	0	0	0	N/A	15 to 20

Notes

1 Sir David Dalton is represented in this statement for the proportion of time attributable to Salford Royal Foundation Trust (50% for Salary bands and Taxable Benefits. Full Pension related benefits are included in this statement). During 2018/19 Sir David Dalton also held the role of Chief Executive for Pennine Acute Hospitals NHS Trust and is represented in their accounts accordingly (50%)

2 Mrs E Inglesby-Burke CBE is represented in this statement for the proportion of time attributable to Salford Royal Foundation Trust (50% for Salary bands and Taxable Benefits. Full Pension related benefits are included in this statement). From 1st August 2016 Mrs E Inglesby-Burke CBE also held the role of Executive Nurse Director for Pennine Acute Hospitals NHS Trust and is represented in their accounts accordingly (50%).

3 Ceased to be a Board member at Salford Royal Foundation Trust on 31st May 2017

4 Ceased to be a Non-Executive Director 31st July 2017

5 Commenced 1.4.2017

6 Commenced 1.12.2017

7 Included in the salary figure is the amount received by Dr C Brookes and Dr P Turkington for their clinical duties (£76k and £70k respectively).

8 50% of the Chairman's total remuneration is paid from PAT and 50% is paid from SRFT

9 Non-executive Directors, who are members of both the PAT and SRFT Board of Directors, receive £6k remuneration from PAT (in line with national NHS Trust NED remuneration) and the remainder of their remuneration from SRFT

Pension benefits for the year to 31 March 2020

This table is subject to External Audit.

2019/20 PENSIONS		a	b	c	d	e	f	g
		Real increase in pension at pension age	Real increase in pension lump sum at pension age	Total accrued pension at pension age at 31 March 2020	Lump Sum at pension age related to accrued pension as at 31 March 2020	Cash Equivalent Transfer Value at 1 April 2019	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2020
	Note	bands of £2,500	bands of £2,500	bands of £5,000	bands of £5,000			
		£000	£000	£000	£000	£000	£000	£000
Mr R Jain - Chief Executive Officer	1	2.5 to 5	10 to 12.5	60 to 65	190 to 195	1,366	120	1,509
Mrs E Inglesby-Burke CBE - Executive Director of Nursing	1	-	-	75 to 80	230 to 235	1,847	-	1,879
Dr C Brookes - Executive Medical Director		-	-	55 to 60	170 to 175	1,167	-	1,187
Mr I Moston - Executive Director of Finance		2.5 to 5	2.5 to 5	60 to 65	145 to 150	1,096	94	1,209
Mrs J Adams - Executive Director of Delivery		7.5 to 10	20 to 22.5	35 to 40	95 to 100	553	192	754
Ms N Clarke - Chief of People		2.5 to 5	-	15 to 20	-	217	44	264
Mr D Finn - Executive Chief Improvement Officer	1, 3	-	-	55 to 60	145 to 150	-	-	1,084
Mr J Sharp - Director of Service Strategy and Development		5 to 7.5	7.5 to 10	40 to 45	85 to 90	542	93	644
Dr P Turkington - Medical Director Salford Care Organisation and Chief Officer		-	-	45 to 50	105 to 110	807	-	820
Mr J Sumner - Chief Officer Salford Care Organisation	2	-	-	35 to 40	80 to 85	573	-	583

1	The pension values shown relate to the individual for period ending 31st March 2020 and have not been apportioned for duties outside of Salford Royal NHS Foundation Trust at Pennine Acute Hospitals NHS Trust.
2	Left the Trust on 21st July 2019
3	In disclosing these pension values, the Trust is reliant on information provided by the NHS Pensions Agency. When completing this Remuneration Report, the NHS Pensions Agency had still to respond to queries from the Trust relating to the pension values for Mr D Finn. Therefore the 31 March 2020 values shown above should be regarded as indicative only.
4	The benefits and related Cash Equivalent Transfer Values have been calculated by the NHS Pensions Agency and do not allow for any potential adjustment which may be required in response to the McCloud judgement. The McCloud judgement is a legal case concerning age discrimination over the manner in which UK public sector pension schemes introduced Career Average defined benefit pensions schemes in 2015 for all but the oldest members who retained membership of the previous Final Salary schemes.
5	A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The NHS Pensions Agency changed the methodology used to calculate CTEV in August 2019, and therefore the increases in CETV noted above will include the impact of this change in calculation methodology.

Pension benefits for the year to 31 March 2019

Executive and Advisory Board-level Directors	Note	Real increase in pension at pension age (Bands of £2500) £000	Real increase in pension lump sum at pension age (Bands of £2500) £000	Total accrued pension at age 60 at 31 March 2019 (Bands of £5000) £000	Lump sum at age 60 related to accrued pension as at 31 March 2019 (Bands of £5000) £000	Cash equivalent transfer value at 1 April 2018 £000	Real increase in cash equivalent transfer value £000	Cash equivalent transfer value at 31 March 2019 £000
Sir David Dalton Chief Executive	1	7.5-10	25-27.5	110-115	340-345	2,241	417	2,726
E. Inglesby-Burke CBE Executive Director of Nursing		-	-	75-80	225-230	1,664	134	1,847
C. Brookes Executive Medical Director	2	-	-	55-60	165-170	1,133	-	1,167
R. Jain Executive Director of Corporate Strategy and Business Development & Deputy CEO		2.5-5	7.5-10	55-60	175-180	1,146	186	1,366
I. Moston Executive Director of Finance		2.5-5	0-2.5	55-60	140-145	909	160	1,096
J. Adams Executive Director of Group Delivery		-	-	-	-	-	-	-
J. Sharp Director of Service Strategy and Development		0-2.5	-	30-35	75-80	435	94	542
P. Turkington Medical Director of Standards & Performance		2.5-5	0-2.5	45-50	105-110	651	136	807
J. Sumner Director of Performance and Improvement		2.5-5	-	35-40	80-85	456	103	573

Notes

1 The pension values shown relate to the individual for period ending 31 March 2018 and have not been apportioned for duties outside of Salford Royal NHS Foundation Trust at Pennine Acute Hospitals NHS Trust.

2 The pension values shown relate to the individual for period ending 31 March 2018 and have not been apportioned for duties outside of Salford Royal NHS Foundation Trust at Pennine Acute Hospitals NHS Trust.

* Please note pension figures relate to the full year entitlements for each Board Member.

In April 2015 there were reforms to public service pension schemes including NHS staff which moved employees from final salary schemes to career average schemes with retirement ages equal to State Pension Age. Protected members within 10 years of their normal pension age at 1 April 2012 were allowed to remain in their final salary schemes.

Similar changes were made to public service pension schemes for firefighters and judges and representatives of these professions have claimed this 'protection' amounted to unlawful discrimination on age grounds. The judgement is referred to as the 'McCloud Judgement'.

The British Medical Association (BMA) has recently confirmed that it intends to pursue similar age discrimination claims against the Government in relation to the NHS Pension Scheme reforms in 2015, which meant younger doctors were moved into the 2015 Scheme. The Government is considering the judgment and is seeking permission to appeal the ruling.

The benefits and related CETVs do not allow for a potential future adjustment arising from the McCloud judgement.

This Remuneration Report confirms that where Salford Royal has released an Executive Director, for example to serve as a Non-Executive Director elsewhere, and payment is provided to Salford Royal, the Director does not retain such earnings with the exception of the below:

- Dr Chris Brookes is released as the Principal Medical Advisor to the Greater Manchester Improving Specialist Care Programme. The Trust is reimbursed 2 Programmed Activities (PAs) for this position, 1 of which is retained by Dr Chris Brookes.

Fair Pay Multiples
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 mid-point banded remuneration of the highest paid director in Salford Royal NHS Foundation Trust in the financial year 2019-20 was £242.2k* (2018-19, £210.5k). This was 8.0 times (2018-19, 6.9) the median remuneration of the workforce, which was £30.1k (2018-19, £30.0k).

In 2019-20, 0 (2018-19, 0) employees received remuneration in excess of the highest-paid director, in addition the Trust paid a higher rate on a full time equivalent basis to a number of locum medical staff during the year. Remuneration paid to employees ranged from £17k to £242k (2018-19, £17k-£210k).

**The highest paid director in 2019-20 includes payment for clinical duties of £84k*

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

The calculation is based on full-time equivalent staff employed as at 31st March paid via the Trust's own payroll and also includes costs of staff recharged from other NHS or university organisations and the costs of bank and agency staff and locum medical staff as at 31st March 2020 multiplied by 12 to estimate an annualised total pay cost per full-time equivalent.

Expenses
During the year, Executive and Non-Executive Directors were reimbursed expenses incurred on travel and other costs associated with their work for Salford Royal. The total amounts paid are summarised below.

	Total Eligible	Total Received	2019/20 Expenses rounded to the nearest £100	2018/19 Expenses rounded to the nearest £100
Total expenses paid to Executive Directors who served during the financial year	10	8	8.2	5.3
Total expenses paid to Non-Executive Directors who served during the financial year	8	3	1.4	2.0
Total	18	11	9.6	7.3

During the year, Governors were reimbursed expenses incurred on travel and hospitality. The total amounts paid are summarised below.

	Total Eligible	Total Received	2019/20 Expenses rounded to the nearest £100	2018/19 Expenses rounded to the nearest £100
Total expenses paid to Governors who served during the year	38 (41 in 2018/19)	9 (8 in 18/19)	£800	£1000

Service contract obligations
The contracts of employment for all senior managers are substantive (permanent), continuation of which is subject to regular and rigorous review of performance. All such contracts contain a notice period of six months.

Policy on payment for loss of office
All senior manager contracts contain a notice period of six months. In relation to loss of office; if this is on the grounds of redundancy, then this would be calculated in line with agenda for change methodology. Loss of office on the grounds of gross misconduct will result in a dismissal without payment of notice. Loss of office on the grounds of personal capability will result in dismissal with notice.

Statement of consideration of employment conditions elsewhere in the foundation trust
Employment conditions throughout the organisation are in line with national terms and conditions. AS stated previously, the NCA has a stated intention that improvements to individual remuneration should consider organisational performance as a leading provider, achievement of annual plan, affordability and consideration of national issues as well as personal contribution.

Diversity and Inclusion
The Remuneration Committees actively consider the objectives of the NCA's approach to equality and diversity, which is based on the following principles:

- Everyone has the right to be treated fairly and with dignity and respect
- Achieving equality requires awareness, understanding, commitment and positive action from very individual employee in the Trust at every level and across all disciplines
- Diversity must be recognised and valued.

Annual Report on Remuneration

Service contracts
As described above, senior manager contracts contain a notice period of six months. Open-ended (permanent) contracts are issued to senior managers. Non-Executive Directors serve an initial term of three years. After that, a further term of three years may be awarded with single year terms thereafter. All reappointments

are subject to rigorous performance review. The Council of Governors consider and set terms of office for Non-Executive Directors that meet the needs of the organisation and take into account NHS Improvement's guidance. Further details about the terms of office of each individual Non-Executive Director can be found in the Directors' Report within this Annual Report and Accounts.

Further information about the Remuneration Committees

Nominations, Remuneration and Terms of Service (NRTS) Committee
The Board of Directors has established a Nominations, Remuneration and Terms of Service Committee. Its responsibilities include consideration of matters pertinent to the nomination, remuneration and associated terms of service for Executive Directors (including the Chief Executive), matters associated with the nomination of Non-Executive Directors and remuneration of senior managers/clinical leaders.

The Committee comprises Salford Royal's Chairman and all Non-Executive Directors of Salford Royal. Attendance during 2019/20 was as follows:

Mr James Potter	5/5
Mrs Chris Mayer CBE	4/5
Professor Chris Reilly	4/5
Dr Hamish Stedman	3/5
Mr Kieran Charleson	4/5
Mr Tim Crowley	4/5
Mrs Carmen Drinkwater	3/5

The Chief Executive attended the Committee in relation to discussions about Board composition, succession planning, remuneration and performance of Executive Directors. The Chief Executive was not present during discussions relating to his own performance. The Chief of People provided employment advice and guidance, and withdrew from the meeting when discussions about her own performance were held. The Director of Corporate Services and Group Secretary is the Committee Secretary.

During 2019/20, NRTS committee met its responsibilities, as set out in its terms of reference, as follows:

- In light of the new Chief Executive having commenced in post at the beginning of 2019/20, the NRTS received the new Chief Executive's reflections on the performance of the Executive Directors and Care Organisation Chief Officers, and the Chairman's reflections on the performance of the new Chief Executive
- Reviewed national advice and developed a reviewable policy for pension flexibility for employees able to demonstrate adverse impacted from current pension taxation and wish to opt of the NHS Pensions scheme as a consequence.
- Considered and approved a request from Chief Nurse to Retire and Return, subject to review and approval from NHSI/E
- Initiated the development of a revised reward strategy for VSM/Executive Directo
- Reviewed the portfolio, accountability and reporting arrangements of the Director of Digital, prior to new appointment.

- Appointed substantive Chief Officers to the Salford, Oldham and North Manchester Care Organisations
- Received, conducted comprehensive investigation and implemented all resultant actions following receipt of an anonymous letter
- Developed and approved formal policy with respect to the management, approval and governance review of redundancies and settlement agreements
- Prepared role description and person specification for the position of Chairperson
- Reviewed and approved VSM/Executive Pay Increases 2019/20
- Initiated proposals for the next stage implementation of the Talent Management Strategy
- Reviewed and initiated further development of the future purpose of the NRTS Committee

Nominations, Remuneration and Terms of Office (NRTO) Committee
The NRTO Committee comprises: the Chairman of the NCA, or the Vice-Chairman when matters associated with the Chair's nomination are being considered; the Lead Governor; one other elected Governor; and one appointed Governor. Further to approval at the Council of Governors meeting in December 2017, the membership was extended to also include an elected shadow governor. All elected governors, both public and staff, are invited to express an interest in taking one place on the committee. All appointed governors are invited to express an interest in taking one further place on the committee. In the event of more than one elected, or more than one appointed governor expressing an interest, the Council of Governors has directed that the Lead Governor decide which elected governor and/or which appointed governor will attend on a fair and rotational basis. Governors are only eligible for membership, when considering the appointment of Non-Executive Directors, including the Chairman, if they have successfully completed Salford Royal's recruitment training and/or have relevant experience regarding recruitment practice.

When the Chairman's performance or remuneration is being considered, the Chairman withdraws from the meeting and the Lead Governor chairs the committee. When the Chair's nomination is being considered the Vice-Chairman chairs the committee.

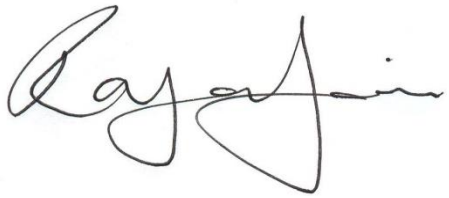
Only members of the committee are entitled to attend committee meetings. However, the committee can invite members of the Group Board to attend, in particular the Chief Executive and Chief of People. The Director of Corporate Services and Group Secretary, acting as Committee Secretary, will normally be in attendance. The Senior Independent Director will attend when matters associated with the Chairman's performance are being discussed. The committee may invite others to attend for the purpose of receiving specialist and/or independent advice on any matter, relevant to its scope and function.
The Council of Governors, through the Nominations, Remuneration and Terms of Office Committee, ensured appropriate oversight and decision relating to:
- 2018/19 performance appraisal of the Chairman;
- 2018/19 performance appraisals of Non-Executive Directors
- Reappointment of 1 Non-Executive Director;

- Initial search and recruitment process for appointment of a Chairman *(final Interviews for this role did not take place due to the emergent covid-19 pandemic)*

Attendance during 2019/20 was as follows:

Date	Items	Attendees
15th November 2019	• Review of Chairman's Performance 2018/19 • Review of Non-Executive Directors Performance 2018/19 including Reappointment of 1 Non-Executive Director	Chairman Deputy Lead Governor Elected Governor Salford (Gill Collins) Appointed Governor (Richard Critchley) Elected Shadow Governor (Gemma Livesley) Senior Independent Director Director of Corporate Services/Group Secretary Chief People Officer
27th February 2020	• Chair Appointment Process - Shortlisting	Vice-Chairman Deputy Lead Governor Elected Governor Salford (Nicola Kent) Appointed Governor (Richard Critchley) Elected Shadow Governor (Paul Attwell) Chief People Officer Director of Corporate Services/Group Secretary

Signed



Dated 25 June 2020

Raj Jain
Chief Executive
Salford Royal NHS Foundation Trust

Staff Report

At the end of 2019/20 Salford Royal NHS Foundation Trust employed 10,305 people. This measure is known as “headcount.” The table below provides an analysis of our workforce, showing the numbers employed across different staff groups.The numbers in the analysis are expressed as Whole Time Equivalent (WTE), which is a more accurate measure of the overall staff resource we have. For example, three members of staff may have different working patterns, one 37.5 hours a week (1WTE), one 22.5 hours a week (0.6 WTE), one 7.5 hours a week (0.2 WTE). These three individuals would show as 3 in the headcount, but 1.8WTE in the analysis below.

This table has been subject to external audit.

Average number of employees (WTE basis)						
	Total	Permanent	Other	Total	Permanent	Other
	2019/20	2019/20	2019/20	2018/19	2018/19	2018/19
	No.	No.	No.	No.	No.	No.
Medical and dental	**871**	871	0	**883**	813	70
Administration and estates	**2,418**	2,418	0	**1,836**	1,816	20
Healthcare assistants and other support staff	**1,316**	1,280	36	**1,454**	1,454	
Nursing, midwifery and health visiting staff	**2,660**	2,214	446	**2,220**	1,854	365
Scientific, therapeutic and technical staff	**1,350**	1,327	23	**1,357**	1,340	17
Healthcare science staff	**290**	290	0	**0**		
Other	**29**	13	16	**0**		
Total average numbers	**8,934**	**8,413**	**521**	**7,749**	**7,277**	**472**

The significant increase in staffing from 2018/19 to 2019/20 is due to the TUPE transfer of staff from Pennine Care Foundation Trust. This was approximately 1600 staff.

The table below shows details of the overall cost of our workforce.
This table has been subject to external audit.

	2019/20	2018/19
	Total	Total
	£000	£000
Salaries and wages	325,577	280,248
Social security costs	32,788	27,055
Apprenticeship levy	1,453	1,390
Employer's contributions to NHS pensions	53,746	30,506
Pension costs - other	4,716	5,202
Other post employment benefits	0	0
Other employment benefits	0	0
Termination benefits	308	110
Temporary staff (including agency)	32,774	26,920
NHS charitable funds staff	0	0
Total gross staff costs	451,463	371,431
Recoveries in respect of seconded staff	(8179)	(7,488)
Total staff costs	443,283	363,943

Inclusion and Equality
The Group Board recognises that delivering on inclusion and equality is a key driver to achieving its overall strategic aims. It gives us a real opportunity to place people at the centre of the work we undertake, recognising how actively involving individuals from diverse groups enables us to prioritise and address health and employment inequalities.

We have an executive lead for equality and diversity, recognising the need to ensure visible and accountable leadership at a Group Board level. We also have executive leads in each of our Care Organisations.

We will continue to engage and involve our staff to ensure they have the necessary skills and confidence to understand the root causes of health and employment inequalities of protected groups, review their services to improve outcomes and enable them to support the diverse needs of service users and colleagues. The NCA has outlined its commitment to this agenda through ensuring Inclusion and Equality training being mandatory for all staff.

The NCA is fully committed to meeting its requirements of the Equality Act 2010 and the Public Sector Equality Duty. Salford Royal's monitoring data/statistics and other relevant information can also be viewed on the website (www.srft.nhs.uk) which forms part of a single NCA Annual Equality Report. This information enables the NCA to review and monitor outcomes for both its workforce and service user data by protected groups. It also includes the Trust's report on the Workforce Race Equality Standard (WRES), Workforce Disability Equality Standard (WDES) and Gender Pay Gap Report.

In Year Achievements
We are proud to have been shortlisted for Best Head of Equality & Diversity as part of the National Inclusive Companies Awards 2019. At the awards it was announced that the NCA was included within the top 24 of the 'UKs Inclusive Employers Top 50' list. We were also shortlisted for Best System Partnership working as part of the North West HPMA awards for our Greater Manchester Public Sector Race Equality Programmes.

Inclusion Centre of Excellence
Over the last 12 months we have established our new Inclusion Centre of Excellence utilising our position as the 24th most inclusive employer in the UK. We have designed a range of packages to support, front line staff, leaders, HR Teams and Boards and have been commissioned by several organisations to support their progress around

inclusion. This includes an Intentional About Inclusion Sessions for Top 100 leaders at Merseycare NHS Foundation Trust, a series of leadership and development sessions for staff across Rochdale Council and CCG and Board Development work at Liverpool Women's NHS Foundation to highlight a few.

Accessible Information Standard
Over the last year our Accessible information standard model has been recognised as best practice by both the CQC and Synertec. Synertec is the largest provider of accessible communication materials for the NHS. We have adapted our communication needs audit methodology to digitally check whether adjustments and needs have been met for patients, with over 1000 increase in the number of adjustments being put in place.

Workforce Race Equality Standards (WRES)
The NCA has developed a Workforce Race Equality Strategy which, through its implementation, we aim to make significant progress in reducing the inequalities faced by our Black and Minority Ethnic (BAME) staff, as highlighted through the WRES Metrics.

As a demonstration of the recognition of the NCA's commitment to leading on this agenda within Greater Manchester, we were successful in winning a £100,000 contract to provide a range of interventions and resources to transform workforce race equality across public sector organisations within Greater Manchester working with the Police, Fire, Local Authorities and other NHS Organisations.
As part of our WRES action plan, we have also developed a network of Cultural Ambassadors as part of the Royal College of Nursing's promoted programme to reduce bias and inequalities in Disciplinary Panel decisions and recruitment.
Over the last 12 months we have seen improvement across all but one of the WRES metrics; in contrast to the national trend, this includes improvements against the staff experience and cultural metrics too.

Workforce Disability Equality Standards (WDES)
This is our second year of looking at our staff survey results in relation to our WDES metrics and the first year we have formally been required to publish our performance against all of the WDES performance indicators. We are pleased to see that over the last 12 months we have improved across the majority of the WDES. We will continue to work with services over the next 12 months to build on this progress and look at areas where gaps still exist.

Equality Impact Assessments (EQIAs)
To help further embed inclusion across all our governance and decision making pathways, we have continued to develop our approach to Equality Impact Assessments in order to ensure that we are able to demonstrate how decision makers

have considered the potential impact of decisions on under-served communities, including the protected characteristics from the Equality Act 2010, and what actions have been taken to ensure these impacts don't take place or are mitigated. This work has included the development of a single point of access for quality assurance of all newly completed EQIAs, coordination and support for Equality Champions, and the delivery of training and development for staff around the EQIA process.

We have built in a maximum four-week service delivery standard for quality assurance of EQIAs for our authors, to provide support around sustainable time lines in developing policies, leaflets and transformation programmes, and have provided a clear exception root to fast track documents or programmes where required.
We have launched our Group wide Equality Impact Assessment Clinics. These take place at the same place at the same time each month with one taking place each week rotated around individual Care Organisations. Further training, coaching and resources will be developed to support both authors and Equality Champions during 2020/2021.

Training and Development
All staff have access to mandatory e-learning for equality and diversity and where staff would prefer a face to face session this is also available.
We also provide a large range of packages that can be pre-booked by teams these include: dignity and bullying, Intentional about Inclusive Leadership, Cultural Competency, Muslim Awareness, Intentional about Trans Inclusion, LGBT+ Inclusion and many more.

	2019/20		2018/19	
Age Band	Headcount	%	Headcount	%
16-19	22	0.21%	26	0.38%
20-29	1777	17.24%	6149	70.71%
30-59	7594	73.69%	682	7.67%
60-74	908	8.81%	1501	21.19%
Over 75	4	0.04%	3	0.04%
Total	10305	100%	8361	100%

Ethnicity	2019/20	%	2018/19	%
White British & Irish	8230	79.86%	6683	79.01%
Asian	852	8.27%	691	8.19%
White Other	343	3.33%	307	4.00%
Black	326	3.16%	264	3.53%
Mixed	163	1.58%	137	1.76%
Any Other Ethnic Group	158	1.53%	131	1.54%
Not Specified	185	1.80%	109	1.47%
Chinese	48	0.47%	39	0.50%
Grand Total	10305	100.00%	8361	100.00%

	2019/20	%	2018/19	%
Female	8110	78.70%	6428	76.50%
Male	2195	21.30%	1933	23.50%
Total	10305	100.00%	8361	100.00%

	Male	Female
Board level Directors and Group Committees in Common	12	4
Senior Managers (excluding Hosted Services)	15	18

Disabled	Headcount	%	2018/19	
No	8281	80.36%	6557	83.51%
Not declared	1560	15.14%	1430	11.88%
Prefer Not To Answer	10	0.10%	0	0.00%
Yes	454	4.41%	374	4.60%
Total	10305	100.00%	8361	100.00%

Information on Salford's gender pay gap report can be found at https://gender-pay-gap.service.gov.uk

Sickness Absence

In 2019-20 our aim was to reduce sickness by 1% across all Care Organisations. This was a particularly challenging year with protracted period of influenza and an increase in stress related absence.

To support a reduction in sickness absence, a holistic approach to Health and Wellbeing for our staff has been adopted. A Health and Wellbeing Survey was undertaken to identify those areas of improvement that staff identified as being important to them and was used to develop our Health and Wellbeing Strategy

The strategy is formed of four pillars:

- To create a Safe, Healthy & Inclusive Work Environment
- Active Involvement
- Tailored Support
- A culture that enables physical and emotional wellbeing

We also introduced a number of actions to support the Strategy and action plan

- We have introduced a training course for staff newly diagnosed with Cancer (in conjunction with Macmillan Nurses)
- We have hosted a workshop to support staff who experience cancer
- We have introduced free Reiki and Indian head massage sessions across all sites
- We have introduced Mental Health First Aiders to the organisation and should have approximately 400 Mental Health First Aiders across all sites by April 2020

- We have launched the Vivup platform, to promote all staff benefits in a single location with an extended range of benefits on offer to all staff
- We launched a new Employee Assistance Programme across all sites, including offering access to 24 hour support and counselling to complement the service currently provided by Occupational Health.
- We have developed and piloted a Health and Wellbeing Care Plan for staff, to prompt and record discussions about health and wellbeing
- We have piloted a *Kindness Collaborative* designed to improve the experience of staff and ensure compassion in the workplace.
- We have piloted a Later Life Transitions course, designed to support staff as they transition through their career/ working life.
- We signed the Time To Change Pledge (and associated action plan) as a commitment to support staff with mental health difficulties and to reduce the stigma associated with mental health

Sickness is reviewed with managers on a regular basis and Salford Royal has a number of supportive policies in place to assist staff to return to work or remain in employment. We have an electronic return to work form to capture information from return to work interviews. The NCA Values and Disciplinary Rules underpin our expectations for staff behaviour, whilst we are explicit on attendance in terms of established triggers for formal intervention due to absences.

Staff Sickness Absence	**2019/20**	**2018/19**	**2017/18**	**2016/17**	**2015/16**
Days lost – long-term	94122	91526	91005	84317	79630
Days lost – short-term	66955	35444	35656	32836	30450
Total days lost	161077	126970	126661	117153	110080
Total staff years	8594	7285	7819	7335	6943
Average working days lost	18.74	17.4	16.2	16.0	15.9
Total staff employed in period (headcount)	10305	8361	7948	7574	6974
Total staff employed in period with no absence (headcount)	2472	2515	3216	2126	2091
Percentage staff with no sick leave	23.99%	30.08%	40.46%	27.66%	29.98%

	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
01 April	3.85%	3.76%	3.91%	3.89%	4.27%	4.35%
02 May	4.01%	3.58%	3.94%	3.85%	3.89%	3.94%
03 June	4.01%	3.62%	4.14%	3.77%	3.85%	4.06%
04 July	4.23%	3.97%	4.31%	3.84%	3.88%	4.22%
05 August	4.10%	4.30%	4.20%	4.07%	4.13%	4.07%
06 September	4.14%	4.08%	4.10%	4.14%	4.31%	4.26%
07 October	4.63%	4.31%	4.47%	4.53%	4.38%	4.46%
08 November	4.89%	4.36%	4.54%	4.52%	4.55%	4.83%
09 December	4.84%	4.58%	4.75%	4.90%	4.59%	5.28%
10 January	4.78%	4.49%	5.16%	5.01%	4.76%	4.98%
11 February	4.65%	4.60%	4.44%	4.71%	4.39%	4.32%
12 March	5.52%	3.85%	3.97%	4.03%	4.03%	4.53%
Total	4.50%	4.13%	4.33%	4.28%	4.25%	4.40%

Engaging with our People

The NCA has policies on employing individuals with disabilities, long term conditions and those on ill health and disability redeployment, along with permanent adjustments in order to help maintain the employment of staff with disabilities or long term conditions. The NCA has a Single Equality Scheme and action plan and ensures that, as a 'positive about disabled people' employer, those applicants with a disability who apply for a post and meet the essential criteria are shortlisted.

Salford Royal systematically provides employees with information on matters of concern to them as employees:

- Leaders are invited to attend the monthly Team Brief receiving a briefing on key issues and developments, from which messages and information are then cascaded outwards to their wider teams;
- 'Connect', NCA's e-newsletter, is distributed to all staff on a weekly basis;
- Regular and relevant information is posted for staff on Salford Care Organisation's intranet;
- A Medical Staff Engagement forum has been established to communicate with Consultant colleagues;
- Directors regularly spend time with colleagues on the frontline, providing the opportunity to find out more about the issues that matter most to our people.
- Regular Senior team walk arounds

Salford Royal's formal consultation processes include managers meeting on a regular basis with trade union representatives. There are regular meetings of the Staff Partnership Forum, Medical Staff Engagement forum and the Health and Safety Committee. There are regular meetings of the Group Negotiation and Consultation Committee, the Group Joint Local Negotiation Committee.

Contribution Framework 2.0 (CF2)
The NCA's Contribution Framework ensures our people's goals and objectives are aligned to the NCA Annual Plan, thus encouraging the involvement of all employees in the organisation's overall performance. Under the Contribution Framework all members of staff are encouraged to have regular conversations with their manager, both in relation to 'how' they are doing their job and 'what' they are achieving.

During 2019, CF2 training was offered to all line managers with a view to refreshing the ethos of CF2 and ensuring all mangers were aware of changes in the process. Whilst there were improvements in staff reporting that they wanted to stay and having clear work objectives it is still the case that too many staff are not experiencing a positive CF2 coaching conversation. As a consequence, we are continuing to prioritise this as an area of focus for leadership development.

Apprenticeships
Public sector bodies with 250 or more staff in England have a target to employ an average of at least 2.3% of their staff as new apprentice starts over the period of 01/04/2017 to 31/03/2021. The table below shows Salford Royal's progress towards the target.

Salford Royal	No of apprenticeships	Percentage
2017/18	81	1.08%
2018/19	150	1.89%
2019/20	85* to date	Updated September 2020
Total	316	

*This reporting period will end on 31/03/2020 – to be submitted by 30/09/2020, it is expected that numbers will be lower than previous years due to internal delivered apprenticeships 'enrolment being on hold from November 2019 to April 2020.

The table below shows the amount Salford Royal has paid into the Apprenticeship Levy at a cost of 0.5% of the pay bill, since 2017, and the amount paid by Government at 10% top up.

Salford Royal Total Levy payments	£3,824,729.00
Government 10% top up total payments	£380,745.42
Total	£4,205,474.42

The levy is being used to fund a variety of apprenticeships for the whole workforce; the data below shows the amount actually spent by Salford Royal on Apprenticeship Training to date. This figure increases monthly, as long as apprentices stay in training; however it is considerably less than what is being paid to the levy.

Salford Royal Actual levy spend	£1,154,490.60

From 2017 to 2020 Salford Royal has had 327 apprenticeships. (This is less than stated starts of 316. We are waiting for the Apprenticeship Service to reconcile figures.)

Unspent Levy funds are being clawed back by the government; to help employers spend more of their levy, the government allows a 25% transfer to other employers to pay for their staff apprenticeship courses. Salford Royal is in the process of transferring £23,553 for accountancy apprenticeships.

SRFT had a monitoring visit by Ofsted as a new provider; there were three themes inspected

- How much progress have leaders made in ensuring that the provider is meeting all the requirements of successful apprenticeship provision?
- What progress have leaders and managers made in ensuring that apprentices benefit from high-quality training that leads to positive outcomes for apprentices?
- How much progress have leaders and managers made in ensuring that effective safeguarding arrangements are in place?

A reasonable progress grade was achieved for the three themes.

Helping our people stay healthy and safe
Salford Care Organisation's Health and Safety Committee and Security Committee meet regularly to provide a forum for managers and trade unions to work together to promote health and safety and improve the working environment to aid a reduction in the number of serious incidents per year

The below table describes the top 5 Health and Safety incidents reported during 2019-20

Category	Total
Verbal Abuse	264
Physical assault	241
Sharp/needlestick incident	136
Fall slip, trip	78
Exposure to harmful agent (radiation, biological agent)	56

- To prevent needlestick injuries staff are reminded to dispose of sharps correctly – take sharps bins to point of care and always use a needle safe device where available
- To reduce the number of falls, spillages are to be mopped up as soon as they happen, staff are to wear appropriate footwear and use signs to increase awareness of wet floors, any defects to be reported to the Estates and Facilities team and complete workplace inspection checklists regularly.

- Initiatives to reduce manual handling injuries include keeping up to date with training, use of lifting aids when necessary, and ensuring risk assessments are in place for movement of loads and patients.
- When dealing with patients without capacity staff are reminded to take care and emphasise the need for good communication between wards when transferring patients with known dementia and aggression. Staff are also to review the care/management plan for patients identified as potentially violent.
- To reduce the number of exposures staff must wear PPE when at risk of splashes, especially during clinical procedures, follow standard precautions where necessary, and ensure COSHH assessments are up to date.

Countering Fraud

Salford Royal 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. Salford Royal is committed to embedding an anti-crime culture throughout the organisation and this is supported in full by the Group Board and monitored on a regular basis by the Audit Committee. Our commitment to protecting valuable public funds from the risks of fraud, bribery and corruption is unwavering and we continue to invest significantly in our efforts to proactively counter criminal activity.

A number of key tasks were undertaken this year to combat fraud, bribery and corruption in accordance with the agreed Anti-Fraud Work Plan. These include: ongoing awareness through presentations, mandated fraud e-learning at corporate inductions, articles, newsletters and joint events with Greater Manchester Police; the national fraud initiative data matching exercise, local and national proactive exercises aimed at identifying potentials or apparent risks of fraud, bribery and corruption; review of policies and procedures to ensure that appropriate counter fraud, bribery and corruption measures are included; and investigations carried out where suspected or apparent fraudulent activity has been identified and redress of monies sought where appropriate. During the last financial year a member of staff resigned before a disciplinary outcome could be achieved and the resultant £510 defrauded money was recovered from a working while sick case.

Staff Survey

The 2019 staff survey was undertaken between October and December 2019 with the results being published by NHS England in early March 2020.

Salford Royal used the mixed mode method providing staff with the opportunity to complete the survey online or by completing paper surveys provided to those for whom access to emails is limited. The Picker survey was sent to all staff across different divisions, directorates and professions throughout the Trust; 9648 in total. The survey response rate was 50% (7% up on last year) with 4700 staff completing the survey. 50% is a significant improvement and the result of a NSS comprehensive communication & engagement campaign across the trust.

From 2019 onwards, the results from questions are grouped to give scores in ten indicators. The indicator scores are based on a score out of 10 for certain questions with the indicator score being the average of those.

Salford Royal was 6th of 21 in the league table for overall positive score. Scores for each indicator together with that of the survey benchmarking group (Combined Acute & Community Trust) are presented below.

National Staff Survey Results

	2019/20		2018/2019		2017/2018		2016/2017	
	Trust	Average	Trust	Average	Trust	Average	Trust	Average
Equality, diversity and inclusion	9.2	9.2	9.0	9.2	9.0	9.2	9.1	9.3
Health and Wellbeing	5.9	6.0	5.9	5.9	6.0	6.0	6.0	6.1
Immediate Managers	7.0	6.9	6.8	6.8	6.8	6.8	6.7	6.8
Morale	6.2	6.2	6.1	6.2	-	-	-	-
Quality of appraisals	5.7	5.5	5.4	5.4	5.3	5.3	5.4	5.4
Quality of care	7.4	7.5	7.3	7.4	7.3	7.5	7.3	7.5
Safe environment – bullying and harassment	8.3	8.2	8.2	8.1	8.2	8.1	8.2	8.2
Safe environment – violence	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
Safety culture	6.9	6.8	6.7	6.7	6.7	6.7	6.7	6.7
Staff engagement	7.1	7.1	7.1	7.0	7.0	7.0	7.0	7.0

Key Improvements in 2019

Q14. Organisation acts fairly: career progression
Q19c. Appraisal/performance review: Clear work objectives definitely agreed
Q23c. I am not planning on leaving this organisation
Q23a. I don't often think about leaving this organisation
Q18c. Would feel confident that organisation would address concerns about unsafe clinical practice

Issues to address in 2020
Q19f. Appraisal/performance review: training, learning or development needs identified
Q19a. Had appraisal/KSF review in last 12 months
Q20. Had training, learning or development in the last 12 months
Q12d. Last experience of physical violence reported
Q22a. Patient/service user feedback collected within directorate/department

Overall Salford Royal has shown improvement on 67 of 90 questions asked. There are key improvements in the theme of health, well-being and safety at work most notably a reduction in the number of team members stating that they are looking to leave the organisation in the next twelve months. There is also a notable improvement in staff confidence that the organisation would address concerns about unsafe clinical practice.

Development is still required around senior and immediate line manager's communication with team members and ensuring that it is effective and that ways of allowing team members provide and receive feedback on their areas of work are identified. There are team members who experience disconnect between their roles and the patient journey. Senior leaders are asked to note the content of this report and support its recommendations.

There are a number of directorates where staff feel that they have additional skills or suggestions that could have a positive impact on their role or work and that these skills could be utilised further. There is an overall feel that team members throughout the organisation appear to want more feedback about their performance but also following reported events/near misses/incidents and their outcomes.

Future priorities and targets

Based on the feedback from the National Staff Survey at Salford Royal, our focus in supporting Care Organisations, services & functions will be on 2 key themes over the next 12 months (as well as the CF2 objectives as noted in CF2 above).

Communication, engagement & wellbeing

- Raise awareness of how the organisation is supporting staff health and wellbeing initiatives
- Identify ways that team members can make suggestions on their area of work
- Share the positive work of teams to help team members feel valued and motivated in the work that they do
- Identify ways to improve effective communication between senior managers and team members
- Ensure feedback is acted upon and outcomes are shared with team members
- Identify ways that team members can make suggestions and feed in to senior managers, this will help individuals feel that they have some control over their work and environment

Patient safety & experiences

- Re-iterate the importance of reporting events/near misses/ incidents and the outcomes and changes that are made following an incident being reported.
- Review staffing levels and ensure that any vacant posts are recruited to which in turn will help to reduce the pressure on team members.
- Ensure that patient and service user feedback is collected on a regular basis
- Ensure that feedback is used to inform developments within directorates and teams and that this process and its outcomes are fed back to team members

- Identify ways to reinforce the key organisational values and ensuring that the patient and service user is at the centre of everything that we do.

Trade Union Facility Time
From 1st April 2017 public sector organisations are required to report on trade union facility time. Facility time is paid time off for union representatives to carry out trade union activities.

Table 1

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

Number of employees who were relevant union officials during the relevant period	Full time equivalent employee number
23	8521.82

Table 2
Percentage of time spent on facility time
How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50% c) 51% - 99% d) 100% of their working hours on facility time?

Percentage of time	Number of employees
0%	4
1%-50%	14
51% - 99%	0
100%	1

Table 3
Percentage of pay bill spent on facility time
Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

	Figures (£)
Provide the total cost of facility time	£39,886
Provide the total pay bill	£411,858,000
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time/total pay bill) x 100	0.0097%

Table 4

Paid trade union activities

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

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

Expenditure on consultancy

Expenditure on consultancy during 2019/20 was £5,722K. This related to our global digital excellence exemplar programme and costs to support transformation of health and social care through our integrated care organisation and transaction programmes. Consultancy costs incurred by Salford Royal's hosted services were £1.31m

Off-payroll engagements

Salford Royal limits the use of off-payroll arrangements for highly paid staff. Executive Director approval is required. In all cases, except where the appointment of medical staff is to be made on a locum basis, in these circumstances approval is required from the relevant Divisional Managing Director or Divisional Chair.
For all off-payroll engagements as of 31 March 2020, for more than £245 per day and that last for longer than six months

No. of existing engagements as of 31 March 2020	33
Of which	
No. that have existed for less than one year at time of reporting.	13
No. that have existed for between one and two years at time of reporting	4
No. that have existed for between two and three years at time of reporting.	7
No. that have existed for between three and four years at time of reporting.	5
No. that have existed for four or more years at time of reporting.	4

All new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months

No. of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	13
Of which:	
Number assessed as within the scope of IR35	13
Number assessed as not within the scope of IR35	0
Number engaged directly (via PSC contracted to trust) and are on the trust's payroll	0
Number of engagements reassessed for consistency/assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

Off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year. This figure must include both off-payroll and on-payroll engagements.	10

Reporting of compensation schemes
Exit Packages 2019/20
This table has been subject to external audit.

Reporting of compensation schemes - exit packages 2019/20			
	Number of compulsory redundancies	**Number of other departures agreed**	**Total number of exit packages**
	Number	**Number**	**Number**
Exit package cost band (including any special payment element)			
<£10,000	4	-	**4**
£10,000 - £25,000	1	1	**2**
£25,001 - 50,000	2	-	**2**
£50,001 - £100,000	1	-	**1**
£100,001 - £150,000	1	-	**1**
£150,001 - £200,000	-	-	**-**
>£200,000	-	-	**-**
Total number of exit packages by type	**9**	**1**	**10**
Total cost (£)	£291,000	£17,000	**£308,000**

Exit Packages 2018/19

This table has been subject to external audit

Reporting of compensation schemes - exit packages 2018/19	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	Number	Number
Exit package cost band (including any special payment element)			
<£10,000	-	-	**-**
£10,000 - £25,000	-	3	**3**
£25,001 - 50,000	1	1	**2**
£50,001 - £100,000	-	-	**-**
£100,001 - £150,000	-	-	**-**
£150,001 - £200,000	-	-	**-**
>£200,000	-	-	**-**
Total number of exit packages by type	**1**	**4**	**5**
Total resource cost (£)	£38,238	£71,369	**£109,607**

Exit packages: non-compulsory departure payments

This table has been subject to external audit.

Exit packages: other (non-compulsory) departure payments	2019/20		2018/19	
	Payments agreed	Total value of agreements	Payments agreed	Total value of agreements
	Number	£000	Number	£000
Voluntary redundancies including early retirement contractual costs	-	-	-	-
Mutually agreed resignations (MARS) contractual costs	-	-	-	-
Early retirements in the efficiency of the service contractual costs	-	-	-	-
Contractual payments in lieu of notice	1	17	2	29
Exit payments following Employment Tribunals or court orders	-	-	2	42
Non-contractual payments requiring HMT approval	-	-	-	-
Total	**1**	**17**	**4**	**71**
Of which:				
Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary	-	-	-	-

Compliance with NHS Foundation Trust Code of Governance

Salford Royal NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

The Group Board has established governance policies and processes that reflect the principles of the NHS Foundation Trust Code of Governance, these include:

- An NCA Service Development Strategy and Operational Plan, including an Operational Plan for Salford Royal
- Group Governance Framework Manual – Incorporating the Standing Orders of the Board of Directors, Standards of Business Conduct Policy, Group Committees in Common Terms of Reference, Standing Orders of the Council of Governors, Shadow Group Council of Governors Terms of Reference, Scheme of Reservation and Delegation of Powers, and Standing Financial Instructions
- Established role of Senior Independent Director
- Agreed recruitment process for Non-Executive Directors
- Formal induction programme for Non-Executive and Executive Directors
- Regular private meeting between the Chair and the Non-Executive Directors
- Robust performance appraisal process for all Non-Executive Directors, including the Chairman, developed and approved by the Council of Governors
- Attendance records for Directors and Governors at key meetings
- Comprehensive Induction Programme and continuing Training and Development Programme for Governors
- Council of Governors Policy for Raising Serious Concerns and Resolving Disagreements between the Council of Governors and Board of Directors
- Established roles of Lead and Deputy-Lead Governor
- Private meetings between the Chair and Governors to discuss matters reviewed at the Group Board meetings
- Comprehensive Performance Dashboard and assurance reports developed by the Council of Governors and provided to all meetings of the Council of Governors
- Council of Governors' subgroup structure
- Council of Governors' agenda setting process involving Chairman, Lead and Deputy Lead Governor, Vice-Chairman and Senior Independent Director
- Collective regular performance evaluation mechanism for the Council of Governors
- Membership and Public Engagement Strategy, Annual Implementation Plan and Key Performance Indicators
- Council of Governors' presentation of performance and achievement at Annual Members Meeting
- Nominations, Remuneration and Terms of Service Committee of the Board of Directors
- Nominations, Remuneration and Terms of Office Committee of the Council of Governors
- Well Led Governance Review conducted in 2016/17, with Care Organisation developmental self-assessments against the Well-Led Framework in November 2017, and an independent review of the NCA Self-Assessment against the Well-

Led Framework in 2018/19. SRFT Independent Board Capability and Capacity Review undertaken during 2019/20. In November 2019, Audit Committee reviewed the well led governance arrangements in place for 2019/20.

- Publicly available Register of Interests for Directors, Governors and Senior Staff
- Annual Fit and Proper Persons Declarations and Checks Proforma to ensure compliance with Fit and Proper Persons Requirement for Directors
- Code of Conduct for Board-level Directors
- Annual review of Non-Executive Directors' independence
- Code of Conduct for Council of Governors
- Robust Audit Committee arrangements
- Governor-led appointment process for External Auditor
- Whistle-blowing Policy and Counter Fraud Policy and Plan.
- Going Concern Report

The Group Board conducts an annual review of the Code of Governance to monitor compliance and identify areas for further development.

The Group Board has confirmed that, with the exception of the following provisions, Salford Royal complies with the provisions of the NHS Foundation Trust Code of Governance issued by NHS Improvement (formerly Monitor) and updated in July 2014.

Salford Royal departed from the following provisions of the Code during 2019/20:

- **Provision B.1.2**
  At least half the Board of Directors, excluding the Chairperson, should comprise independent Non-Executive Directors.

  From 01/04/19 until 01/09/2019 there were 12 members of the Board of Directors, excluding the Chairperson; this included 6 Executive Directors and 6 Non-Executive Directors. From 01/09/2019 – 31/03/20 there were 13 members of the Board of Directors; this included 7 Executive Directors, following the appointment of an Executive Improvement Director (Chief of Improvement). The Chief of Improvement role was established as a two year fixed term executive appointment. The rationale for this post was to provide the executive team with additional bandwidth and was used to support Care Organisations to strengthen their operational capability and hence performance. In the event of a vote, the Chairman had the casting vote. Mr Damien Finn was appointed the Executive Improvement Director/Chief of Improvement role, commencing on 01/04/19. Mr Finn stood down from this role at the end of the year, and the position currently remains vacant (as of April 2020).

- **Provision B.6.2**
  Evaluation of FT boards should be externally facilitated at least every three years.

  This decision was taken on the basis that:

- A robust SRFT assessment cycle utilising the Well Led Framework for Governance is established

- SRFT BoD participated in externally facilitated, independent, Well Led Framework for Governance Review in 2016/17 delivered by MIAA, in partnership with AQuA. The outcome of the review was positive.
- Self-Assessment against Well Led Governance Framework undertaken at NCA in 2018/19. Independently reviewed by MIAA, providing assurance on compliance with all KLOEs.
- SRFT rated 'Outstanding' in CQC Inspection conducted in May 2018; including 'Good' in 'well led' domain
- PAT rated ''Good' in CQC Inspection conducted in February 2019; including 'Good' in 'well led' domain
- SRFT Independent Board Capability and Capacity Review undertaken during 2019/20.
- In November 2019, Audit Committee reviewed the well led governance arrangements in place for 2019/20. This confirmed that all Care Organisations had completed a Self-Assessment against the Well Led Framework for Governance, with 'Areas of Strength' and 'Key Developments' reviewed by Audit Committee and GRAC.
- A Group Self-Assessment will be completed in 2019/20 including 'Areas of Strength' and 'Key Developments' (to be reported to GRAC and Audit Committee in April 2020).

In light of the above, the Group Board has determined that it would not be an effective use of resources to commission an externally facilitated evaluation during 2019/20.

Governance and organisational arrangements
The basic governance structure of all NHS foundation trusts includes:
- public and staff membership;
- a council of governors; and
- a board of directors.

This structure is well developed at Salford Royal, and is set out in Salford Royal's Constitution that is published at www.srft.nhs.uk

Membership
As a membership organisation local people are invited to become a member of Salford Royal, to help inform and influence service improvement and redesign.

Membership strengthens the links between healthcare services and the local community. It is voluntary, free of charge and obligation. Members are able to give their views on relevant issues for governors to act upon to help improve the experience for patients, visitors and staff.

Salford Royal membership is made up of public and staff members.

Public Members
We have two public member constituencies, Salford and the Rest of England and Wales. All members of the public who are 14 years old or over, living in one of the constituencies can become a member:

Staff Members

We have four staff member constituencies, largely reflective of Salford Royal's Corporate and Clinical Divisional Structure. During 2019-20 Salford Royal endeavoured to maintain its significant membership base, in addition to improving it's representation of the community of Salford.

How many members do we have?

Constituency	**Actual 31st March 2020**
Public – Salford Residents	9391
Public – Out of Salford	5987
Staff	10252
Total	**25630**

Staff Constituency Breakdown	**Actual 31 March 2020**
Clinical Support Services and Tertiary Medicine	1802
Corporate and General Services	1948
Salford Health and Social Care	4079
Surgery and Neurosciences	2423
Total	**10252**

The following tables analyse the current and estimated membership figures for a number of indicators to highlight areas of representation.

Public Constituency	**Number of Members 31 March 2020**	**Eligible Membership**
Age (Years)		
0-16	17	54908
17-21	243	15878
22+	13728	185470
Unknown	1390	0
Ethnicity		
White	11978	197445
Mixed	202	4616
Asian or Asian British	999	9456
Black or Black British	717	6541
Other	154	2485
Unknown	746	0
Socio-economic Grouping		
AB	3400	19902
C1	4290	37165
C2	3372	21569
DE	4259	36283
Unknown	0	0
Gender		
Male	5588	129288
Female	8940	126967

Non-Binary/Third Gendered	0	0
Unknown	850	0

During 2019/20, Salford Royal communicated with members, patients and the public regularly using a range of communication channels and feedback mechanisms, these include:

- Members Newsletter – The Loop
- E-Communications
- Salford Royal's Website
- 'Your Health Matters' Seminars
- Patient Focus Groups
- Online Surveys
- Annual Members Meeting 2019
- Social Media – Twitter and Facebook
- Partner communications including Salford CCG, Salford Health watch and Salford City Council.

At the Annual Public Meeting in October 2019 members received an update on key strategic developments, and had a chance to ask questions to the Executive Team.

'Your Health Matters' Events

Over the past twelve months nearly 600 members joined events to find out more about topics including neurosurgery, diabetes, Parkinson's disease and audiology, along with attending food tasting events and tours. These events gave members a greater insight into their local hospital and the services it provides, the general feedback from attendees has been very positive.

Members who wish to communicate with the Council of Governors can do so online:
www.srft.nhs.uk/for-members
Alternatively, you can get in contact via the Membership Team:
Telephone: 0161 206 3133
Email: foundation@srft.nhs.uk

Council of Governors

Governors are the direct representatives of members, staff, our stakeholders, and public interests and form an integral part of the governance structures that exists in all NHS foundation trusts.

The overriding role of the Council of Governors is to hold the Non-Executive Directors individually and collectively to account for the performance of the Board of Directors and to represent the interests of NHS foundation trusts members and of the public.

Other statutory aspects of the Council of Governors' role include:

- Approving the appointment of the Chief Executive
- Appointing and removing the Chairman and other Non-Executive Directors
- Deciding the remuneration of the Chairman and Non-Executive Directors
- Appointing and removing the NHS Foundation Trusts Auditors
- Contributing to the forward plans of the organisation
- Receiving the NHS Foundation Trust's Annual Accounts, Auditors Report and Annual Report
- Reviewing the Membership and Public Engagement Strategy
- When appropriate, making recommendations and/or approving revisions of the Foundation Trust Constitution.

The powers of Salford Royals Council of Governors are established under statute. The Council of Governors may not delegate any of its powers to a committee or sub-committee; however it may appoint a committee to assist in carrying out its functions. The (Shadow) Group Council of Governors has been established for this purpose. Membership includes all Salford Royal governors and shadow governors representing the public and staff constituencies of the NCA.

Group Council of Governors

Elections were held in July 2019 and January 2020. The composition of the Group Council of Governors at 31st March 2020 is as follows

Salford Royal Public Elected Governors		
James Collins	Salford	3 years (2020)
Jay Charara	Salford	3 years (2020)
Chris Mullen	Salford	3 years (2020)
Gill Collins	Salford	2 years (2022)
Mark Duman	Salford	2 years (2022)
Sandra Breen	Rest of England and Wales	3 years (2022)
Aaron Davies	Rest of England and Wales	3 years (2022)
Shadow Public Elected Governors		
Marya Rathod 1	Bury and Rochdale	3 years (2020)
John Rodgers	Bury and Rochdale	3 years (2020)
Terri Evans	Bury and Rochdale	3 years (2020)
Patricia McWilliam-Fowler	Bury and Rochdale	3 years (2022)
Nicolas Filer	Bury and Rochdale	3 years (2022)
David Edwards	Oldham	3 years (2020)
Mohammed Jahan	Oldham	3 years (2020)
Paul Attwell	Oldham	2 years (2022)
Kevin Thomas	North Manchester	3 years (2020)
Vacant Post 2	North Manchester	2 years (2022)
Salford Royal Staff Elected Governors		

Lubana Ahmad	Clinical Support and Tertiary Services	3 years (2022)
Nicola Kent	Corporate & General Services	3 years (2020)
Agnes Leopold-James	Salford Healthcare	3 years (2020)
Lynn Jones	Surgery and Neurosciences	3 years (2022)
Shadow Staff Elected Governors		
Mark Mustard	Bury and Rochdale	3 years (2022)
Craig Wood	Bury and Rochdale	3 years (2022)
Gemma Lievesley	Oldham	3 years (2022)
Jay Patil	Oldham	3 years (2022)
Mark Taylor	North Manchester	3 years (2020)
Ezmi Mulhearn	North Manchester	2 years (2022)
Appointed Governors		
Dr Elise Kleyn 3	University of Manchester	3 years (2020)
Cllr Richard Critchley	Salford City Council	3 years (2020)
Shadow Appointed Governors		
Brian Boag	University of Salford	3 Years (2020)
Cllr Julie Reid	Local Authority Governor Manchester	3 Years (2020)
Cllr Karen Leach	Local Authority Governor Bury	3 Years (2020)
Cllr Wendy Cocks	Local Authority Governor Rochdale	3 Years (2020)
Cllr Riaz Ahmad 4	Local Authority Governor Oldham	3 Years (2020)

1 Brian Davies resigned in January 2020
The next highest polling candidate was Marya Rathod

2 Syed Abidi resigned in February 2020
Current vacant post

3 Appointed Governor Ruth Boag resigned in October 2019
Dr Elise Kleyn was appointed in February 2020

4 Cllr Riaz Ahmad (Oldham) was appointed in July 2019

The following table summarises governor attendance at Council of Governor Meetings from 27th June 2019 to 31st March 2020.

Governor	Constituency	Meetings Attended
Salford Public Governors		
James Collins	Salford	2/3
David Pike (Lead Governor)	Salford	2/3
Chris Mullen	Salford	3/3
Gill Collins	Salford	2/3
Gary Kerr	Salford	0/3
Mark Duman	Salford	1/1
Sandra Breen	Out of Area	2/3
Jeredine Benjamin	Out of Area	2/3
Aaron Davies	Out of Area	0/3
Shadow Public Elected Governors		
Terri Evans	Bury and Rochdale	3/3
Shaun Furlong	Bury and Rochdale	1/3
Nicolas Filer	Bury and Rochdale	1/1
Patricia McWilliam-Fowler	Bury and Rochdale	1/1
Marya Rathod	Bury and Rochdale	N/A
Kevin Thomas	North Manchester	3/3
Mohammad Shafiq	North Manchester	1/3
Syed Abidi	North Manchester	0/1
James Allen	Oldham	1/2
Mohammed Jahan	Oldham	2/3
David Edwards	Oldham	3/3
Paul Attwell	Oldham	1/1
Salford Staff Elected Governors		
Deborah Seddon	Clinical Support and Tertiary Services	1/3
Nicola Kent	Corporate & General Services	3/3
Agnes Leopold-James	Salford Healthcare	3/3
Sheila Tose	Surgery and Neurosciences	1/3
Lynne Jones	Surgery and Neurosciences	1/1
Lubana Ahmad	Clinical Support and Tertiary Services	0/1
Shadow Staff Elected Governors		
Philippa Jones	North Manchester	1/3
Mark Taylor	North Manchester	0/2
Ezmi Mulhearn	North Manchester	1/1
Mark Mustard	Bury and Rochdale	1/1
Craig Wood	Bury and Rochdale	1/1
Gemma Lievesley	Oldham	3/3
Eduard Sieg-Hogg	Oldham	1/3
Jay Patil	Oldham	1/1

Appointed Governors		
Cllr Richard Critchley	Salford City Council	1/3
Dr Elise Kleyn3	University of Manchester	0/3
Brian Boag	Salford University	1/3
Shadow Appointed Governors		
Cllr Julie Reid	Local Authority - Manchester	1/3
Cllr Wendy Cocks	Local Authority – Rochdale	1/3
Cllr Karen Leach	Local Authority – Bury	0/3
Cllr Riaz Ahmad4	Local Authority – Oldham	1/2

Mrs Chris Mullen was nominated as Deputy Lead Governor at the Council of Governors meeting in June 2019 with a term of office expiring in June 2021.

Mr David Pike stood down as Lead Governor in December 2019, Mrs Christine Mullen (Deputy Lead Governor) is performing this role on an interim basis.

Council of Governors Register of Interests

All Governors are required to comply with the Council of Governors Code of Conduct and declare any interests that may result in a potential conflict of interest in their role as Governor of Salford Royal. The register of interest is publicly available via the Council of Governors' Meeting Minutes on Salford Royal's website. In addition, the register can be obtained via Salford Royal's Trust Secretary at the follow address:-

Trust Headquarters
Salford Royal NHS Foundation Trust
Stott Lane
Salford
M6 8HS
Tel: 0161 2063133
Email: foundation@srft.nhs.uk

Work of the Group Council of Governors

The Group Council of Governors have established a Nominations, Remuneration and Term of Office (NRTO) Committee that meets to discuss the formal aspects of the Non-Executive Directors' role, this includes pay, period of employment and their annual performance evaluation. Membership comprises the lead governor, one Salford Royal elected governor, one Salford Royal appointed governor and one shadow governor as well as the Chairman and advisory Trust Officers. More information on the work of the committee is described within the Remuneration Report.

The Group Council of Governors' had four other subgroups covering each of the Care Organisations; Salford, Oldham, Bury & Rochdale and North Manchester (until 31st March 20). Engagement, quality and strategic direction matters are addressed

within these localities and this allows triangulation of learning across the NCA. These subgroups enable Governors to carry out both their statutory and non-statutory duties, as well as receiving information on key work projects.

Governors have undertaken a number of activities to gather the views and feedback of members, patients and the public. This has included involvement in the patient experience 'Observe and Act' programme, attended PLACE (Patient-Led Assessments of the Care Environment) and supported Man-A-Stand within the Care Organisations to hear the views of patients and service users.

One of the key pieces of work the Group Council of Governors has continued to be engaged with is the acquisition of the Oldham, Bury and Rochdale components of Pennine Acute by Salford Royal. Governors have been involved in a number of briefings and workshops to consider the additional benefit to the patients and populations of Salford, Oldham, Bury and Rochdale and ensure the views of members, and the community as a whole, are considered.

We also work closely with partner organisation such as Salford CCG, Salford Healthwatch and Salford City Council to ensure that the local community have the chance to get involved and share their views and ideas.

Training and Development of Governors

A full list of training and development opportunities provided is below, the training was delivered by internal and external trainers.

Event	Date	Attendance
Quality Improvement (QI)	30 April 2019	10
External Audit	27 June 2019	16
North West Governor Forum	1 July 2019	8
Induction for new governors	12 November 2019	11
Listening Event	15 November 2019	6
Patient Experience/QI Training	20 January 2020	5
Sustainability across the NCA	11 February 2020	6

There are a number of easy ways for you to communicate with the Council of Governors
Email: foundation@SalfordRoyal.nhs.uk
Tel: 0161 206 3133

Website: http://www.Salford Royal.nhs.uk/for-members/council-of-governors/contact-your-governor

Write to your Governor at:
Membership Department
Salford Royal NHS Foundation Trust
Stott Lane
Salford
M6 8HD

The Board of Directors and Group Board (Committees in Common) relationship with the Council of Governors and Members

The Group Board and Council of Governors seek to work together effectively in their respective roles and avoid unconstructive adversarial interaction. To this effect the Group Board and Council of Governors have established a clear policy detailing how disagreements will be resolved.

During the year, the Chairman and Group Secretary work closely with the Lead Governor to review all relevant issues and prior to each Council of Governors meetings, they meet with the Senior Independent Director, Vice Chairman and Deputy Lead Governor to produce the agenda for the upcoming Council of Governors meeting. The Executive and Non-Executive Directors attend each meeting of the Council of Governors as observers and take part when further information is required.

The following table summarises Group Board attendance at Council of Governors meetings:

Name	Title	Attendance
Mr James Potter	Chairman	3/3
Mr Raj Jain	Chief Executive Officer	3/3
Mrs Elaine Inglesby-Burke CBE	Chief Nursing Officer	2/3
Dr Chris Brooks	Chief Medical Officer	3/3
Mr Ian Moston	Chief Finance Officer	2/3
Mr Jack Sharpe	Group Chief Strategy Officer	3/3
Mrs Judith Adams	Chief Delivery Officer	2/3
Professor Chris Reilly	Senior Independent Director	3/3
Mrs Carmen Drinkwater	Non-Executive Director	3/3
Dr Hamish Stedman	Non-Executive Director	2/3
Mrs Christine Mayer CBE	Non-Executive Director	2/3
Mr Kieran Charleson	Non-Executive Director	3/3
Mr Tim Crowley	Non-Executive Director	3/3

Salford Royal's Governors are encouraged to attend the public Group Board meetings to gain a broader understanding of discussion taking place at Board level and observation of the decision making processes and challenge from Non-Executive Directors.

Group Board (Committees in Common) and Salford Royal Board of Directors
The Board of Directors operates according to the highest corporate governance standards. It is a unitary board with collective responsibility for all aspects of the performance of the Salford Royal, and as the most senior managers of the operations of the NCA, including financial performance, clinical and service quality, and management and governance.

The Group Board is also responsible for establishing the values and standards of conduct for Salford Royal and its staff in accordance with NHS values and accepted standards of behaviour in public life. These include selflessness, integrity, objectivity, accountability, openness, honesty and leadership (The Nolan Principles). This is clearly set out within the Group Governance Framework Manual, available on the website.

The Group Board and Salford Royal Board of Directors have resolved that certain powers and decisions may only be exercised or made by the Group Board or Board of Directors in formal session. These powers and decisions, and those of Salford Royal's Council of Governors, are set out in the Reservation of Powers and Scheme of Delegation within the Group Governance Framework Manual.

The Group Board met in formal session on eleven occasions during 2019/20. The Salford Royal Board of Directors met in formal session on seven occasions during 2019/20. Sessions were held in public apart from where the Group Board / Salford Royal Board of Directors resolved to meet in private session due to the confidential nature of business.

The Group Board (which comprises all members of Salford Royal Board of Directors) is of sufficient size and the balance of skills and experience is appropriate for the requirements of the business and the future direction of Salford and the NCA.

Independence of Non-Executive Directors

The Group Board undertakes annual review of the independence of its Non-Executive Directors to determine whether each director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. The following Non-Executive Directors are considered independent:

- Mr James Potter
- Mr Tim Crowley
- Mrs Carmen Drinkwater
- Professor Chris Reilly
- Dr Hamish Stedman
- Mrs Christine Mayer CBE
- Mr Kieran Charleson

Committees of the Salford Royal Board of Directors and Group Board (Committees in Common)

During 2019/20 the Salford Royal Board of Directors established the following committees:

- Group Board (Committees in Common)
- Salford Royal Acquisition Committee

The Group Board (Committees in Common) has established the following committees:

- Audit Committee
- Nominations, Remuneration and Terms of Service (NRTS) Committee
- Charitable Funds Committee
- Strategy and Investment Committee
- Group Executive Risk and Assurance Committee
- Group Executive Development Committee

Salford Royal Acquisition Committee
The Salford Royal Acquisition Committee has been established as an interim committee of the Salford Royal Board of Directors to provide strategic direction, programme oversight and stakeholder management in relation to the acquisition of Pennine. The committee has responsibility for ensuring that any transaction undertaken meets the compliance requirements of the Trust.

Audit Committee
The Group Board established an Audit Committees in Common for Salford Royal and Pennine, known as the Audit Committee. Audit Committee plays a key role in supporting the Group Board by critically reviewing and reporting on the adequacy and effectiveness of effective systems of integrated governance, risk management, and internal control that support the achievement of Group objectives and its constituent Care Organisations. In carrying out this work, the Audit Committee primarily utilises the work of internal and external audit, and established committees within the NCA Assurance Framework, specifically the Group Executive Risk and Assurance Committee.

Salford Royal's Non-Executive Directors (with the exception of the Chairman) are members of Audit Committee. Attendance during 2019/20 was as follows:

Mr John Willis CBE	2/2
Mr Tim Crowley	4/4
Mr Kieran Charleson	4/6
Mrs Christine Mayer CBE	5/6
Professor Chris Reilly	6/6
Dr Hamish Stedman	6/6
Mrs Carmen Drinkwater	5/6

Additionally, Audit Committee meetings were regularly attended by the Chief Financial Officer, Deputy Chief Financial Officer, Chief Medical Officer, Chief Nursing Officer, Group Secretary and Internal and External Audit Teams.

During 2019/20, the Trust's Internal Audit function was carried out by Mersey Internal Audit (MIAA). Audit Committee approved the Internal Audit and Anti-Fraud Work Plans for 2019/20 and received regular progress updates with respect to the work and findings of the respective plans, including detailed review of internal audits with a limited assurance rating and/or high risk recommendations.

Salford Royal's External Auditors regularly attended Audit Committee, providing an opportunity for the committee to assess their effectiveness. The Audit Plan for

Salford Royal was provided to Audit Committee in February 2020, confirming that audit would be conducted with an understanding of the key challenges and opportunities Salford Royal was facing. There were no other significant facts or matters that may impact on the External Auditors independence drawn to Audit Committee's attention during 2019/20.

In December 2016, the Council of Governors approved the appointment of Grant Thornton as the External Auditor for Salford Royal for a period of three years (conducting the 2017/18, 2018/19 and 2019/20 audits), with an option for this to be extended by a further 1 year subject to mutual agreement. The annual cost to Salford Royal at this time was £51,575, £50,000 and £48,425 (net of VAT) respectively. In January 2020, Audit Committee reviewed the quality and value of the External Auditor work, including the timeliness of reporting and fees, and presented a recommendation to the Council of Governors to extend the contract for a further period of 1 year. The annual cost to Salford Royal would be £76k. A recommendation to the council of governors to extend this has been developed.

During April and May 2019, the Audit Committee reviewed and approved the Annual Report, including the Annual Governance Statement, Quality Report and Annual Accounts 2018/19 for Salford Royal and Pennine. Audit Committee also received the External Auditors Findings Report (ISA 260).

The Audit Committee is authorised by the Group Board to investigate any activity within its terms of reference and to seek any information it requires from staff. A deeper level of insight and assurance was received via; thematic analysis from the Nursing Assessment and Accreditation System (NAAS); outcomes of the mock CQC inspection programme; review of the arrangements by which staff raise issues; deep dive of key digital stabilisation and infrastructure risks; review of the clinical audit programme including high risks from individual clinical audits and review of the development and implementation of patient level information and costing systems. In addition key finance related matters were reviewed, including losses and special payments reports and reviewing and approving write-off of non-NHS debtors, Audit Committee undertook a detailed mid-year financial review in the form of an updated Going Concern Report, providing the financial outlook until March 2024.

Nominations, Remuneration and Terms of Service (NRTS) Committee

The Group Board established a Nominations, Remuneration and Terms of Service Committees in Common for Salford Royal and Pennine, known as the Nominations, Remuneration and Terms of Service (NRTS) Committee, to consider matters pertinent to the nomination, remuneration and associated terms of service for Executive Directors (including the Chief Executive), and matters associated with the nomination of Non-Executive Directors and remuneration of senior managers/clinical leaders. Further information can be found in the Remuneration Report.

Charitable Funds Committee

The Group Board established a Charitable Funds Committees in Common for Salford Royal and Pennine, with responsibility for the on-going management of

charitable funds on behalf of the Corporate Trustees. The membership of the Charitable Funds Committee comprises all Non-Executive Directors including the Chairman.

Strategy and Investment Committee
The Strategy and Investment Committee provides independent and objective review of, and assurances in relation to, major strategic initiatives, including investments/divestments of activities which significantly broaden, diversify or reduce the Group activity base, and ensure their alignment with the Group Board approved strategy and risk framework.

Group Executive Risk and Assurance Committee
The Group Executive Risk and Assurance Committee has responsibility for providing assurance on the control of risk, including monitoring of all group level risks via the Board Assurance Framework, overseeing the Group's Single Oversight Framework which includes receiving the Care Organisation/Group Business Unit Statements of Assurance and Assurance Frameworks/Risk Registers.

Group Executive Development Committee
The Group Executive Development Committee oversees the development and delivery of Group's strategic ambitions, and takes appropriate action to mitigate risk.

Standing Committee Reporting Arrangements
The Group Board receives a report on the work of each of its standing committees following each meeting.

NHS Oversight Framework

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

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

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

Segmentation

Salford Royal is currently placed in segment two defined by NHS Improvement as:

"Providers offered targeted support: there are concerns in relation to one or more of the themes. We've identified targeted support that the provider can access to address these concerns, but which they are not obliged to take up. For some providers in segment two, more evidence may need to be gathered to identify appropriate support. "

This segmentation information is Salford Royal's position as at April 2019. Current segmentation information for NHS trusts and foundation trusts is published on NHSI's website.

Finance and Use of Resources

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

Area	Metric	2019/20 Scores				2018/19 Scores			
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial sustainability	Capital service capacity	3	4	4	4	1	4	4	4
	Liquidity	1	2	2	1	1	1	1	1
Financial	I&E margin	2	4	4	4	1	3	4	4

efficiency									
Financial controls	**Distance from financial plan**	1	1	1	1	1	2	2	1
	Agency spend	2	2	2	1	2	2	2	1
Overall scoring		2	3	3	3	2	3	3	3

Signed

Date: 25 June 2020

Raj Jain
Chief Executive & Accounting Officer
Salford Royal NHS Foundation Trust

Statement of Accounting Officers Responsibilities

Statement of the chief executive's responsibilities as the accounting officer of Salford Royal NHS Foundation Trust

The NHS Act 2006 states that the chief executive is the accounting officer of the NHS foundation trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the *NHS Foundation Trust Accounting Officer Memorandum* issued by NHS Improvement.
NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require [name] NHS foundation trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of [name] NHS foundation trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.
In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Department of Health and Social Care Group Accounting Manual and in particular to:

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual (and the Department of Health and Social Care Group Accounting Manual) have been followed, and disclose and explain any material departures in the financial statements
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance
- confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS foundation trust's performance, business model and strategy and
- prepare the financial statements on a going concern basis.

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Signed

Raj Jain
Chief Executive
Date: 25 June 2020

Annual Governance Statement

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Salford Royal NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Salford Royal NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

In April 2017, the Northern Care Alliance NHS Group (NCA) was launched when Salford Royal NHS Foundation Trust (SRFT) established a group with Pennine Acute Hospitals NHS Trust (PAT). As both SRFT and PAT remained statutory bodies, a Group Board (Committees in Common) was established to enable a single system of internal control for the NCA.

As the Chief Executive, I am responsible for overseeing risk management across all organisational, financial and clinical activities. The NCA has an overarching Risk Management Strategy in place, which is designed to ensure the proactive identification, assessment and mitigation of risk. I am the Chairman of the Group Executive Risk and Assurance Committee (GRAC), which reports directly to Group Board and has overarching responsibility for risk management, including development and implementation of the NCA's assurance framework and risk management strategy; and development and implementation of the NCA's Single Oversight Framework. An important enabler to fulfilling this responsibility has been the development of purposeful interaction between the GRAC and the Group's Audit Committee. Audit Committee provides a key forum through which the Group's Non-Executive Directors bring independent judgement to bear on issues of risk management and performance. The constructive interface between Audit Committee and GRAC supports the effectiveness of the Group's systems of internal control.

The Chief Officers of each NCA Care Organisation are accountable to me as Chief Executive and have responsibility for the identification and mitigation of risks to the delivery of the Care Organisation Annual Business Plans. The Chief Officer of each Care Organisation chairs a Care Organisation Assurance and Risk Committee (COARC), which has the responsibility for providing leadership and oversight to ensure achievement of the Care Organisation's principal objectives through effective mitigation of risks and review of relevant assurance. The Salford Care Organisation has all the above arrangements in place.

The Risk Management Strategy is consistent with best practice and Department of Health & Social Care guidance. The strategy provides a clear, systematic approach to the management of risks associated with delivering services across the organisation at both strategic and operational level and serves as a guide to all staff. Risk management is supported by a central NCA Risk Management Team, a centralised Health and Safety Team with support from Health and Safety Advisors and an Associate Director of Governance in place within each Care Organisation, supported by Governance Managers at divisional level.

The NCA Risk Management Strategy has a key objective to standardise and develop Risk Management across the Alliance. The risk management databases used across the Northern Care Alliance Group are consolidated into a single database (previously one for Pennine Acute Hospital NHS Trust and another for Salford Royal NHS Foundation Trust), allowing risks to be shared and for NCA wider services to optimally manage risks and incidents. Risk management training is provided through the Datix training programme, available to all staff. Training for individual roles continues to be identified by managers and agreed with staff through personal development plans. Care Organisation governance teams also deliver localised risk management training for their services and for those who have requested additional support. In addition, a bespoke package has been developed by the central team, to deliver high level risk management training.

Risk Management training is delivered at staff inductions; including junior doctor inductions. The corporate induction programme ensures that all new staff are provided with details of the risk management systems and processes. This included the comprehensive induction of all junior doctors/nurses with regard to key policies, standards and practice prior to commencement in clinical areas. Mandatory training reflects essential training needs, and includes risk management processes such as fire safety, health and safety, manual handling, resuscitation, infection control, safeguarding patients, blood transfusion and information governance. Each of these processes are included within an e-learning programme which is mandated for staff to complete.

Root Cause Analysis (RCA) training is provided to staff members who will go on to become Investigating Officers (IO). Staff who undertaken RCA investigations are required to have completed the training before they undertaken an investigating officer role. RCA training is delivered by the Associate Directors of Governance at each of the Care Organisations.

As a learning organisation, the NCA has robust systems in place to ensure good practice is identified and shared via corporate and divisional governance systems and newsletters by using multiple mediums, learning from mortality reviews, complaints, incidents and claims. The Group Board receives assurances from the GRAC relating to the management of all serious untoward incidents, including Never Events. Learning from Experience and Patient Responsiveness Reports are also reported via GRAC to Group Board.

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Capacity to handle risk at Salford Royal was verified by the CQC inspection in August 2018 which stated “the trust had effective systems for identifying risks, planning to eliminate or reduce them, and coping with both the expected and unexpected.”

On 30 January 2020, the Director-General of WHO declared the 2019-nCoV outbreak a public health emergency of international concern under the International Health Regulations (IHR) (2005). As the NCA is a designated Category 1 responder, under the Civil Contingences Act 2004, it has a well-established Emergency Preparedness Resilience & Response Unit (EPRRU). A clear Command and Control Structure consisting of one Gold Command Team was established, supported by specialist sub groups and Care Organisation Silver Command Teams. I, as Chief Executive, chair the Gold Command and the Chief Officers of each Care Organisation chair each Silver Command. Speciality sub groups, whose membership included subject matter experts, are convened to review systems of work, national guidance and inform the Gold Command via the Gold Command meetings. The core Gold subgroups are each chaired by an Executive Director, comprising of Clinical Advisory Group, Critical Care, Workforce, Capacity Planning, Communications, Finance & Procurement and Business Intelligence & Digital. Gold Command and GRAC have established a purposeful risk management interaction, including effective system for the escalation of risk, to ensure the continued effectiveness of the NCA’s system of internal control for the duration of the major incident.

The risk and control framework

Risk management is a fundamental part of operational working and service delivery. It is the responsibility of all employees and requires commitment and collaboration from both clinical and non-clinical staff. The Group Board and the Management Boards of each of the component Care Organisations/Group Business Units (GBU's) maintain a Board Assurance Framework/Corporate Risk Register through which risk management activities are prioritised and managed.
The long-term sustainability of the organisation depends on the delivery of its Principal Objectives. Principal Risks to the delivery of the NCA/Care Organisation/GBU Principal Objectives and significant Operational Risks are identified, monitored and managed via committee led assurance and governance arrangements.

To ensure consistency, risks are systematically identified using a standardised approach. Identified risks are then analysed using a structured risk assessment which allows a risk profile score to be assigned, this determines the level the risk will be managed. Low scoring risks are managed by the department in which they are found, whilst higher scoring risks are managed at progressively higher levels within the organisation. Risk control measures are identified and implemented to reduce the potential for harm. The potential consequence and likelihood of the risk occurring are scored along with the effectiveness of existing control measures. It is the sum of these scores which determines the level in the organisation at which the risk is reported and monitored to ensure effective mitigation.
Risk management activities are managed as part of normal business and monitored via the Group Board Assurance Framework/Corporate Risk Register (BAF/CRR), Care Organisation Assurance Frameworks/Risk Registers and GBU Assurance Frameworks/Risk Registers. These arrangements ensure consistently designed Board Assurance Frameworks/Risk Registers, risk escalation and audit throughout the NCA.

The NCA does not accept risks that materially impact on patients and staff safety or compliance with regulatory requirements but has a higher risk appetite relating to pursuance of innovation and transformation objectives.

The NCA and Salford Care Organisation strive to reduce risk as far as possible; however, it is understood that delivering healthcare carries inherent risks that cannot be eradicated completely and, therefore, pursues assurance that controls continue to be operated for risks that cannot be reduced any further in line with the NCA risk appetite.

The Salford Care Organisation BAF/CRR inform the Group BAF/CRR, which is managed via GRAC.

The NCA's Assurance Framework is based on six key elements:

- Clearly defined principal objectives agreed with stakeholders together with clear lines of responsibility and accountability;
- Clearly defined principal risks to the achievement of these objectives together with assessment of their potential impact and likelihood;

- Key controls by which these risks can be managed, this includes involvement of stakeholders in agreeing controls where risks impact on them;
- Management and independent assurances that risks are being managed effectively;
- Board-level reports identifying that risks are being reasonably managed and objectives being met together with gaps in assurances and gaps in risk control;
- Board-level action plans which ensure the delivery of objectives, control of risk and improvements in assurances.

The Internal Audit Assurance Framework Review 2019/20 confirmed that 'the organisation's Assurance Framework is structured to meet the NHS requirements, is visibly used by the Board and clearly reflects the risks discussed by the Board.' Furthermore, the NCA's Single Oversight Framework (SOF) provides assurance on the delivery of each Care Organisation's annual plan objectives, as well as supporting quality and performance improvements

The five themes of the NCA's SOF reflect those of the NHS England/Improvement Framework:

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

To determine the extent of support required, the Group SOF segments Care Organisations, according to the scale of issues faced utilising an integrated reporting approach, this includes performance dashboards, board assurance frameworks, statements of assurance, annual plan reviews, well led reviews and CQC improvement plans.

The NCA has strong quality governance arrangements in place. The NCA Quality and Productivity Improvement Strategy, was approved in July 2019, providing clear and ambitious quality goals which are monitored via a quarterly Quality Improvement Dashboard and Quality Improvement Strategy Progress Report provided to the Group Board. At Care Organisation level, the Salford Care Organisation Quality and Patient Experience (QPE) Governance Committee, reporting directly to the COARC reviews a suite of quality metrics that tracks performance against key quality indicators.

The Foundation Trust is fully compliant with the registration requirements of the Care Quality Commission. In August 2018, Salford Royal was rated 'Outstanding' in its CQC Inspection. Improvement actions identified during the inspection were robustly managed via the SRFT CQC improvement plan. Salford Care Organisation tracked progress against this action plan via the Quality & People Experience Committee. With the majority of actions now concluded, the action plan has been replaced with a framework and schedule of reporting, to provide assurance and collation of evidence in relation to compliance with standards, clinical outcomes and comparative performance. From April 2019, an annual self-assessment was completed for each

service against the CQC key lines of enquiry. Outcomes and risks from the self-assessments are reported via the Care Organisation quality committees.

Salford Royal has a well-established Nursing Assessment and Accreditation system (NAAS) across all wards and community settings. The NAAS system measures the quality of nursing care delivered by individuals and teams, supporting a culture of continuous improvement. Backed by robust governance and accountability arrangements from Board to Ward, the NAAS ensures leaders are focused on the key risks to the delivery of excellent care.

In addition to the NAAS process, a comprehensive programme of 'mock' CQC inspections have been implemented across services that do not have a NAAS assessment undertaken. For Salford Royal throughout 2019/20, these included: Diagnostics and Pharmacy; Outpatients; and End of Life services. Outcomes and recommendations of the inspections are fed back to the service following which a comprehensive action improvement plan is developed. The NCA's Audit Committee receives details of all 'mock' CQC inspections and takes opportunity to discuss key findings with responsible officers.

Dedicated Data Quality Teams pro-actively manage data quality within 'source' systems and provide appropriate training and guidance to the Care Organisation and Corporate function teams. Independent assurance regarding data quality is provided by regular monitoring using the Comparative Health Knowledge System (CHKS) iCompare audit and benchmarking system and Secondary Users Service (SUS) Dashboards as well as independent external audits including the Data Security and Protection Toolkit self-assessment reviewed by internal audit and external auditors.

Risks to data quality were continuously assessed and monitored through the Information and Data Quality Assurance Group (IDQAG) and added to the Informatics risk registers. Risk is escalated to the Executive Strategic Finance & Information Committee and onward to GRAC where appropriate.

During 2019/20, the Group Board ensured on-going assessment of in-year and future risks. Major risks related to:

- achieving planned activity and income levels and/or expenditure levels
- developing and delivering an effective productivity improvement and cost reduction strategy
- capacity and demand planning to achieve compliance with national access standards
- implementation of the Contribution Framework 2.0
- workforce remodelling to deliver new models of care
- workforce resilience
- successfully delivering the Pennine Transaction
- estate strategy for future service developments and sufficient operational estates capacity
- Covid-19: Emergency planning, implementation and capacity to ensure the safety of staff and patients

The Group Board oversees the management of all major risks, which are actively addressed by GRAC. Key controls and assurances, and any identified gaps are continually reviewed and action plans developed and progressed accordingly. Outcomes are confirmed via this process and reported routinely to the Group Board, via the Group Board's Integrated Performance Dashboard. Audit Committee reviews the Board Assurance Framework/Corporate Risk Register and commissions additional reviews where appropriate.

A robust assessment cycle utilising the Well Led Framework for Governance is established. An NCA self-assessment was completed in 2018/19 and key developments were identified. GRAC and Audit Committee reviewed progress against these developments during 2019/20. Each Care Organisation completed a self-assessments against the Well Led Framework for Governance during 2019/20 and 'Areas of Strength' and 'Key Developments' were reported to GRAC and Audit Committee, alongside confirmation that all identified actions from 2018/19 had been progressed and or/completed.

An assessment of compliance with the NHS provider condition 4 has been completed confirming that no material risks had been identified during 2019/20 and that effective systems and processes are in place to maintain and monitor the following conditions:

- The effectiveness of governance structures
- The responsibilities of directors and subcommittees
- Reporting lines and accountabilities between the board, its subcommittees and the executive team;
- The submission of timely and accurate information to assess risks to compliance with the trust's licence; and
- The degree and rigour of oversight the board has over the trust's performance.

These conditions are detailed within the Corporate Governance Statement, the validity of which is assured via the Audit Committee.

Risk management is embedded in the activity of the organisation. Care Organisations proactively identify risks through a programme of risk assessment which are recorded on the Care Organisations' risk registers. Care Organisations also retrospectively identify risk through adverse incident reporting, receipt and response to complaints and claims, patient and staff surveys and feedback, and concerns raised by the coroner.

Due to the devolved nature of risk management including the management and compliance of incident reporting and investigation at a local level, quality and quantity of incident reporting continues to improve and develop. The NCA and each Care Organisation advocates a transparent reporting culture, combined with a fair blame culture which encourages openness and transparency.

During 2019/20, improvements continued to be made in incident management. Completion rates for incident investigations improved, incident reporting increased, serious incidents were managed ahead of the national 60 day

deadline (NCA operate a 45 working day deadline) to enable faster facilitation of Duty of Candour. Serious Incident Duty of Candour continued to be 100% for the Salford Care Organisation throughout 2019/20. Learning from incidents remained a top priority for the NCA, evidenced within the Take 5 learning environment and the continued development of a Patient Care Alert process to share and action incident learning and intelligence across all Care Organisations.

Learning and risks identified from mortality reviews are shared at Care Organisation Mortality Oversight Groups across the NCA along with national standardised mortality alerts where local actions are agreed and a bespoke mortality quality improvement strategy implemented. During 2019/20 improvements have been made in Structure Judgement Reviews (SJR) completion rates and standardised mortality alerts from national benchmarks (HSMR and SHMI) now inform SJR audit reviews. Local actions led by clinicians and governance teams to address emerging themes and improve clinical care service delivery for patients remain a top priority and the NCA is committed to learning from mortality reviews. Engagement with local NHS partners and other stakeholders to plan how morbidity can be reduced for vulnerable patient groups has been a key milestone for 2019/20.

The NCA has in place risk share arrangements with its partners and public stakeholders to ensure that risks which impact across the system are managed appropriately. In addition to this, the serious incident investigation process ensures that those who are affected are engaged. The Salford Care Organisation has regular collective meetings with Salford Clinical Commissioning Group, which ensures there are opportunities for public oversight of investigation processes and that learning takes place.

The Executive People Committee has responsibility for ensuring appropriate workforce strategies and staffing systems are in place and implemented to ensure staffing processes are safe, sustainable, effective and compliant with the 'Developing Workforce Safeguards' recommendations. The Executive People Committee reports progress in managing any significant risk to the delivery of these objectives directly to GRAC.

Staffing establishments are reviewed annually as part of the budget setting process and revised in-year as a consequence of business planning. Trendcare is in use at Salford Care Organisation to support establishment setting for nursing staff whilst professional judgement is used for other staff groups. E-rostering is in place for nursing and is now being implemented for medical staff. Job plans for medical staff are reviewed and validated through a scrutiny committee led by the Medical Director. Workforce forecasts are determined in conjunction with workforce, finance and service mangers. Staffing levels, plans, workforce risks and issues are regularly reviewed at the Executive People Committee and Salford Care Organisation People Committee.

The foundation trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the trust with reference to the guidance) within the past twelve months as required by the Managing Conflicts of Interest in the NHS[22] guidance.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations. Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

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

Review of economy, efficiency and effectiveness of the use of resources
The financial plan for 2019/20 was approved by the Group Board and the Salford Royal Board of Directors. It was subsequently submitted to NHS England/Improvement. The plan, including forward projections, is monitored on a monthly basis by the Executive Strategic Finance & Information Committee and Salford Care Organisation Finance, Information and Capital Governance Committee. Salford Care Organisation provides a monthly Statement of Assurance to GRAC which confirms the sufficiency of plans for the effective use of resources. Key performance indicators and financial sustainability metrics are also reviewed monthly by the Group Board.

The NCA's resources are managed within the framework set by the Group Governance Framework Manual, which includes Standing Financial Instructions. Financial governance arrangements are supported by internal and external audit to ensure economic, efficient and effective use of resources and monitored through Audit Committee.

Information governance
Information governance and security risks are managed as part of the NCA's risk management processes described above and assessed using the new Data Security & Protection Toolkit (DSPT) which has replaced the Information Governance Toolkit. The digital risk register includes all current information risks, with risks reviewed by the respective teams and exception reports and emerging serious risks reported to the Executive Digital Health Enterprise Committee, which in turn reports to GRAC. In line with national requirements, digital incidents are assessed using the DSPT assessment criteria and reported through to the Department of Health via the DSPT Incident Reporting Tool.

During 2019/20, there were two incidents formally reported by the organisation to the Information Commissioners Office (ICO). These incidents related to:

- Staff member making inappropriate video of patient
- Unsecure disclosure of personal information by email

No formal action was taken against the Trust by the Information Commissioner's Office. Recommendations from the ICO are being implemented and progress is monitored by the Information Governance Steering Group.

The Trust's Executive Digital Health Enterprise Committee continues to monitor Trust compliance with UK data protection legislation, specifically the General Data Protection Regulation. The Trust continues to progress towards further compliance the Data Security and Protection Training requirement and the comprehensive identification and risk assessment of information data flows. The Trust has also regularly updated its Privacy Notice to include new data processing initiatives.

Data Quality and Governance

Integrated performance dashboards and Quality Improvement dashboards are regularly reviewed through the year by the Group Board and Executive committees. The dashboards incorporate key metrics, leading and signal metrics and a qualitative narrative highlighting variation for a selection of topics, for example Urgent Care, Planned Care, Cancer, Maternity and Paediatric services, Social Care, Quality and Safety, Performance against National and Regulatory requirements and a selection of metrics covering workforce. Statistical Process Control (SPC) charts are included to show performance forecasts and trends. Triangulated information informs Group Board and Executive level committee discussion and ensures relevant action is taken and progressed to improve performance.

The dashboards are supported by a subset of detailed reports, which are both qualitative and quantitative. Validation of data and information is undertaken at Care Organisation and / or Corporate function level. Assurance of coded data is provided by a robust internal clinical coding audit programme, which provides both support to staff for continued development and assurance over the quality of the data.

Current elective access functions across Group are centralised under one management structure. A Group Elective Access Policy is in place. An NCA Planned Care Process Improvement Plan is also in place to ensure data quality and accuracy of elective access waiting times were managed and monitored across Group.

Review of effectiveness

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

The NCA's Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. Internal Audit provides me with an opinion about the effectiveness of the assurance framework and the internal controls reviewed as part of the internal audit plan. The Head of Internal Audit opinion for

2019/20 gave substantial assurance on the system of internal control in place during the year. Work undertaken by internal audit is reviewed as relevant by the Assurance Framework's Committees and the Audit Committee. Where internal audit issued a limited assurance report the relevant senior leader attends Audit Committee to discuss the report and actions taken. The Audit Committee reviews the Clinical Audit Programme in-year, including significant areas of risk resulting from clinical audit activity. The Board Assurance Framework/Corporate Risk Register is presented to the GRAC on a quarterly basis and all significant risks are detailed within the monthly Group Integrated Performance Dashboard presented to the Group Board. This provides me and the Group Board with evidence of the effectiveness of controls in place to manage risks to achieve the organisations principal objectives.

My review is also informed by External Audit opinion, inspections carried out by the Care Quality Commission and other external inspections, accreditations and reviews.

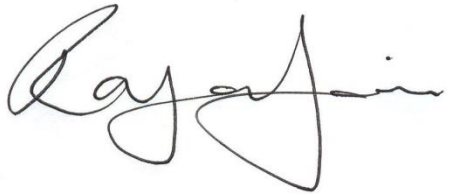
The processes outlined below are well established and ensure the effectiveness of the systems of internal control through:

- GRAC review of the NCA BAF/CRR, including review of Care Organisation BAF/CRR;
- Group Board oversight of all significant risks;
- Audit Committee scrutiny of controls in place;
- Review of serious untoward incidents and learning by the Assurance Framework committees, including those for risk management and clinical effectiveness;
- Internal audits of effectiveness of systems of internal control.

Conclusion

This Annual Governance Statement requires me to consider whether there are any significant internal control issues facing the organisation. The systems described throughout this Annual Governance Statement, including the emergency preparedness resilience & response arrangements to manage the current public health emergency, and internal and external reviews, audits and inspections, provide sufficient evidence to state that no significant internal control issues have been identified and that these control systems are fit for purpose.

Signed



Raj Jain
Chief Executive

Date: 25 June 2020

Independent Auditor's Report

Independent auditor's report to the Council of Governors of Salford Royal NHS Foundation Trust

Report on the Audit of the Financial Statements

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Salford Royal NHS Foundation Trust (the 'Trust') and its subsidiary (the 'group') for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, the Statements of Financial Position, the Statements of Changes in Equity, the Statements 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 Accounts Directions issued under the National Service Act 2006, the NHS foundation trust annual reporting manual 2019/20 and the Department of Health and Social Care Group Accounting Manual 2019 to 2020.

In our opinion the financial statements:

- give a true and fair view of the financial position of the group and of the Trust as at 31 March 2020 and of the group's expenditure and income and the Trust's expenditure and income for the year then ended;
- 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 2019 to 2020; 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 group and 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Accounting Officer and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Trust's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Trust's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an entity associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Accounting Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Accounting Officer's conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2019 to 2020 that the Trust's financial statements shall be prepared on a going concern basis, we considered the risks associated with the group and Trust's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Trust's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

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

Grant Thornton

Overview of our audit approach

Financial statements audit

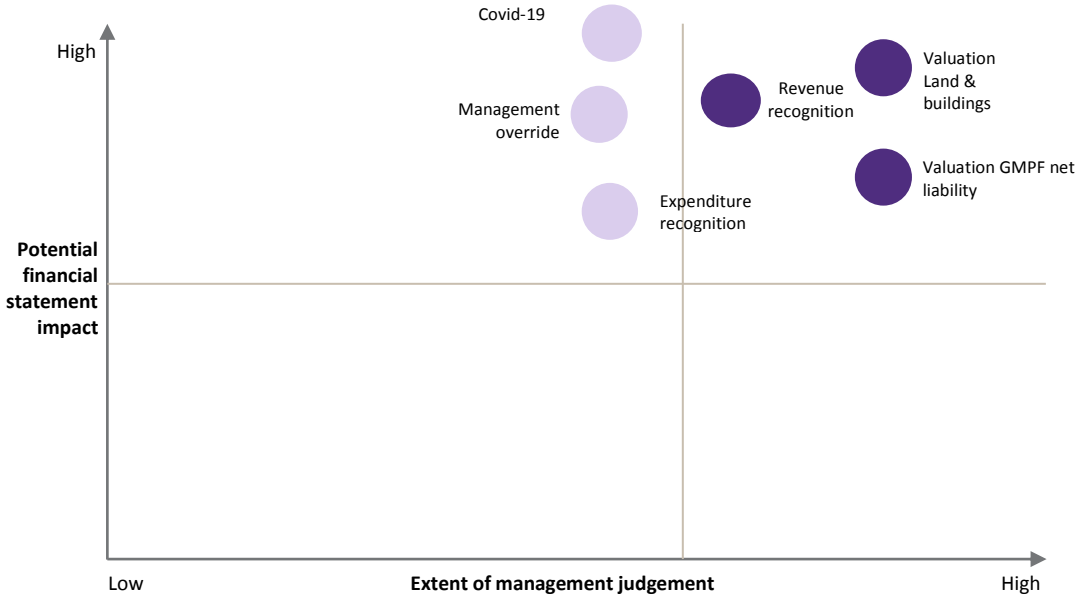
- Overall materiality: £10,355,000, which represents 1.24% of the group's gross operating costs (consisting of operating expenses and finance expenses);
- Key audit matters were identified as:
  - Valuation of land and buildings
  - Valuation of Greater Manchester Pension Fund (GMPF) net liability
  - Revenue recognition
- The group consists of two components – the Salford Royal NHS Foundation Trust and the Salford Royal NHS Foundation Trust General Charitable Fund (the Charity);
- We performed a full scope audit of Salford Royal NHS Foundation Trust and analytical procedures on the Charity.

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

- We identified two significant risks in respect of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources (see Report on other legal and regulatory requirements section).

Key audit matters

The graph below depicts the financial statement audit risks identified and their relative significance based on the extent of the financial statement impact and the extent of management judgement.



Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter – Trust	How the matter was addressed in the audit – Trust
Risk 1 Valuation of land and buildings The Trust holds a significant amount of land and buildings. Management update these revaluations on an annual basis to ensure the carrying value is not materially different from its current value in use at the year end date. Management have determined, in valuing the Trust's estate, that the main hospital site, if needed to be replaced, would be rebuilt to modern conditions on an alternative site. The valuation of land and buildings represents a significant accounting estimate which is sensitive to changes in assumptions and market conditions. These valuations represent significant estimates by management in the financial statements. Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS), to estimate the current value of its land and buildings. The last full valuation was as at 31 March 2020. The effects of the COVID-19 virus will affect the work carried out by the Trust's valuer in a variety of ways. Inspecting properties could prove difficult and access to evidential data, such as values of comparable assets may be less freely available. RICS Regulated Members have therefore been considering whether a material uncertainty declaration is now appropriate in their reports. Its purpose is to ensure that any client relying upon the valuation report understands that it has been prepared under extraordinary circumstances. In their 2019/20 valuation report the Trust's valuer, the District Valuation Service included a material uncertainty	Our audit work included, but was not restricted to: • Evaluating management's assessment of the valuation of land and buildings and gaining an understanding of the valuation process, including the key controls and assumptions used by management; • Critically assessing how key assumptions, such as the location of alternative site, VAT recognition and the useful economic lives of the assets are determined by the Trust; • Evaluating the competence, capabilities and objectivity of management's valuation expert; • Challenging the information used by the valuer to assess its completeness and consistency with our understanding; • Engaging our own valuer to assess the instructions issued to the Trust's valuer by management, the valuer's report and the assumptions that underpin the valuation; and • Testing, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Trust's asset register and financial statements. The Trust's accounting policy on valuation of land and buildings is included in notes 1.4.2, and 1.10 to the financial statements and related disclosures are included in note 17.

Key Audit Matter – Trust	How the matter was addressed in the audit – Trust
and this was disclosed in note 1.4.2 to the financial statements. We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.	As, disclosed in note 1.4.2 to the financial statements, in applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has declared a material valuation uncertainty' in their valuation report This is on the basis of uncertainties in the markets caused by Covid-19. The valuation exercise was carried out in February 2020 with a valuation date of 31 March 2020. The values in the valuation report have been used to inform the measurement of property assets at valuation in the financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and management believes this remains the best information available to the Trust. The Trust has disclosed the estimation uncertainty related to the year-end valuations of land and buildings in note 1.4.2 to the financial statements and is planning to keep the valuation of the property under frequent review in 2020/21. The Trust's valuer prepared their valuations in accordance with the RICS Valuation – Global Standards using the information that was available to them at the valuation date in deriving their estimates. Key observations We obtained sufficient audit assurance to conclude that: • the basis of the valuation of land and buildings was appropriate; • the assumptions and processes used by management in determining the estimate of valuation of property were reasonable; • the valuation of land and buildings disclosed in the financial statements is reasonable.
Risk 2 Valuation of Greater Manchester Pension Fund (GMPF) net liability Following the creation of the Integrated Care Organisation (ICO) a number of social care staff who were members of the Greater Manchester Pension Fund (GMPF) transferred from Salford City Council (the Council) to the Trust. The Trust became an admitted member of GMPF, a defined benefit pension scheme. The Council agreed to remain liable for any historic pension fund deficit relating to the staff transferred. The Trust is required to account for its defined benefit net liability relating to this pension scheme where its share of the underlying assets and liabilities are identifiable. The Trust has therefore engaged Hymans Robertson to provide a valuation as at 31 March 2020. The value of this net liability at £13.877,000 and the associated transactions is material; the unusual nature of the scheme (for a Trust) and the requirement for re-imbursement from the Council creates a risk that the transactions and balances will be incorrectly accounted for. We therefore identified the pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • Updating our understanding of the agreement between the Trust and the Council; • Gaining an understanding of the processes and controls put in place by management to ensure that the Trust's pension fund net liability was not materially misstated and evaluating the design of the associated controls; • Evaluating the Trust's accounting policy for accounting for the Trust's membership of the GMPF for appropriateness and compliance with the Department of Health and Social Care (DHSC) Group Accounting Manual 2019/20; • Testing the Trust membership information provided by GMPF to the scheme actuary to the underlying records; • Testing the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and • Engaging with the auditors of GMPF to gain assurance on their procedures and controls and triennial revaluation.

Key Audit Matter – Trust	How the matter was addressed in the audit – Trust
	The Trust's accounting policy on the valuation of the pension fund net liability is shown in note 1.8.2 to the financial statements and related disclosures are included in notes 26 and 32. Key observations We obtained sufficient audit assurance to conclude that: • The basis of the valuation of the net pension fund liability was appropriate and the assumptions and processes used by management in determining the estimate were reasonable; and • The valuation of the pension fund net liability disclosed in the financial statements is reasonable.
Risk 3 Revenue recognition Trusts are facing significant external pressure to restrain budget overspends and meet externally set financial targets, coupled with increasing patient demand and cost pressures. The Trust's significant income streams are operating income from patient care activities and other operating income. All the Trust's income from activities is derived from contracts with NHS commissioners. These contracts include the rates for, and level of, patient care activity to be undertaken by the Trust. The Trust recognises income from activities during the year based on the completion of these activities. This includes a block contract, which is agreed in advance at a fixed price, and patient care income from contract variations. Any patient care activities that are additional to those incorporated in these block contracts with commissioners (contract variations) are subject to verification and agreement by commissioners. As such, there is the risk that income is recognised in the accounts for these additional services that is not subsequently agreed to by the commissioners. Due to the nature of block contracts we have not identified a significant risk of material misstatement in relation to block contracts. 8% of the Trust's income is recorded as other operating income (excluding income from education & training, Provider Sustainability Funding (PSF), Financial Recovery Fund (FRF) and Marginal Rate Efficiency Tariff (MRET) income streams). The risk around other operating revenues is related to the improper recognition of revenues. Education and training income is principally derived from contracts that are agreed in advance at a fixed price. PSF, FRF and MRET income streams are agreed by NHS Improvement (NHSI). We have not identified a significant risk of material misstatement in relation to these elements of other operating income. We therefore identified the occurrence and accuracy of income, other than from block contracts, PSF, FSF and MRET, and the existence of associated receivables balances as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • Evaluating the Trust's accounting policy for recognition of income from patient care activities and other operating income for compliance with the DHSC Group Accounting Manual 2019/20; and • Updating our understanding of the Trust's system for accounting for income from patient care and other operating income and evaluating the design of the associated controls. The Trust's accounting policy on revenue recognition is shown in note 1.7 to the financial statements and related disclosures are included in note 3. Key observations We obtained sufficient audit assurance to conclude that: • The Trust's accounting policies for recognition of income comply with the DHSC Group Accounting Manual 2019/20 and have been properly applied; and • Operating income from patient care activities and other operating income are not materially misstated.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use

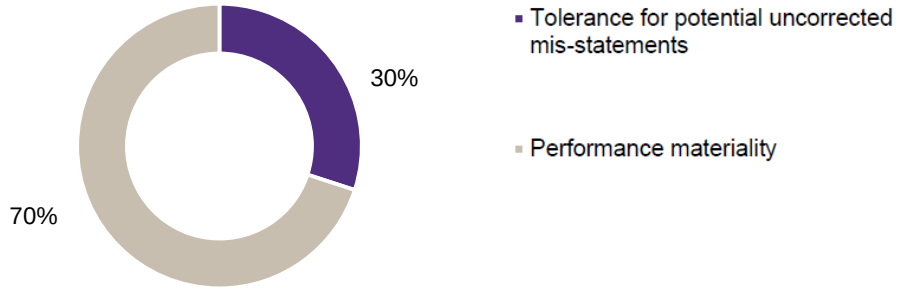
materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality Measure	Group	Trust
Financial statements as a whole	£ 10,355,000 which is 1.24% of the group's gross operating costs. This benchmark is considered the most appropriate because we consider users of the financial statements to be most interested in how the group has expended its revenue and other funding. Materiality for the current year is lower than the level we determined for the year ended 31 March 2019 to reflect the increased complexity and regulatory focus on external auditors.	£ 10,148,000 which is 1.23% of the Trust's gross operating costs. This benchmark is considered the most appropriate because we consider users of the financial statements to be most interested in how the Trust has expended its revenue and other funding. Materiality for the current year is lower than the level we determined for the year ended 31 March 2019 to reflect the increased complexity and regulatory focus on external auditors.
Performance materiality used to drive the extent of our testing	70% of financial statement materiality.	70% of financial statement materiality
Specific materiality		Disclosures of senior manager remuneration in the Remuneration Report: £5,000 based on enhanced public interest in this disclosure.
Communication of misstatements to the Audit Committee	£300,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£300,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Overall materiality – Group and Trust

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group's business, its environment and risk profile and in particular included:

- Gaining an understanding of and evaluating the group's internal control environment including its financial and IT systems and controls;
- Evaluation by the group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality and significance as a percentage of the group's gross costs based on qualitative factors, such as specific use or concerns over specific components;
- Full scope audit procedures on Salford Royal NHS Foundation Trust. The Trust's transactions represent over 99% of the group's income and expenditure and over 96% of its total net assets;

- Performing analytical procedures on Salford Royal NHS Foundation Trust General Charitable Fund which represents less than 1% of the group's income and expenditure and less than 4% of the group's total assets.

Other information

The Accounting Officer is 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.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 90 in accordance with provision C.1.1 of the NHS Foundation Trust Code of Governance – the statement given by the directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for patients, regulators and other stakeholders to assess the group and Trust's performance, business model and strategy, is materially inconsistent with our knowledge of the Trust obtained in the audit; or
- Audit Committee reporting set out on page 86 in accordance with provision C.3.9 of the NHS Foundation Trust Code of Governance – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

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 meet the disclosure requirements set out in the NHS foundation trust annual reporting manual 2019/20 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.

Our opinion on other matters required by the Code of Audit Practice is unmodified

In our opinion:

- the parts of the Remuneration Report and the 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 NHS foundation trust annual reporting manual 2019/20 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 Schedule 10 (3) of the National Health Service Act 2006 in the course of, or at the conclusion of the audit; or
- we refer a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or a director or officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of expenditure that was unlawful, 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**.**

We have nothing to report in respect of the above matters.

Responsibilities of the Accounting Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of the Chief Executive's responsibilities as the accounting officer set out on pages 94 to 95, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions included in the NHS foundation trust annual reporting manual 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines 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 Accounting Officer is responsible for assessing the group's and the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer has been informed by the relevant national body of the intention to dissolve the Trust and the group without the transfer of the Trust's services to another public sector entity.

The 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

Matter on which we are required to report by exception - Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020**.**

We have nothing to report in respect of the above matter.

Significant risks

Under the Code of Audit Practice, we are required to report on how our work addressed the significant risks we identified in forming our conclusion on the adequacy of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. Significant risks are those risks that in our view had the potential to cause us to reach an inappropriate conclusion on the audited body's arrangements. The table below sets out the

significant risks we have identified. These significant risks were addressed in the context of our conclusion on the Trust's arrangements as a whole, and in forming our conclusion thereon, and we do not provide a separate opinion on these risks.

Significant risks	How the matter was addressed in the audit
Risk 1 Financial sustainability The Trust has historically achieved a strong financial position in the context of overall NHS providers, with the Trust agreeing a financial plan for 2019/20 with NHS Improvement (NHSI) to deliver a year end deficit of £12.226 million after Provider Sustainability Funding and Financial Recovery Funding, which has been agreed as a control total. The Trust's financial performance for the first eight months of the year when we undertook our risk assessment was in line with the plan, but there remained a number of Better Care at Lower Cost (BCLC) efficiency projects to deliver by the end of the year in order to meet the agreed control total. Also systemic financial pressures exist which combine to represent a significant VFM conclusion risk under the Sustainable Resource Deployment NAO sub-criteria.	Our audit work included, but was not restricted to: • Evaluating monthly performance reports submitted to Committees in Common meetings to monitor the Trust's periodic and overall performance; • Evaluating financial forecasts; • Assessing the Trust's overall arrangements for achievement of its 2019/20 control total; • Assessing the Trust's delivery of its 2019/20 Cost Improvement Plans (CIPs); and • Assessing the Trust's response to the financial pressures arising from the Covid-19 pandemic. **Key findings** The Trust has: • Reported a deficit of £3.66 million in 2019/20 on the Statement of Comprehensive Income, after receipt of £21.4 million of Provider Sustainability Funding, Financial Recovery Funding and Marginal Rate Efficiency Tariff. The outturn was better than the plan and reflected careful financial management to contain the pressures of Covid-19 in Month 12; and • Delivered £17.1 million of BCLC savings and efficiency schemes compared to a target of £16.2 million in 2019/20.
Risk 2 Management of the transaction to take over part of Pennine Acute Hospitals NHS Trust Plans have progressed with the Transaction, and the current expectation is that Salford Royal will acquire the Royal Oldham Hospital, Rochdale Infirmary and Fairfield General Hospitals from The Pennine Acute Hospitals NHS Trust (PAHT) on 1 October 2020. This represents a significant transaction and requires cooperation with multiple stakeholders, including PAHT, NHS Improvement (NHSI), and Manchester University NHS Foundation Trust (MFT). These factors combine to represent a significant VFM conclusion risk under the NAO sub-criteria of Working with partners and other third parties.	Our audit work included, but was not restricted to: • Discussions with senior management about the joint working with partners to achieve the transaction and the challenges that needed to be addressed, including Covid-19 implications in month 12; and • Reviewing the plans and arrangement in place during 2019/20 including the Business Case and Post Transaction Implementation Plan (PTIP). **Key findings** • The transaction is being carried out transparently and jointly between the Trust and partners; • Oversight is provided by a Transaction Board comprising the Trust, NHSI, MFT and PAHT; • An Acquisition Committee reports internally to SRFT Board and is progressing with the Full Business Case and PTIP; • There has been some slippage in approving the financial sections of the Full Business Case, in part due to the pressures of Covid-19; and • The Trust is on track to acquire the Royal Oldham Hospital, Rochdale Infirmary and Fairfield General Hospitals from PAHT no later than 1 April 2020.

Responsibilities of the Accounting Officer

The Accounting 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 paragraph 1 of Schedule 10 of the National Health Service Act 2006 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 April 2020, 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 2020, 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 Salford Royal NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

Use of our report

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors 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 Council of Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Heap

Mark Heap, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Manchester
10 July 2020

Annual Accounts for the period 1 April 2019 to 31 March 2020

Salford Royal NHS Foundation Trust

Annual accounts for the year ended 31 March 2020

Foreword to the accounts

Salford Royal NHS Foundation Trust

These accounts, for the year ended 31 March 2020, have been prepared by Salford Royal NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Signed .

Name **Raj Jain**
Job title **Chief Executive**
Date **25 June 2020**

Consolidated Statement of Comprehensive Income

		Group		
		2019/20	2018/19 Restated*	2018/19 Previously Reported
	Note	£000	£000	£000
Operating income from patient care activities	3	716,149	663,638	663,638
Other operating income	4	111,616	107,292	107,304
Operating expenses	7, 9	(824,666)	(753,412)	(753,342)
Operating surplus/(deficit) from continuing operations		**3,099**	**17,517**	**17,600**
Finance income	12	751	616	616
Finance expenses	13	(7,620)	(7,857)	(7,857)
PDC dividends payable		(381)	(463)	(463)
Net finance costs		**(7,250)**	**(7,704)**	**(7,704)**
Other gains / (losses)	14	11	43	43
Gains / (losses) arising from transfers by absorption	39	476	-	
Surplus / (deficit) for the year from continuing operations		**(3,664)**	**9,856**	**9,939**
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations	16	-	-	
Surplus / (deficit) for the year		**(3,664)**	**9,856**	**9,939**
Other comprehensive income				
Will not be reclassified to income and expenditure:				
Revaluations	19	6,156	(5,570)	(5,570)
Remeasurements of the net defined benefit pension scheme liability / asset	32	7,214	(4,480)	(4,480)
Other reserve movements		-	-	-
May be reclassified to income and expenditure when certain conditions are met:				
Fair value gains/(losses) on financial assets mandated at fair value through OCI	20	(314)	195	195
Total comprehensive income / (expense) for the period		**9,392**	**1**	**84**
Surplus/ (deficit) for the period attributable to:				
Salford Royal NHS Foundation Trust		(3,664)	9,856	9,939
TOTAL		**(3,664)**	**9,856**	**9,939**
Total comprehensive income/ (expense) for the period attributable to:				
Salford Royal NHS Foundation Trust		9,392	1	84
TOTAL		**9,392**	**1**	**84**

Note to the Statement of Comprehensive Income

Adjusted financial performance (control total basis):			
Surplus / (deficit) for the period	(3,664)	9,856	9,939
Remove impact of consolidating NHS charitable fund	(544)	66	-17
Remove net impairments not scoring to the Departmental expenditure limit	2,514	2,904	2,904
Remove (gains) / losses on transfers by absorption	(476)	-	
Remove I&E impact of capital grants and donations	120	157	
Remove non-cash element of on-SoFP pension costs	2,775	2,974	2,974
Remove 2018/19 post audit PSF reallocation (2019/20 only)	(674)	-	
Adjusted financial performance surplus / (deficit)	**51**	**15,957**	**15,800**

* The previously reported Group consolidated accounts included unaudited Charity accounts. The restated figures have subsequently been amended for changes in the audited Charity accounts, details of which are included in Note 1a.

The Group results including the Trust and Charitable Fund are from continuing operations and the results are wholly attributable to the parent organisation, Salford Royal NHS Foundation Trust.

The Trust is corporate trustee of the Salford Royal NHS Charitable Fund and has control over and benefits from the Charity which makes the Charitable Fund a subsidiary of the Trust. As such, the financial results for the Charity for the year ended have been consolidated into the Trust's financial statements for the same period. A summary statement of the Charity's statement of financial activities and statement of financial position are provided on page i)a and i)b.

The accounting policies and notes on the following pages form part of these accounts. The totals in the notes show the detail of the consolidated group position including both the Foundation Trust and the Charity financial results. The notes for the Trust are only shown if materially different to those for the group.

Statements of Financial Position

	Note	Group 31 March 2020	Group 31 March 2019 Restated*	Group 31 March 2019 Previously Reported	Trust 31 March 2020	Trust 31 March 2019
Non-current assets		**£000**	**£000**	**£000**	**£000**	**£000**
Intangible assets	17	11,955	8,460	8,460	11,955	8,460
Property, plant and equipment	18	240,867	224,748	224,749	240,867	224,748
Other investments / financial assets	20	4,149	4,488	4,488	-	-
Receivables	23	5,566	4,455	4,455	5,566	4,455
Total non-current assets		**262,537**	**242,151**	**242,152**	**258,388**	**237,663**
Current assets						
Inventories	22	5,687	4,729	4,729	5,687	4,729
Receivables	23	86,745	76,242	76,277	87,306	76,650
Cash and cash equivalents	24	83,640	80,302	80,302	81,855	79,190
Total current assets		**176,072**	**161,273**	**161,308**	**174,847**	**160,569**
Current liabilities						
Trade and other payables	25	(138,338)	(120,081)	(120,033)	(138,332)	(120,027)
Borrowings	27	(4,424)	(4,051)	(4,051)	(4,424)	(4,051)
Provisions	29	(18,025)	(14,333)	(14,333)	(18,025)	(14,333)
Other liabilities	26	(7,961)	(9,410)	(9,410)	(7,961)	(9,410)
Total current liabilities		**(168,748)**	**(147,875)**	**(147,827)**	**(168,742)**	**(147,821)**
Total assets less current liabilities		**269,862**	**255,549**	**255,633**	**264,494**	**250,411**
Non-current liabilities						
Trade and other payables	25	-	(60)	(60)	-	(60)
Borrowings	27	(97,513)	(101,929)	(101,929)	(97,513)	(101,929)
Provisions	29	(7,009)	(5,060)	(5,060)	(7,009)	(5,060)
Other liabilities	26	(17,274)	(19,983)	(19,983)	(17,274)	(19,983)
Total non-current liabilities		**(121,796)**	**(127,031)**	**(127,031)**	**(121,796)**	**(127,031)**
Total assets employed		**148,065**	**128,518**	**128,602**	**142,697**	**123,380**
Financed by						
Public dividend capital		135,900	125,745	125,745	135,900	125,745
Revaluation reserve		49,735	43,579	43,579	49,735	43,579
Income and expenditure reserve		(42,938)	(45,943)	(45,943)	(42,938)	(45,943)
Charitable fund reserves	21	5,368	5,138	5,221	-	-
Total taxpayers' equity		**148,065**	**128,518**	**128,602**	**142,697**	**123,381**

The notes on pages 122 to 182 form part of these accounts.

* The previously reported Group consolidated accounts included unaudited Charity accounts. The restated figures have subsequently been amended for changes in the audited Charity accounts, details of which are included in Note 1a.

The accounting policies and financial statements were approved by the Audit Committee with delegated authority from the Board of Directors on 25th June 2020 and signed on behalf of the Board of Directors by:

Name : Raj Jain
Position : Chief Executive
Date **25 June 2020**

Statements of Changes in Equity

Group and Trust	Public dividend capital £000	Revaluation reserve £000	Financial assets reserve £000	Other reserves £000	Merger reserve £000	Income and expenditure reserve £000	Foundation Trust Total £000	Charitable fund reserves £000	Group Total £000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**125,745**	**43,579**	**-**	**-**	**-**	**(45,943)**	**123,381**	**5,138**	**128,518**
Surplus/(deficit) for the year	-	-	-	-	-	(4,358)	**(4,358)**	694	**(3,664)**
Revaluations	-	6,156	-	-	-	-	**6,156**	-	**6,156**
Fair value gains/(losses) on financial assets mandated at fair value through OCI	-	-	-	-	-	-	**-**	(314)	**(314)**
Remeasurements of the defined net benefit pension scheme liability/asset	-	-	-	-	-	7,214	**7,214**	-	**7,214**
Public dividend capital received	10,155	-	-	-	-	-	**10,155**	-	**10,155**
Other reserve movements	-	-	-	-	-	150	**150**	(150)	**-**
Taxpayers' and others' equity at 31 March 2020	**135,900**	**49,735**	**-**	**-**	**-**	**(42,938)**	**142,697**	**5,368**	**148,065**

Group and Trust	Public dividend capital £000	Revaluation reserve £000	Financial assets reserve £000	Other reserves £000	Merger reserve £000	Income and expenditure reserve £000	Foundation Trust Total £000	Charitable fund reserves £000	Total £000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**124,573**	**49,149**	**-**	**-**	**-**	**(51,385)**	**122,337**	**5,009**	**127,345**
Surplus/(deficit) for the year	**-**	**-**	**-**	**-**	**-**	**9,852**	**9,852**	**4**	**9,856**
Revaluations	-	(5,570)	-	-	-	-	**(5,570)**	-	**(5,570)**
Fair value gains/(losses) on financial assets mandated at fair value through OCI	-	-	-	-	-	-	**-**	195	**195**
Remeasurements of the defined net benefit pension scheme liability/asset	-	-	-	-	-	(4,480)	**(4,480)**	-	**(4,480)**
Public dividend capital received	1,172	-	-	-	-	-	**1,172**	-	**1,172**
Other reserve movements	-	-	-	-	-	70	**70**	(70)	**-**
Taxpayers' and others' equity at 31 March 2019	**125,745**	**43,579**	**-**	**-**	**-**	**(45,943)**	**1,044**	**5,138**	**128,518**

Information on reserves

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

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

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

Charitable funds reserve
This reserve comprises the ring-fenced funds held by the NHS charitable funds consolidated within these financial statements. These reserves are classified as restricted or unrestricted; a breakdown is provided in note 21

Statements of Cash Flows

		Group			Trust	
	Note	2019/20	2018/19 Restated*	2018/19 Previously Reported	2019/20	2018/19
Cash flows from operating activities		**£000**	**£000**	**£000**	**£000**	**£000**
Operating surplus / (deficit)		3,099	17,517	17,600	2,660	17,714
Non-cash income and expense:						
Depreciation and amortisation	7.1	12,749	10,979	10,979	12,749	10,979
Net impairments	8	2,514	2,904	2,904	2,514	2,904
Income recognised in respect of capital donations	4	0	-		0	-
Non-cash movements in on-SoFP pension liability		2,775	2,974	2,974	2,775	2,974
(Increase) / decrease in receivables and other assets		(11,730)	6,842	6,842	(11,697)	6,810
(Increase) / decrease in inventories		(957)	(736)	(736)	(957)	(736)
Increase / (decrease) in payables and other liabilities		20,470	7,654	7,654	20,250	7,835
Increase / (decrease) in provisions		5,623	5,807	5,807	5,623	5,807
Movements in charitable fund working capital		(35)	143	60	(35)	59
Other movements in operating cash flows		(58)	-	-	-	-
Net cash flows from / (used in) operating activities		**34,450**	**54,085**	**54,084**	**33,883**	**54,347**
Cash flows from investing activities						
Interest received		645	485	485	645	485
Purchase of intangible assets		(7,244)	(5,940)	(5,940)	(7,244)	(5,940)
Purchase of PPE and investment property		(22,865)	(12,017)	(12,017)	(22,865)	(12,017)
Sales of PPE and investment property		11	43	43	11	43
Net cash flows from charitable fund investing activities		26	130	130	-	-
Net cash flows from / (used in) investing activities		**(29,427)**	**(17,299)**	**(17,299)**	**(29,453)**	**(17,429)**
Cash flows from financing activities						
Public dividend capital received		10,155	1,172	1,172	10,155	1,172
Movement on loans from DHSC		(512)	(512)	(512)	(512)	(512)
Capital element of PFI, LIFT and other service concession payments		(3,530)	(3,234)	(3,234)	(3,530)	(3,234)
Interest on loans		(204)	(218)	(218)	(204)	(218)
Other interest		(15)	(26)	(26)	(15)	(26)
Interest paid on PFI, LIFT and other service concession obligations		(7,382)	(7,701)	(7,701)	(7,382)	(7,701)
PDC dividend (paid) / refunded		(196)	(1,092)	(1,092)	(196)	(1,092)
Net cash flows from / (used in) financing activities		**(1,685)**	**(11,612)**	**(11,611)**	**(1,685)**	**(11,612)**
Increase / (decrease) in cash and cash equivalents		**3,338**	**25,174**	**25,174**	**2,745**	**25,306**
Cash and cash equivalents at 1 April - brought forward		**80,302**	**55,128**	**55,128**	**79,190**	**53,884**
Prior period adjustments			-			
Cash and cash equivalents at 1 April - restated		**80,302**	**55,128**	**55,128**	**79,190**	**53,884**
Cash and cash equivalents at 31 March	24	**83,640**	**80,302**	**80,302**	**81,935**	**79,190**

Note 1a

Consolidation of NHS Charitable Funds

Provided below is the Charitable Fund's statement of financial activities and statement of financial position before consolidation.

A reconciliation of the amounts included in the Charity's financial statements to those disclosed in these consolidated accounts is also provided below.

Salford Royal NHS Charitable Fund Statement of Financial Activities for the Year Ended 31 March 2020

	Note	Unrestricted Funds 2019/20	Restricted Funds 2019/20	Endowment Funds 2019/20	**Total Funds 2019/20**	Total Funds 2018/19 Restated*	Total Funds 2018/19 Previously reported
		£000	£000	£000	**£000**	£000	£000
Incoming resources							
Incoming resources from generated funds:							
Voluntary income:							
Donations and legacies		630	0	0	**630**	149	164
Income from Investments		106	0	0	**106**	131	131
Total voluntary income		**736**	**0**	**0**	**736**	280	295
Other income		144	0	0	**144**	3	0
Total income and endowments		**880**	**0**	**0**	**880**	283	295
Expenditure on:							
Raising funds		(94)	0	0	**(94)**	(26)	(24)
Charitable activities		(242)	0	0	**(242)**	(322)	(254)
Total expenditure		**(336)**	**0**	**0**	**(336)**	(348)	(278)
Net gains/ (losses) on investments		(314)	0	0	**(314)**	195	195
Net income/ (Expenditure)		**230**	**0**	**0**	**230**	129	212
Gross transfer between funds							
Net movement in funds		**230**	**0**	**0**	**230**	129	212
Funds brought forward		5,102	25	11	**5,138**	5,009	5,045
Total funds carried forward		**5,332**	**25**	**11**	**5,368**	5,138	5,257

* The previously reported Group consolidated accounts included unaudited Charity accounts. The restated figures have subsequently been amended for changes in the audited Charity accounts including: increased expenditure of £70k for management fees previously unreported; £7k governance costs; and correction of £12k income which was previously reported in the Charity's figures but belonged to the Trust (reducing Charity income and increasing creditors).

The Covid-19 pandemic and international quarantining measures has had a material impact on financial markets and the value of investments. Lessons learned from the financial 'crash' of 1987 meant that globally measures were triggered that slowed the decline in the shares markets during March 2020 but could not stop it. Our Investment Adviser, Investec, predicts a slow recovery during the next financial year and maintains its approach of continuing to hold investments in high quality companies, retaining a long-term focus on the market and our investments.

As at 31st December 2019, the portfolio's value was £4,733k - an increase from the £4,489k reported at 31st March 2019. The portfolio's decrease in value to £4,149k in Q4 emphasises the significance of the impact that Covid-19 has had on equity markets.

Note 1b

Consolidation of NHS Charitable Funds

Salford Royal NHS Charitable Fund Statement of Financial Position for the Year Ended

31/03/2020

	Note	Unrestricted Funds 2019/20	Restricted Funds 2019/20	Endowment Funds 2019/20	**Total Funds 2019/20**	Total Funds 2018/19 Restated	Total Funds 2018/19 Previously reported
		£000	£000	£000	**£000**	£000	£000
Fixed Assets							
Investments		4,138	0	11	**4,149**	4,489	4,488
Total Fixed Assets		**4,138**	**0**	**11**	**4,149**	4,489	4,488
Current Assets							
Debtors		117	0	0	**117**	48	83
Cash at bank and in hand		1,765	20	0	**1,785**	1,112	1,112
Total Current Assets		**1,882**	**20**	**0**	**1,902**	1,160	1,195
Current Liabilities							
Creditors: Amounts falling due within one year		(683)	0	0	**(683)**	(511)	(462)
Net Current Assets		**1,199**	**20**	**0**	**1,219**	**649**	**733**
Total Assets less Current Liabilities		**5,337**	**20**	**11**	**5,368**	5,138	5,221
Net Assets		**5,337**	**20**	**11**	**5,368**	5,138	5,221
The funds of the Charity							
Endowment Funds		0	0	11	**11**	11	11
Restricted		0	20	0	**20**	25	25
Unrestricted		5,337	0	0	**5,337**	5,102	5,185
Total Funds		**5,337**	**20**	**11**	**5,368**	5,138	5,221

* The previously reported Group consolidated accounts included unaudited Charity accounts. The restated figures have subsequently been amended for changes in the audited Charity accounts per Note 1a.

Reconciliation of the Charitable Fund Financial Statements To The Amounts Consolidated

Statement of Financial Activities	**31 March 2020**	31 March 2019 Restated	31 March 2019 Previously reported
Total resources expended	336	348	271
Expended with Salford Royal NHS Foundation Trust	(70)	(70)	(70)
Disclosed in Consolidated Accounts	266	278	201

Statement of Financial Position	**31 March 2020**	31 March 2019 Restated	31 March 2019 Previously reported
Creditors: amounts falling due within one year	682	511	462
Due to Salford Royal NHS Foundation Trust	(676)	(505)	(456)
Disclosed in Consolidated Accounts	6	6	6

1. Accounting Policies

Basis of Preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DHSC Group Accounting Manual 2019-20, issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the DHSC Group Accounting Manual 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.

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 Going concern

The Foundation Trust's annual report and accounts have been prepared on a going concern basis. Non-trading entities in the public sector are assumed to be going concerns where the continued provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.

It remains the case that the Government has issued a mandate to NHS England for the continued provision of services in England in 2020/21 and CCG allocations have been set for the remainder of 2020/21. While these allocations may be subject to minor revision as a result of the COVID-19 financial framework, the guidance has been clarified to inform CCGs that they will be provided with sufficient funding for the year. Providers can therefore continue to expect NHS funding to flow at similar levels to that previously provided where services are reasonably still expected to be commissioned. While mechanisms for contracting and payment are not definitively in place, it is clear that NHS services will continue to be funded, and government funding is in place for this.

1.2 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, and certain financial assets and financial liabilities.

1.3 Basis of consolidation

1.3.1 Subsidiaries

Subsidiary entities are those over which the Foundation Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries

are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position.

The amounts consolidated are drawn from the published financial statements of the subsidiaries for the year. The Charity's year end accounts are not due to be submitted until after the date that the Trust's 2019/20 accounts are finalised. The Trust currently restates the prior year Group accounts to reflect any changes to the finalised Charity accounts for that period; from 2020/21 onwards the Trust will only restate on the grounds of materiality.

Where subsidiaries' accounting policies are not aligned with those of the Foundation Trust (including where they report under UK FRS 102) then amounts are adjusted during consolidation where the differences are material. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

Subsidiaries which are classified as held for sale are measured at the lower of their carrying amount and 'fair value less costs to sell'.

The NHS Foundation Trust is the corporate trustee to Salford Royal NHS charitable fund. The Foundation Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the Foundation Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

- recognise and measure them in accordance with the Foundation Trust's accounting policies; and
- eliminate intra-group transactions, balances, gains and losses.

1.3.2 Associates

Associate entities are those over which the Trust has the power to exercise a significant influence. Associate entities are recognised in the Trust's financial statement using the equity method. The investment is initially recognised at cost. It is increased or decreased subsequently to reflect the Trust's share of the entity's profit or loss or other gains and losses (e.g. revaluation gains on the entity's property, plant and equipment) following acquisition. It is also reduced when any distribution, e.g., share dividends are received by the Trust from the associate.

Associates which are classified as held for sale are measured at the lower of their carrying amount and "fair value less costs to sell".

The Foundation Trust has an associate entity in North West e Health Limited. The company was established on 1st November 2016 and the Foundation Trust has a 40% shareholding with the

remaining shares owned by the University of Manchester (40%) and Salford Clinical Commissioning Group (20%).

1.3.3 Joint arrangements

Arrangements over which the Foundation Trust has joint control with one or more other entities are classified as joint arrangements. Joint control is the contractually agreed sharing of control of an arrangement. A joint arrangement is either a joint operation or a joint venture.

A joint operation exists where the Foundation 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 Foundation Trust includes within its financial statements its share of, assets, liabilities, income and expenses.

Joint ventures are arrangements in which the Trust has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method.

For projects hosted by the Foundation Trust where the arrangement involves other NHS organisations e.g. where the main source of income or cost for the joint arrangement or hosted service is from the NHS then transactions are accounted for on a gross basis. This is consistent with accounting treatment used in previous years.

Where the arrangement does not involve other NHS organisations and the Foundation Trust is acting solely as an agent then transactions are accounted for on a net basis.

1.4 Critical accounting judgements and key sources of estimation uncertainty

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

1.4.1 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 Foundation Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

PFI and similar contracts are agreements to receive services where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. As the Foundation Trust is deemed to control the services that are provided under the contract and as ownership of the property, plant and equipment will pass to the Foundation Trust at the end of the contract for no additional charge, the Foundation Trust holds the property, plant and equipment used under the contracts on its Statement of Financial Position.

Other key judgements made in preparing these accounts include the application of the accounting policies set out on pages x to x of these accounting policies in the recognition of transactions, assets and liabilities for the purposes of preparing these accounts.

1.4.2 Sources of estimation uncertainty

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

Valuation of Property, Plant and Equipment

As at 31st March 2020, the Valuation Office Agency provided a valuation of the Foundation Trust's land and building assets (estimated financial value and estimated remaining useful life) applying a modern equivalent asset method of valuation. The methodology employed to provide the valuation for 2019/20 has been on an alternative site basis i.e. a valuation based on a modern equivalent asset provided on a suitable alternative site built to accommodate existing services. This valuation, based on estimates provided by a qualified professional, led to an increase in the reported value of the Foundation Trust's building asset values of £3.6m which has resulted in a £6.1m increase in the Revaluation Reserve offset by a £2.5m charge to the Statement of Comprehensive Income. Future revaluations of the Foundation Trust's asset base may result in further material changes to the carrying value of non-current assets.

The Trust's PFI assets have been valued using the modern equivalent asset method at depreciated replacement cost excluding VAT. By excluding VAT the Foundation Trust is accurately reflecting the depreciated replacement cost as a replacement asset would also be funded by PFI and, by the nature of the contract, recover VAT.

The valuation exercise was carried out in February 2020 with a valuation date of 31st March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the Valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the Valuer having declared this material valuation uncertainty, the Valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

Equipment assets are carried at current value, with depreciated historic cost used as a proxy for current value.

Provisions

The Foundation Trust makes financial provision for obligations of uncertain timing or amount at the reporting date. These are based on estimates using as much relevant information as is available at the time the accounts are prepared. Management judgement is used in preparing these estimates, which are reviewed to confirm that the values included in the financial statements best reflect the current relevant information. Where this is not the case, the value of the provision is amended. The current provisions are set out in note 30 on page x of these accounts.

Pension Costs

For staff who are members of the Local Government Pension Fund scheme, the Foundation Trust also reports, as operating expenditure, employer contributions to staff pensions as part of the total annual service cost of the Local Government scheme. The element of service costs not related employer contributions is adjusted when reporting annual financial performance to NHS Improvement on an NHS control totals basis.

The Local Government Pension Fund scheme is a defined benefit scheme administered by Tameside Metropolitan Borough Council. The Foundation Trust and employees pay contributions to the Fund calculated at a rate intended to balance pension liabilities with pension assets. The Foundation Trust's share of assets and liabilities can be separately identified in the Pension Fund and as at 31st March 2020 the Fund reported a net pension liability (shown in non-current liabilities) of £13,877k (2018/19 - £18,316k). The values of the scheme's assets are market values and, as such, are dependent on the performance of the equity investments held by the scheme. The values of the scheme's liabilities are based on assessments made by professional actuaries and, as such, are dependent on longevity and inflation assumptions.

Accruals of Income and Expenditure

At the end of the financial year, the Foundation Trust may have received goods and services which have not been invoiced at the reporting date. In these circumstances, an estimated value of the cost is included in the reported financial results. In some cases the estimated value is based on the quoted value provided by the supplier when the goods were ordered; in other cases, the charge may be estimated based on methods such as the number of hours of service provided or the last price paid for the same goods or service.

The Foundation Trust has a financial liability for any annual leave earned by staff but not taken by 31 March to the extent that staff are able to carry forward untaken leave into the next financial year. The estimated cost of untaken annual leave at 31st March 2020 including annual leave entitlement for staff on maternity leave is £1,117k (2018/19 : £1,050k).

The Foundation Trust has two investments at the reporting date. The first is the value of the investment portfolio of the charitable fund which is included in the consolidated accounts of the Foundation Trust at market value.

The second is the Foundation Trust's 40% shareholding in North West e Health Limited (NWEH) which was established on 1st November 2016 with a combination of ordinary share capital and preference share capital (where the reference shares have preference on a return of capital but no rights to dividends or voting rights). The Foundation Trust has voting rights in NWEH of 33%. In recognition that the Foundation Trust has significant influence over NWEH and has a responsibility for the return on the investment in the entity, the equity method of accounting has been adopted where the investment is initially recorded at cost and is subsequently adjusted to reflect the Foundation Trust's share of the net assets and profit or loss of NWEH.

The Foundation Trust has assessed the value of NWEH at the reporting date and considers the net asset value to be nil. The entity is reporting a deficit of £309k as at 31st March 2020 (2018/19 -

deficit of £2,177k) which the Foundation Trust has not recognised in these accounts as there is no legal or constructive obligation on the Foundation Trust to do so.

1.5 Transfer of functions

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

Responsibility for provision of community healthcare services for adults in Bury, Oldham and Rochdale, and children's services in Bury and Oldham, transferred to the Foundation Trust on 1st July 2019. This saw a significant number of staff transfer into the Foundation Trust, and also a transfer of buildings and equipment. The transfer of assets resulted in a £476k absorption gain which is reported in the Statement of Comprehensive Income, and in Notes 20 and 48 of these accounts. This transfer of community healthcare services was from the Pennine Care NHS Foundation Trust.

1.6 Operating segments

Income and expenditure are analysed in the Operating Segments note and are reported in line with management information used within the Foundation Trust.

1.7 Revenue

Where income is derived from contracts with customers, it is accounted for under IFRS 15 in 2019/20. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Foundation Trust accrues income relating to performance obligations satisfied in that year. Where income is received for a specific performance obligation that is to be satisfied in the following year, then that income is deferred.

Revenue from NHS contracts

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

the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete. This accrual is disclosed as a contract receivable as entitlement to payment for work completed is usually only dependent on the passage of time.

Revenue 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. Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this in the transaction price for its recognition of revenue. Revenue is reduced by the value of the penalty.

The Trust does not receive income where a patient is readmitted within 30 days of discharge from a previous planned stay. This is considered an additional performance obligation to be satisfied under the original transaction price. An estimate of readmissions is made at the year end this portion of revenue is deferred as a contract liability.

The Trust receives income from commissioners under Commissioning for Quality and Innovation (CQUIN) schemes. The Trust agrees schemes with its commissioner but they affect how care is provided to patients. That is, the CQUIN payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the contract.

Partially Completed Spells

Income relating to in-patient care spells that are part-completed at the year-end are apportioned across the financial years on the basis of length of stay at the end of the reporting period compared to expected total length of stay. This is based on estimated length of stay data that applies to the types of clinical activity being undertaken on an in-patient basis as at the reporting date and totals £1,125k as at 31st March 2020 (£1,125k as at 31st March 2019). The estimated length of stay and the type of in-patient clinical activity may vary materially from one balance sheet date to another.

Provider sustainability funding (PSF) and Financial recovery fund (FRF)

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

The Foundation Trust's income includes an accrual of £2,772k in respect of the expected value of the final quarter's Provider Sustainability Funding for 2019/20. Allocations of PSF funding are determined by NHS Improvement and are dependent on the financial performance of groups of providers and commissioners within their local health and care systems. Thus, the exact value of this final quarter's PSF funding is subject to other organisations within Greater Manchester satisfying their 2019/20 financial performance control totals.

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one

performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract. Some research income alternatively falls within the provisions of IAS 20 for government grants.

Apprenticeship service income

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

NHS injury cost recovery scheme

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

Income from asset sales

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.

Education and training

Education and training income is recognised in line with the agreed Learning and Development Agreement and is commissioned by Health Education England. The Learning and Development Agreement (LDA) provides funding for specific education, training and learning activities to support workforce development. This includes:

- practice placement training for medical and dental students
- practice placements for non-medical professional and vocational students
- post graduate training for doctors
- learning beyond registration
- learning before registration
- infrastructure related to education and training
- other support for training activities

1.8 Employee Benefits

1.8.1 Short-term employee benefits

Salaries, wages and employment-related payments, including payments arising from the apprenticeship levy, are recognised in the period in which the service is received from employees, including non-consolidated performance pay earned but not yet paid. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

1.8.2 Retirement benefit costs

NHS Pensions

Past and present employees are covered by the provisions of the NHS Pensions Schemes. These schemes are unfunded, defined benefit schemes that cover NHS employers, General Practices and other bodies allowed under the direction of the Secretary of State in England and Wales. The schemes are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the schemes are accounted for as though they were defined contribution schemes: the cost to the Foundation Trust of participating in a scheme is taken as equal to the contributions payable to the scheme for the accounting period.

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

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

National Employment Savings Trust (NEST)

The Pension Act 2008 requiring that from 2012 all eligible workers, who are not already in a workplace scheme, must be automatically enrolled into a qualifying workplace pension scheme.

The NHS Pensions Scheme is a qualifying pension scheme and is the default Scheme for all NHS employees and they are automatically enrolled into it. However, not all staff are eligible to join the NHS Pension Scheme. These staff are automatically enrolled to the NEST Scheme where employers pension cost contributions are charged to operating expenses as and when they become due.

Local Government Pensions

Some Foundation Trust employees are members of the Local Government Pension Scheme (LGPS), which is a defined benefit pension scheme. The scheme assets and liabilities attributable to those employees can be identified and are recognised in the Foundation Trust's accounts. The assets are measured at fair value and the liabilities at the present value of the future obligations.

The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The interest cost during the year arising from the unwinding of the discount on the scheme liabilities is recognised within finance costs. The interest earned during the year from scheme assets is recognised within finance income. Re-measurements of the defined

benefit plan are recognised in the Income and Expenditure reserve and reported as an item of other comprehensive income / net expenditure.

1.9 Other expenses

Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

1.9.1 Grants payable

Where grant funding is not intended to be directly related to activity undertaken by a grant recipient in a specific period, the Foundation Trust recognises the expenditure in the period in which the grant is paid. All other grants are accounted for on an accruals basis.

1.9.2 Value added tax

Most of the activities of the Foundation Trust are outside the scope of value added tax (VAT). Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.10 Property, plant and equipment

1.10.1 Recognition

Property, plant and equipment is capitalised if:

- 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 supplied to the Foundation 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 cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their individual useful economic lives.

The remaining useful lives of assets held by the Foundation Trust at 31st March 2020 were:

Range of lives of property, plant and equipment

	Min life	Max life
Land		
Buildings excluding dwellings	5	47
Dwellings	41	41
Plant & machinery	1	15
Transport equipment	7	7
Information technology	1	10
Furniture & fittings	6	15

1.10.2 Measurement

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

Revaluations of property, plant and equipment 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.
- Where applicable, assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements of the service being provided.

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

IT 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 economic lives or low values or both, as this is not considered to be materially different from current value in existing use.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset, and thereafter to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

1.10.3 Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

1.11 Investment properties

Investment properties are measured at fair value. Changes in fair value are recognised as gains or losses in income/expenditure.

Only those assets which are held solely to generate a commercial return are considered to be investment properties. Where an asset is held, in part, for supporting service delivery objectives, then it is considered to be an item of property, plant and equipment. Properties occupied by employees, whether or not they pay rent at market rates, are not classified as investment properties.

1.12 Intangible assets

1.12.1 Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the Foundation Trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the Foundation Trust where the cost of the asset can be measured reliably; and where the cost is at least £5,000.

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

Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it, and

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.12.2 Measurement

Intangible assets acquired separately are initially recognised at cost. The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria for recognition are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at current value in existing use by reference to an active market, or, where no active market exists, at the lower of amortised replacement cost (modern equivalent assets basis) and value in use where the asset is income generating. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

Revaluations and impairments are treated in the same manner as for property, plant and equipment.

1.13 Depreciation, amortisation and impairments

Freehold land, assets under construction or development, investment properties, stockpiled goods, and assets held for sale are not depreciated or amortised.

Otherwise, depreciation or amortisation is charged to write off the costs or valuation of property, plant and equipment and intangible assets, less any residual value, on a straight-line basis over their estimated useful lives. The estimated useful life of an asset is the period over which the Foundation Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Foundation Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

Assets held under finance leases are depreciated over the shorter of the lease term and the estimated useful life, unless the Foundation Trust expects to acquire the asset at the end of the lease term, in which case the asset is depreciated in the same manner as for owned assets.

At each financial year end, the Foundation Trust checks whether there is any indication that its property, plant and equipment or intangible assets have suffered an impairment loss. If there is indication of such an impairment, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually at the financial year end.

Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure.

1.14 Donated assets

Donated non-current assets are capitalised at current value in existing use, if they will be held for their service potential, or otherwise at fair value on receipt, with a matching credit to income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are treated in the same way as for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

1.15 Government grant funded assets

Government grant funded assets are capitalised at current value in existing use, if they will be held for their service potential, or otherwise at fair value on receipt, with a matching credit to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

1.16 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

1.16.1 The Foundation Trust as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Comprehensive Income.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

1.16.2 The Foundation Trust as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of Foundation 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 Foundation Trust's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

1.17 Private Finance Initiative (PFI) transactions

PFI transactions that meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the Foundation Trust. In accordance with IAS 17, the underlying assets are recognised as property, plant and equipment, together with an equivalent finance lease liability.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- payment for the fair value of services received
- repayment of the finance lease liability, including finance costs, and
- payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

1.17.1 Services received

The cost of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'

1.17.2 PFI assets, liabilities and finance costs

The PFI assets are recognised as property, plant and equipment when they come into use. The assets are measured initially at fair value or, if lower, at the present value of the minimum lease payments, in accordance with the principles of IAS 17. Subsequently, the assets are measured at current value in existing use.

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the initial value of the assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred.

1.17.3 Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Foundation Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at cost.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where

the lifecycle component is provided earlier or later than expected, a short-term accrual or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

1.17.4 Assets contributed by the Foundation Trust to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the Foundation Trust's Statement of Financial Position.

1.17.5 Other assets contributed by the Foundation Trust to the operator

Other assets contributed (e.g. cash payments, surplus property) by the Foundation Trust to the operator before the asset is brought into use, where these are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. When the asset is made available to the Foundation Trust, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

1.18 Inventories

Inventories are valued at the lower of cost and net realisable value other than pharmacy stocks which are valued using average cost.

1.19 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Foundation Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

1.20 Provisions

Provisions are recognised when the Foundation Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Foundation Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rates.

Early retirement provisions are discounted using HM Treasury's pension discount rate of negative 0.50% (2018-19: positive 0.29%) in real terms. All general provisions are subject to four separate discount rates according to the expected timing of cashflows from the Statement of Financial Position date:

- A nominal short-term rate of 0.51% (2018-19: 0.76%) for inflation adjusted expected cash flows up to and including 5 years from Statement of Financial Position date.
- A nominal medium-term rate of 0.55% (2018-19: 1.14%) for inflation adjusted expected cash flows over 5 years up to and including 10 years from the Statement of Financial Position date.
- A nominal long-term rate of 1.99% (2018-19: 1.99%) for inflation adjusted expected cash flows over 10 years and up to and including 40 years from the Statement of Financial Position date.
- A nominal very long-term rate of 1.99% (2018-19: 1.99%) for inflation adjusted expected cash flows exceeding 40 years from the Statement of Financial Position date.

1.21 Clinical negligence costs

NHS Resolution (the trading name of the NHS Litigation Authority NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the Foundation Trust.

1.22 Non-clinical risk pooling

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

1.23 Excess Carbon Reduction Commitment scheme (CRC)

The CRC scheme was a mandatory cap and trade scheme for non-transport CO2 emissions. The scheme was closed as of 31 March 2019. The Foundation Trust was registered with the CRC scheme, and was therefore required to surrender to the Government an allowance for every tonne of CO2 emitted during the financial year.

Allowances acquired under the scheme were recognised as intangible assets.

1.24 Contingent liabilities and contingent assets

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Foundation Trust, or

- a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably.

A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Foundation Trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingent liabilities and contingent assets are disclosed at their present value.

1.25 Financial assets

Financial assets are recognised when the Foundation Trust becomes party to the contractual provision of the financial instrument or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or when the asset has been transferred and the Foundation Trust has transferred substantially all of the risks and rewards of ownership or has not retained control of the asset.

Financial assets are initially recognised at fair value plus or minus directly attributable transaction costs for financial assets not measured at fair value through profit or loss. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices, where possible, or by valuation techniques.

Financial assets are classified into the following categories: financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit and loss. The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in IFRS 9, and is determined at the time of initial recognition.

1.25.1 Financial assets at amortised cost

Financial assets measured at amortised cost are those held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and where the cash flows are solely payments of principal and interest. This includes most trade receivables, loans receivable, and other simple debt instruments.

After initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

1.25.2 Financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are those held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest.

1.25.3 Financial assets at fair value through profit and loss

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or fair value through other comprehensive income. This includes derivatives and financial assets acquired principally for the purpose of selling in the short term.

1.25.4 Impairment

For all financial assets measured at amortised cost or at fair value through other comprehensive income (except equity instruments designated at fair value through other comprehensive income), lease receivables and contract assets, the Foundation Trust recognises a loss allowance representing expected credit losses on the financial instrument.

The Foundation Trust adopts the simplified approach to impairment, in accordance with IFRS 9, and measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition (stage 2), and otherwise at an amount equal to 12-month expected credit losses (stage 1).

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds, and Exchequer Funds' assets where repayment is ensured by primary legislation. The Foundation Trust therefore does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies. Additionally, the Department of Health and Social Care provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies (excluding NHS charities), and the Foundation Trust does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies.

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 the estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

1.26 Financial liabilities

Financial liabilities are recognised when the Foundation Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been extinguished – that is, the obligation has been discharged or cancelled or has expired.

1.26.1 Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the amortised cost of the financial liability. In the case of DHSC loans that would be the nominal rate charged on the loan.

1.27 Public Dividend Capital (PDC) and PDC dividend

Public dividend capital is a type of public sector equity finance, which represents the Department of Health and Social Care's investment in the Trust. HM Treasury has determined that, being issued under statutory authority rather than under contract, 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.

An annual charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health and Social Care as PDC dividend. The charge is calculated at the real rate set by the Secretary of State with the consent of HM Treasury (currently 3.5%) on the average relevant net assets of the Trust. Relevant net assets are calculated as the value of all assets less all liabilities, except for:

- donated and grant funded assets
- average daily cash balances held with the Government Banking Service (GBS) and National Loans Fund (NLF) deposits (excluding cash balances held in GBS accounts that relate to a short term working capital facility)
- any PDC dividend balance receivable or payable
- any provider sustainability fund balance payable
- any capital purchases related to the management of Covid-19

The average relevant net assets value is calculated as a simple average of opening and closing relevant net assets.

In accordance with the requirements laid down by the Department of Health and Social Care, 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. The PDC dividend calculation is based upon the Trust's group accounts (i.e. including subsidiaries), but excluding consolidated charitable funds.

1.28 Foreign currencies

The Foundation Trust's functional currency and presentational currency is pounds sterling, and figures are presented in thousands of pounds unless expressly stated otherwise. Transactions denominated in a foreign currency are translated into sterling at the spot exchange rate on the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March.

Exchange gains and losses on monetary items (arising on settlement of the transaction or on retranslation at the Statement of Financial Position date) are recognised in the Statement of Comprehensive Income in the period in which they arise.

1.29 Third party assets

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

1.30 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 Foundation Trust not been bearing its own risks (with insurance premiums then being included as normal revenue expenditure).

1.31 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.

1.32 IFRS Standards that have been issued but have not yet been adopted

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

- IFRS 16 Leases - The Standard is effective 1 April 2021 as adapted and interpreted by the FReM.
- IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2023, but not yet adopted by the FReM: early adoption is not therefore permitted.

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

circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

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

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

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

The Foundation Trust has estimated the impact of applying IFRS 16 in 2021/22 on the opening statement of financial position and the in-year impact on the statement of comprehensive income as follows:

Estimated impact on 1 April 2021 statement of financial position	**£000**
Additional right of use assets recognised for existing operating leases	81,976
Additional lease obligations recognised for existing operating leases	(81,976)
Changes to other statement of financial position line items	0
Net impact on net assets on 1 April 2021	**0**
Estimated in-year impact in 2021/22	**£000**
Additional depreciation on right of use assets	(10,032)
Additional finance costs on lease liabilities	(977)
Lease rentals no longer charged to operating expenditure	10,947
Other impact on income / expenditure	0
Estimated impact on surplus / deficit in 2021/22	**(62)**

Note 2 Operating Segments

From 1 April 2017, the Trust Boards of both organisations at Salford Royal and Pennine Acute Trust delegated their functions to a Group "Committees in Common".
While the two Trusts remain statutory bodies, the Group Committees in Common effectively manages both Trusts.
Financial reporting to Group Committees in Common for Salford Royal NHS Foundation Trust is separated into:

- Healthcare provided by the Salford Care Organisation. The Foundation Trust has a devolved divisional structure in place and the majority of risks faced by each division are fundamentally the same in the provision of health care. The clinical divisions are substantially similar working under a common governance structure reporting to Assurance Committees of the Management Board and to the Committees in Common.
- Adult social care services provided by the Foundation Trust.
- Diagnostic, Pharmacy and Corporate services provided at a 'group' level to support the care provision by the Salford Care Organisation (and other Care Organisations in the Group).
- Hosted services . There are a number of hosted budgets for services administered by the Foundation Trust on behalf of other NHS bodies including:
  - *North East Sector community services hosted on behalf of Bury and Rochdale Care Organisation and Oldham Care Organisation. - with effect from July 2019*
  - *Advancing Quality Alliance (AQuA).*
  - *NHS Transformation Unit.*
  - *East Lancashire Financial Services (ELFS).*

Each hosted service manages its own income and expenditure although ultimately it is the responsibility of Salford Royal Foundation Trust, as host, to act as the legal entity to issue or accept any contractual obligations. This is a standard arrangement in the NHS and the Foundation Trust hosts several services in a similar way. In accordance with the Government Accounting Manual we consider SRFT to be acting as a principal and therefore appropriate to account for hosted services on a gross basis.

The financial performance of these 'hosted services' is reported separately to the Foundation Trust's management through the Group Committees in Common.

Notes 3 to 5 show the breakdown of income received by the Foundation Trust during the financial year by customer type and by activity.

All income received in the Foundation Trust was in relation to health and social care. Income received into the Charitable Funds was predominantly from donations and legacies.

	2019/20						2018/19					
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
	Healthcare	Adult Social Care	Corporate costs	Hosted Services [3]	Charitable Funds	Group	Healthcare (incl. corporate costs)	Adult Social Care	Corporate costs	Hosted Services	Charitable Funds*	Group
Operating Income [1]	551,359	101,010	84,252	73,311	774	810,706	537,252	124,979	87,333	21,213	152	770,930
Operating Expenditure	(491,432)	(101,385)	(148,006)	(73,317)	(229)	(814,370)	(512,812)	(127,436)	(103,377)	(17,232)	(218)	(761,074)
Included in operating expenditure is :												
Impairments	7,368					7,368	(4,592)					(4,592)
Reversal of Impairments	(4,854)					(4,854)	1,688					1,688
Net financing costs	(7,356)				106	(7,250)	(7,704)				131	(7,573)
Surplus / (Deficit)	59,927	(375)	(63,755)	(6)	544	(8,400)	24,441	(2,456)	(16,044)	3,981	(66)	9,856
Prior Period Adjustment	0	0	0	0	0	0	0	0	0	0	(83)	(83)
Revised Surplus / (Deficit)	59,927	(375)	(63,755)	(6)	544	(3,664)	24,441	(2,456)	(16,044)	3,981	(149)	9,773
Net Assets:												
Segment net assets [2]	142,697	0	0	0	5,368	148,065	123,380	0	0	0	5,138	128,518
Included in net assets are impairments / (revaluations) and remeasurement of net defined benefit scheme liability for the GM Pension Fund charged to Other Comprehensive Income	6,156	7,214					(5,570)	(4,480)				

1 - £150k (including £80k donated assets) of income reported by the Foundation Trust in 2019/20 (2018/19 - £70k - all revenue and no donated assets) came from the Charitable Fund, therefore £150k (2018/19 - £70k) is eliminated from the consolidated total for income.

2 - All NHS segment net assets belong to the Trust

3 - Hosted Services includes North East Sector community services hosted on behalf of Bury and Rochdale Care Organisation and Oldham Care Organisation with effect from July 2019. The value of income reported in the segment is £51m in 19/20, the value of expenditure reported is also £51m

Note 3 Operating income from patient care activities (Group)

All income from patient care activities relates to contract income recognised in line with accounting policy 1.7

Note 3.1 Income from patient care activities (by nature)	2019/20 £000	2018/19 £000
Acute services		
Elective income	75,474	75,301
Non elective income	119,127	108,518
First outpatient income	30,488	31,656
Follow up outpatient income	43,345	39,098
A & E income	20,402	17,204
High cost drugs income from commissioners (excluding pass-through costs)	123,965	124,074
Other NHS clinical income:		
Intensive care and high dependency services	21,059	18,261
Renal dialysis services	13,235	11,941
Intestinal failure services	6,469	6,247
CQUIN	4,062	8,230
Rehabilitation and continuing care services	8,069	9,803
Direct access to diagnostic services for GPs	6,446	6,134
Other clinical activity	26,136	28,865
ICO adult social care activity	96,439	91,789
Mental health services		
Block contract income	-	30,048
Community services		
Community services income from CCGs and NHS England	87,560	41,466
Income from other sources (e.g. local authorities)	12,602	5,611
All services		
Private patient income	483	1,003
Agenda for Change pay award central funding*	-	4,763
Additional pension contribution central funding**	16,212	-
Other clinical income	4,574	3,626
Total income from activities	**716,149**	**663,638**

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

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

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2019/20 £000	2018/19 £000
NHS England	243,881	205,866
Clinical commissioning groups	350,623	342,456
Department of Health and Social Care	124	4,763
Other NHS providers	1,657	414
NHS other	6,705	5,867
Local authorities	108,101	99,348
Non-NHS: private patients	483	780
Non-NHS: overseas patients (chargeable to patient)	240	362
Injury cost recovery scheme	4,148	3,540
Non NHS: other	186	242
Total income from activities	**716,149**	**663,638**
Of which:		

Related to continuing operations	716,149	663,638
Related to discontinued operations	-	-

Elective (planned in-patient) income was impacted by Covid-19 as low-risk planned activity was postponed during March 2020. The Foundation Trust's clinical income was largely protected as the majority of commissioners who have contracts with the Foundation Trust paid for forecasted activity and not actual activity.

Non-elective (unplanned in-patient) income has increased compared to 2018/19, however this is, in part, due to the tariff changes implemented in in 2019/20 which included the addition of 50% of 2018/19 provider sustainability funding (PSF) being included in national tariffs (c. £7m for the Foundation Trust) and 50% of 2018/19 commissioning for quality and innovation (CQUIN) funding being included in national tariffs (c. 4m.for the Foundation Trust). However in addition, during 2019/20 the Foundation Trust did experience an increase in non-elective activity and a higher acuity of patients presenting. Due to the national contract requirement to agree a 'blended tariff' or marginal cost arrangement with Salford CCG, the Foundation Trust has not seen the full benefit of this increase in income linked to tariff change and increased volumes. However, Salford CCG continues to work in partnership with the Foundation Trust to invest in service developments designed to develop improved pathways of care with better services to the patient at the centre of each development.

Outpatient activity has also been adversely affected by the Covid-19; however the operational teams in the Foundation Trust have been working hard to utilise other technology to ensure clinicians can continue to monitor and support patients where possible.

The mental health sub-contract with Greater Manchester Mental Health Foundation Trust ceased on 31st March 2019 and Salford CCG resumed responsibility to commission services directly from the provider on 1st April 2019.
Community income has increased significantly as a result of the Foundation Trust, on behalf of the Northern Care Alliance, taking responsibility for Community Services for Bury, Heywood, Middleton and Rochdale and Oldham, previously provided by Pennine Care Foundation Trust, from 1st July 2019. This is reported within Salford Royal Foundation Trust as a "Hosted" Service, the annual contract value for these services is in the region of £68m with £51m reported in 2019/20.

Other non-protected non-NHS clinical income includes income from the NHS Injury Cost Recovery Scheme (£4,148). The NHS Injury cost recovery income is subject to a provision for impairment of receivables of 21.79% to reflect expected rates of collection. This rate is based on national guidance.

Private patient income is variable for the Trust and has decreased when compared to 2018/19. Income is largely earned in the specialties of dermatology and neurosciences.

The publication of the Covid-19 letter to NHS bodies from Sir Simon Stevens on 17th March 2020 clarified the implications for contracting between commissioners and trusts. A key principle was around reducing the burden on contracts and contract management processes. Further communication proposed a pragmatic view to be taken towards the agreement of values for partially completed spells for 2019/20. As such Salford CCG agreed that last year's partially completed spells value of £1,158k should be used. This agreement was made as lead commissioner for the associates to the contract as well.

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

	2019/20	2018/19
	£000	£000
Income recognised this year	240	362
Cash payments received in-year	158	270
Amounts added to provision for impairment of receivables	174	200
Amounts written off in-year	-	16

Note 4 Other operating income (Group)

	2019/20			2018/19		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	10,926	-	**10,926**	12,300	-	**12,300**
Education and training	20,131	697	**20,829**	17,207	344	**17,551**
Non-patient care services to other bodies	15,276		**15,276**	14,266		**14,266**
Provider sustainability fund (PSF)	8,452		**8,452**	22,851		**22,851**
Financial recovery fund (FRF)	12,048		**12,048**			
Marginal rate emergency tariff funding (MRET)	1,668		**1,668**			
Receipt of capital grants and donations		(0)	**(0)**		-	**-**
Rental revenue from operating leases		805	**805**		688	**688**
Charitable fund incoming resources		774	**774**		152	**152**
Other income	40,839	-	**40,839**	39,483	-	**39,483**
Total other operating income	**109,340**	**2,276**	**111,616**	**106,108**	**1,184**	**107,292**
Of which:						
Related to continuing operations			**111,616**			**107,292**
Related to discontinued operations			**-**			**-**

Education and Training income is received from Health Education England (HEE). £20,802k was received from HEE during 2019/20 (2018/19 - £20,094k) of which £20,027k (2018/19 - £17,207k) relates to Education and Training. The balance of income is reported as clinical income or other income as appropriate. Non-contract education and training income reflects the value of training received by staff at the Foundation Trust funded by the national Apprentice Levy.

"Other contract income" includes £18,817k earned on behalf of hosted services, including North East Sector community services - hosted on behalf of Bury and Rochdale Care Organisation and Oldham Care Organisation from 1st July 2019 (£384k), Advancing Quality Alliance (AQuA) of £4,153k, NHS Transformation Unit (£4,405k) and East Lancashire Financial Services (£8,264k). The remaining £1,607k relates to smaller services hosted by the Foundation Trust, including Clinical Leaders Network, R & D North West, Stroke & Neuro Operational Delivery Networks, Workforce Transformation, Datawell and the Local Health Care Records Exemplar. AQuA is an NHS service that aims to drive quality improvements in NHS services in the North West. The NHS Transformation Unit provides NHS consultancy services 'by the NHS for the NHS' supporting service transformation and redesign and East Lancashire Financial Services (ELFs) provide outsourced financial accounts functions to NHS bodies. Whilst all hosted services manage their own income and expenditure they are not legal entities and, as the host organisation, the Foundation Trust acts as a legal entity able to issue or accept contracts such as contracts of employment or contracts for service on their behalf. This is a typical arrangement in the NHS and the Foundation Trust hosts a number of other services in a similar way.

A Provider Sustainability Fund (PSF) has been made available to NHS providers in 2019/20, linked to the achievement of financial controls. The Foundation Trust assumes receipt of 100% of its available PSF payment of £7,778k (2018/19 70% which was £10,280k earned for achievement of financial control total - 30% not earned owing to failure to meet the A&E 4 hour standard trajectory). As not all PSF payments have been made as at 31st March 2020, an amount of £2,722k (2018/19 - £16,168k) is included in receivables. In addition, the Foundation Trust has been notified of an allocation of £12,048k of Financial Recovery Fund - deficit reduction - which is included in operating income and receivables.

Other income includes:

Table setting out other income

Note 4.1 Other Operating Income - Analysis of Other Income	2019/20 £000s	2018/19 £000s
Car parking	1,130	1,068
Estates recharges	881	780
IT recharges	117	211
Staff contributions to employee benefit schemes	904	952
Clinical excellence awards	1,382	1,348
Catering	1	1
Income received on behalf of hosted services	10,553	12,985
Income received on behalf of ELFS financial services	8,264	7,383
Pennine Transaction	3,374	2,209
Haelo project income	764	1,501
Global Digital Exemplar Programme	934	3,050
Community Equipment Store charges	1,738	1,585
Covid-19 funding	3,418	0
DHSC Agenda for Change (non-NHS funded staff) Funding	2,731	0
Other	4,718	6,410
Total	40,909	39,483

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

	2019/20	2018/19
	£000	£000
Revenue recognised in the reporting period that was included within contract liabilities at the previous period end	1,934	7,254

Note 5.2 Income from activities arising from commissioner requested services

Under the terms of its provider licence, the Foundation Trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	2019/20	2018/19
	£000	£000
Income from services designated as commissioner requested services	694,880	654,246
Income from services not designated as commissioner requested services	21,269	9,392
Total	**716,149**	**663,638**

Note 5.3 Profits and losses on disposal of property, plant and equipment

During the year 2019/20 equipment surplus to requirements was sold for a profit of £11k. This equipment had been fully depreciated with no net book value remaining.

Note 6.1 Fees and charges (Group)

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

	2019/20	2018/19
	£000	£000
Income	2,034	2,010
Full cost	(1,840)	(1,991)
Surplus / (deficit)	**194**	**19**

The totals above relate to car parking charges made by the Foundation Trust to staff and visitors (shown within "Car Parking" and staff contributions to employee benefit schemes" in note 4.1). The charges made are set to recover cost to provide car parking facilities.

The Foundation Trust reports 'other income' on behalf of hosted services. Each hosted service manages its own income and expenditure although ultimately it is the responsibility of the Foundation Trust, as host, to act as the legal entity to issue or accept any contractual obligations. This is a standard arrangement in the NHS and the Foundation Trust hosts several other services in a similar way. Fees and charges made by hosted services are agreed between the service and their customers.

Note 7.1 Operating expenses (Group)

	2019/20 £000	2018/19 £000
Purchase of healthcare from NHS and DHSC bodies	15,011	15,203
Purchase of healthcare from non-NHS and non-DHSC bodies	10,527	7,338
Purchase of social care	82,102	111,132
Staff and executive directors costs	436,891	357,946
Remuneration of non-executive directors	168	136
Supplies and services - clinical (excluding drugs costs)	42,920	36,490
Supplies and services - general	7,466	4,823
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	130,399	131,046
Inventories written down	19	35
Consultancy costs	5,722	4,784
Establishment	6,117	4,320
Premises	20,958	17,864
Transport (including patient travel)	470	449
Depreciation on property, plant and equipment	11,527	9,787
Amortisation on intangible assets	1,222	1,192
Net impairments	2,514	2,904
Movement in credit loss allowance: contract receivables / contract assets	258	167
Increase/(decrease) in other provisions	4,215	4,194
Change in provisions discount rate(s)	197	(27)
Audit fees payable to the external auditor		
audit services- statutory audit	72	54
other auditor remuneration (external auditor only)	-	6
Internal audit costs	197	183
Clinical negligence	12,031	12,722
Legal fees	438	286
Insurance	246	222
Research and development	10,939	12,646
Education and training	2,208	2,234
Rentals under operating leases	11,545	7,058
Redundancy	369	38
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	4,720	5,117
Car parking & security	159	261
Losses, ex gratia & special payments	163	218
Other services, eg external payroll	893	850
Other NHS charitable fund resources expended	179	272
Other	1,803	1,462
Total	**824,666**	**753,412**
Of which:		
Related to continuing operations	824,666	753,412
Related to discontinued operations	-	-

Purchase of Social care (£82,102k) includes costs for packages of social care including contracts for residential care home placements and domiciliary care (2018/19 - £111,132k which included £30,048k for provision of mental health services for the population of Salford provided under a sub-contract by Greater Manchester Mental Health Foundation Trust. This sub-contractual arrangement ended on 31st March 2019 and from 1st April 2019 Salford CCG commissions mental health services directly from Greater Manchester Mental Health Foundation Trust) . A further £17,990k (2018/19 - £18,293k) of Social Care costs are included within Employee expenses taking the total expenditure on adult social care and mental health to £100,092k (2018/19 - £129,425k).

Consultancy costs include £906k on behalf of hosted services (2018/19 - £1,973k). The majority of the remainder was spent on two significant programmes of work, firstly to improve efficiency related to supporting clinic optimisation, deep dives, and theatre modelling across our Endoscopy Services, Outpatient Services, Radiology and Theatres. Secondly to establish a Digital Control Centre at SRFT bringing the latest advances in data analytics and digital health to the Organisation in order to advance acute and integrated care.

During the year, the Foundation Trust commissioned the Valuation Office to provide up-to-date assessments of the value of the land and building assets with an effective date of 31st March 2020 on an alternative optimised site basis of valuation.

The Valuation Office uses the existing use valuation methodology where possible to asses the value of the Foundation Trust's land and buildings which is based on market value. Where a building asset is specialised to the extent that no reliable market value can be estimated, a depreciated replacement cost based on a modern equivalent asset value has been used. As at 31 March 2020, following a valuation methodology based on alternative optimised site, the carrying value of building assets - including PFI buildings - has a net overall increase of £3,642k. This has resulted in a £6,156k increase to the Revaluation Reserve and a £2,514k charge to the Statement of Comprehensive Income (2018/19 - £8,474k reduction comprising £2,904k to the Statement of Comprehensive Income and £5,570k to the Revaluation Reserve).

During 2019/20 the World Health Organisation declared Covid-19 a pandemic. The NHS responded to the outbreak guided by government and in 2019/20 the Foundation Trust spent an estimated £3,418k on Covid-19 related expenditure. This expenditure is largely on additional supplies and services - clinical and non-clinical and is matched by accrued income - reported as 'other income' - which will be paid in 2020/21.

Note 7.2 Other auditor remuneration (Group)

	2019/20 £000	2018/19 £000
Other auditor remuneration paid to the external auditor:		
2. Audit-related assurance services - Quality Accounts	-	6
Total	**-**	**6**

Note 7.3 Limitation on auditor's liability (Group)

The limitation on auditor's liability for external audit work is £2m (2018/19: £2m).

Note 8 Impairment of assets (Group)

	2019/20 £000	2018/19 £000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	2,514	2,904
Total net impairments charged to operating surplus / deficit	**2,514**	**2,904**
Impairments charged to the revaluation reserve	-	-
Total net impairments	**2,514**	**2,904**

Note 9 Employee benefits (Group)

	2019/20 Total £000	2018/19 Total £000
Salaries and wages	325,677	280,248
Social security costs	32,788	27,055
Apprenticeship levy	1,453	1,390
Employer's contributions to NHS pensions	53,746	30,506
Pension cost - other	4,716	5,202
Termination benefits	308	110
Temporary staff (including agency)	32,774	26,920
Total gross staff costs	**451,463**	**371,431**
Recoveries in respect of seconded staff	(8,179)	(7,488)
Total staff costs	**443,283**	**363,943**
Of which		
Costs capitalised as part of assets	535	230

Included in Pension Cost- Other is Greater Manchester Pension Fund. From 1st July 2016 the Foundation Trust became an admitted member of the Greater Manchester Pension fund responsible for making pension contributions for employees who transferred their employment from Salford City Council following the commencement of the Salford Integrated Care Organisation. The pension cost includes the employer contributions made during the year of £1,941k (2018/19 - £2,228k) plus the estimated share of the Foundation Trust's annual service cost commitment of £2,775k (2018/19 - £2,974k). Further details surrounding the annual service cost are outlined in note 32.

Capitalised costs include £71k on estate schemes, £339k on Local Healthcare Record Exemplar (a 2 year project commencing in 2018/ 19) and £125k on Windows 10 implementation

Note 9.1 Retirements due to ill-health (Group)

During 2019/20 there were 0 early retirements from the trust agreed on the grounds of ill-health (4 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is £0k (£223k in 2018/19).

During the year no long term incentives, other pension benefits, guarantees or advances were made to any director.

Note 10 Pension costs

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

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

a) Accounting valuation

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

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

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The employer contribution rate for 2019/20 is 20.6%.

The 2019 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.

National Employment Savings Trust (NEST)

The Pension Act 2008 requiring that from 2012 all eligible workers, who are not already in a workplace scheme, must be automatically enrolled into a qualifying workplace pension scheme.

The NHS Pensions Scheme is a qualifying pension scheme and is the default Scheme for all NHS employees and they are automatically enrolled into it. However, not all staff are eligible to join the NHS Pension Scheme. These staff are automatically enrolled to the NEST Scheme where employers pension cost contributions are charged to operating expenses as and when they become due.

Note 11 Operating leases (Group)

Note 11.1 Salford Royal NHS Foundation Trust as a lessor

This note discloses income generated in operating lease agreements where Salford Royal NHS Foundation Trust is the lessor.

	2019/20	2018/19
	£000	£000
Operating lease revenue		
Minimum lease receipts	805	688
Total	**805**	**688**

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	805	688
- later than one year and not later than five years;	1,820	1,770
- later than five years.	1,365	1,328
Total	**3,989**	**3,786**

Future minimum lease receipts are for building leases and based on an expectation that the Foundation Trust will continue to provide accommodation in its buildings to the University of Manchester, ground rent to the Christie NHS FT for its Radiotherapy Centre on the Salford Royal site, staff nursery provision, staff accommodation and small sums related to accommodation and storage for non-NHS suppliers.

Note 11.2 Salford Royal NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Salford Royal NHS Foundation Trust is the lessee.

	2019/20	2018/19
	£000	£000
Operating lease expense		
Minimum lease payments	11,952	7,374
Less sublease payments received	(407)	(316)
Total	**11,545**	**7,058**

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease payments due:		
- not later than one year;	13,446	7,327
- later than one year and not later than five years;	10,940	8,465
- later than five years.	10,024	10,856
Total	**34,410**	**26,648**
Future minimum sublease payments to be received	(576)	(512)

2019 /20 Future minimum lease payments due:

	Land	Building	Other
	£000s	£000s	£000s
- not later than one year;	211	10,245	2,990
- later than one year and not later than five years;	60	2,212	8,668
- later than five years.	-	149	9,874
	271	**12,607**	**21,532**

2018 /19 Future minimum lease payments due:

	Land	Building	Other
	£000s	£000s	£000s
- not later than one year;	273	4,335	2719
- later than one year and not later than five years;	90	120	8255
- later than five years.	-	-	10856
	363	**4,455**	**21,830**

The Foundation Trust has operating leases for a number of buildings used to provide community-based patient care services and administrative accommodation. The plant and machinery leases are for clinical and non-clinical equipment and a number of leased vehicles including those used by the Foundation Trust's Transport Department and staff providing community clinical activity services. During 2019/20 the Foundation Trust, on behalf of the Northern Care Alliance, took responsibility for Community Services for Bury, Heywood, Middleton and Rochdale and Oldham, previously provided by Pennine Care Foundation Trust; building leases with a value of £4,153k were transferred to the Foundation Trust to accommodate these services.

Note 12 Finance income (Group)

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

	2019/20	2018/19
	£000	£000
Interest on bank accounts	645	485
NHS charitable fund investment income	106	131
Total finance income	**751**	**616**

Note 13.1 Finance expenditure (Group)

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

	2019/20	2018/19
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	204	218
Interest on late payment of commercial debt	15	26
Main finance costs on PFI and LIFT schemes obligations	4,530	4,759
Contingent finance costs on PFI and LIFT scheme obligations	2,852	2,942
Total interest expense	**7,601**	**7,945**
Unwinding of discount on provisions	19	(88)
Other finance costs	-	-
Total finance costs	**7,620**	**7,857**

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

	2019/20	2018/19
	£000	£000
Total liability accruing in year under this legislation as a result of late payments	15	26
Amounts included within interest payable arising from claims made under this legislation	15	26

Note 14 Other gains / (losses) (Group)

	2019/20	2018/19
	£000	£000
Gains on disposal of assets	11	43
Total gains / (losses) on disposal of assets	**11**	**43**

Note 15 Trust income statement and statement of comprehensive income

In accordance with Section 408 of the Companies Act 2006, the Foundation Trust is exempt from the requirement to present its own income statement and statement of comprehensive income. The Foundation Trust's surplus/(deficit) for the period was a deficit of (£4.2million) (2018/19 - £9.9 million surplus). The Foundation Trust's total comprehensive income/(expense) for the period was £9.3 million income (2018/19 - £0.0 million).

Note 16.1 Intangible assets - 2019/20

Group	Software licences £000	Licences & trademarks £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2019 - brought forward	**12,389**	**4**	**5,450**	**17,843**
Additions	2,393	-	4,851	**7,244**
Reclassifications	-	-	(2,527)	**(2,527)**
Valuation / gross cost at 31 March 2020	**14,782**	**4**	**7,774**	**22,560**
Amortisation at 1 April 2019 - brought forward	**9,383**	**-**	**-**	**9,383**
Provided during the year	1,222	-	-	**1,222**
Reclassifications	-	-	-	**-**
Amortisation at 31 March 2020	**10,605**	**-**	**-**	**10,605**
Net book value at 31 March 2020	**4,177**	**4**	**7,774**	**11,955**
Net book value at 1 April 2019	**3,006**	**4**	**5,450**	**8,460**

Note 16.2 Intangible assets - 2018/19

Group	Software licences £000	Licences & trademarks £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2018 - as previously stated	**11,899**	**4**	**-**	**11,903**
Valuation / gross cost at 1 April 2018 - restated	**11,899**	**4**	**-**	**11,903**
Transfers by absorption	-	-	-	**-**
Additions	490	-	5,450	**5,940**
Valuation / gross cost at 31 March 2019	**12,389**	**4**	**5,450**	**17,843**
Amortisation at 1 April 2018 - as previously stated	**8,191**	**-**	**-**	**8,191**
Amortisation at 1 April 2018 - restated	**8,191**	**-**	**-**	**8,191**
Amortisation at 31 March 2019	**9,383**	**-**	**-**	**9,383**
Net book value at 31 March 2019	**3,006**	**4**	**5,450**	**8,460**
Net book value at 1 April 2018	**3,708**	**4**	**-**	**3,712**

The foundation trust does not have a balance in the revaluation reserve that is attributable to intangible assets.

Note 17.1 Property, plant and equipment - 2019/20

Group	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 2019 - brought forward	**10,000**	**187,570**	**1,414**	**1,522**	**53,584**	**110**	**24,955**	**2,791**	**281,946**
Transfers by absorption	-	294	-	-	501	-	-	-	**795**
Additions	-	5,790	-	1,747	8,667	-	4,717	-	**20,921**
Additions - donations of physical assets (non cash)	-	-	-	-	80	-	-	-	**80**
Impairments	-	(7,368)	-	-	-	-	-	-	**(7,368)**
Reversals of impairments	-	4,854	-	-	-	-	-	-	**4,854**
Reclassifications	-	-	-	2,527	-	-	-	-	**2,527**
Disposals / derecognition	-	-	-	-	(8,267)	-	-	-	**(8,267)**
Valuation/gross cost at 31 March 2020	**10,000**	**190,521**	**1,362**	**5,796**	**54,565**	**110**	**29,672**	**2,791**	**294,817**
Accumulated depreciation at 1 April 2019 - brought forward	**-**	**1,563**	**75**	**-**	**39,173**	**100**	**13,790**	**2,497**	**57,198**
Transfers by absorption	-	113	-	-	206	-	-	-	**319**
Provided during the year	-	5,644	34	-	3,109	2	2,635	103	**11,527**
Revaluations	-	(6,718)	(109)	-	-	-	-	-	**(6,827)**
Disposals / derecognition	-	-	-	-	(8,267)	-	-	-	**(8,267)**
Accumulated depreciation at 31 March 2020	**-**	**602**	**-**	**-**	**34,221**	**102**	**16,425**	**2,600**	**53,950**
Net book value at 31 March 2020	**10,000**	**189,919**	**1,362**	**5,796**	**20,344**	**8**	**13,247**	**191**	**240,867**
Net book value at 1 April 2019	**10,000**	**186,007**	**1,339**	**1,522**	**14,411**	**10**	**11,165**	**294**	**224,748**

Note 17.2 Property, plant and equipment - 2018/19

Group	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 - as previously stated	**10,000**	**195,523**	**1,414**	**1,842**	**48,724**	**110**	**20,995**	**2,791**	**281,399**
Additions	-	4,000	-	2,067	5,174	-	1,636	-	**12,877**
Impairments	-	(4,592)	-	-	-	-	-	-	**(4,592)**
Reversals of impairments	-	1,688	-	-	-	-	-	-	**1,688**
Revaluations	-	(9,383)	-	-	-	-	-	-	**(9,383)**
Reclassifications	-	334	-	(2,387)	(271)	-	2,324	-	**-**
Disposals / derecognition	-	-	-	-	(43)	-	-	-	**(43)**
Valuation/gross cost at 31 March 2019	**10,000**	**187,570**	**1,414**	**1,522**	**53,584**	**110**	**24,955**	**2,791**	**281,946**
Accumulated depreciation at 1 April 2018 - as previously stated	**-**	**1,009**	**-**	**-**	**36,338**	**98**	**11,613**	**2,209**	**51,267**
Provided during the year	-	4,406	36	-	2,878	2	2,177	288	**9,787**
Revaluations	-	(3,852)	39	-	-	-	-	-	**(3,813)**
Disposals / derecognition	-	-	-	-	(43)	-	-	-	**(43)**
Accumulated depreciation at 31 March 2019	**-**	**1,563**	**75**	**-**	**39,173**	**100**	**13,790**	**2,497**	**57,198**
Net book value at 31 March 2019	**10,000**	**186,007**	**1,339**	**1,522**	**14,411**	**10**	**11,165**	**294**	**224,748**
Net book value at 1 April 2018	**10,000**	**194,514**	**1,414**	**1,842**	**12,386**	**12**	**9,382**	**582**	**230,132**

As at 31st March 2020 the Foundation Trust had no land, buildings or dwellings valued at open market values.

Key additions during the year include investment to replace medical equipment including diagnostic imaging equipment and maintenance spend on the foundation trust's estate. In addition, a further £736k was spent in 2019/20 in relation to medical and digital equipment to support delivery of services in response to Covid-19.

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

Group	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 2020									
Owned - purchased	10,000	90,439	-	5,796	20,222	8	13,247	191	**139,903**
On-SoFP PFI contracts and other service concession arrangements	-	91,423	1,362	-	-	-	-	-	**92,785**
Owned - donated	-	8,057	-	-	122	-	-	-	**8,179**
NBV total at 31 March 2020	**10,000**	**189,919**	**1,362**	**5,796**	**20,344**	**8**	**13,247**	**191**	**240,867**

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

Group	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	10,000	90,710	-	1,522	14,346	10	11,165	293	**128,046**
On-SoFP PFI contracts and other service concession arrangements	-	89,545	1,339	-	-	-	-	-	**90,884**
Owned - donated	-	5,752	-	-	65	-	-	1	**5,818**
NBV total at 31 March 2019	**10,000**	**186,007**	**1,339**	**1,522**	**14,411**	**10**	**11,165**	**294**	**224,748**

Note 18.1 Donations of property, plant and equipment

During 2019/20, an SMCxPro machine was purchased using funds from the Salford Charity at a value of £80k. This asset was subsequently donated to the Trust, to be used for research development.

Note 19 Revaluations of property, plant and equipment

As at 31st March 2020, the Valuation Office Agency provided a valuation of the Foundation Trust's land and building assets (estimated financial value and estimated remaining useful life) applying a modern equivalent asset method of valuation. The methodology employed to provide the valuation for 2019/20 has been on a suitable alternative site basis i.e. a valuation based on a modern equivalent asset provided on a suitable alternative site built to accommodate existing services. This valuation, based on estimates provided by a qualified professional, led to an increase in the reported value of the Foundation Trust's building asset values. The carrying value of the Foundation Trust's land assets remains unchanged. The carrying value of building assets - including PFI buildings - has a net overall increase of £3,642k; resulting in a £6,156k increase to the Revaluation Reserve and a £2,514k charge to the Statement of Comprehensive Income (2018/19 - £8,474k reduction comprising £2,904k to the Statement of Comprehensive Income and £5,570k to the Revaluation Reserve).

The Foundation Trust's PFI assets have been valued using the modern equivalent asset method at depreciated replacement cost excluding VAT. By excluding VAT the Foundation Trust is accurately reflecting the depreciated replacement cost as a replacement asset would also be funded by PFI and, by the nature of the contract, recover VAT.

Note 20 Other investments / financial assets (non-current)

All investments within the Group are owned by the Charity

	Group	
	2019/20	2018/19
	£000	£000
Carrying value at 1 April - brought forward	**4,488**	**4,319**
Prior period adjustments		-
Carrying value at 1 April - restated	**4,488**	**4,319**
Impact of implementing IFRS 9 on 1 April 2018		-
Movement in fair value through OCI	(314)	195
Disposals	(25)	(26)
Carrying value at 31 March	**4,149**	**4,488**

The Foundation Trust has an associate entity in North West e Health Limited (NWEH). The company was established on 1st November 2016 and the Foundation Trust has a 40% shareholding with the remaining shares owned by the University of Manchester (40%) and Salford Clinical Commissioning Group (20%). The cost of the shares to the Foundation Trust was nil.

NWEH was established as a partnership for the Foundation Trust, University of Manchester and Salford CCG initially to develop tools to support clinical research and translation into quality clinical practice. It has continued to develop software and related services to further develop electronic health solutions to support randomised controlled trials.

Associate entities are those over which the Foundation Trust has the power to exercise a significant influence. Associate entities are recognised in the trust's financial statement using the equity method. The investment is initially recognised at cost in both the Foundation Trust accounts and the consolidated group accounts. It is increased or decreased subsequently to reflect the Foundation Trust's share of the entity's profit or loss or other gains and losses (e.g. revaluation gains on the entity's property, plant and equipment) following acquisition. It is also reduced when any distribution, e.g., share dividends are received by the Foundation Trust from the associate

The Foundation Trust has assessed the value of NWEH at the reporting date and considers the net asset value to be nil. The entity is reporting a deficit of £309k as at 31st March 2020 (2018/19 - deficit of £2,177k) which the Foundation Trust has not recognised in these accounts as there is no legal or constructive obligation on the Foundation Trust to do so.

The Foundation Trust has two other projects that it classes as jointly controlled operations. These are the Sterile Services Decontamination Unit (SSDU) and Pathology At Wigan and Salford (PAWS).

The SSDU and PAWS projects are jointly controlled with Wrightington, Wigan and Leigh NHS Foundation Trust providing essential clinical and support services to both foundation trusts.

Note 21 Analysis of charitable fund reserves

The Salford Royal NHS Foundation Trust Charitable Fund of which the Foundation Trust is a Corporate Trustee is consolidated in these Foundation Trust accounts.

	31 March 2020	31 March 2019
	£000	£000
Unrestricted funds:		
Unrestricted income funds	5,332	5,102
Restricted funds:		
Endowment funds	11	11
Other restricted income funds	25	25
	5,368	**5,138**

Unrestricted income 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.

Note 22 Inventories

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
Drugs	2,727	2,047		
Consumables	2,892	2,611		
Energy	67	72		
Total inventories	**5,687**	**4,729**	**-**	**-**
of which:				

Inventories recognised in expenses for the year were £67,243k (2018/19: £62,655k). Write-down of inventories recognised as expenses for the year were £19k (2018/19: £35k).

As a result of the NHS declaration of a Level 4 National Incident due to the Covid-19 pandemic, and the resultant pressures that that places on the clinical services, there are three areas of stock that it was not possible to count. These areas are the mortuary stock, the ultrasound stock and the breast stock. The combined level of stock in these areas in 2018/19 was valued at £6k.

Note 23.1 Receivables

	Group	
	31 March 2020 £000	31 March 2019 £000
Current		
Contract receivables	74,795	67,146
Allowance for impaired contract receivables / assets*	(2,034)	(1,958)
Prepayments (non-PFI)	7,119	5,080
PFI lifecycle prepayments	4,304	3,489
PDC dividend receivable	1,096	1,281
VAT receivable	1,348	1,156
NHS charitable funds receivables	117	48
Total current receivables	**86,745**	**76,242**
Non-current		
Contract receivables	-	1,133
Contract assets	5,037	4,266
Allowance for other impaired receivables	(1,100)	(944)
Other receivables	1,629	-
Total non-current receivables	**5,566**	**4,455**
Of which receivable from NHS and DHSC group bodies:		
Current	54,765	54,531
Non-current	1,629	-

Non-current contract assets relates to income due from the NHS Injury Cost Recovery Scheme. Other receivables wholly relates to the clinician pension tax provision reimbursement which will be funded nationally.

A Provider Sustainability Fund (PSF) has been made available to NHS providers in 2019/20, linked to the achievement of financial controls. The Foundation Trust assumes receipt of 100% of its available PSF payment of £7,778k (2018/19 70% - £10,280k earned for achievement of financial control total - 30% not earned owing to failure to meet the A&E 4 hour standard trajectory). As not all PSF payments have been made as at 31st March 2020, an amount of £2,722k (2018/19 - £16,168k) is included in receivables. In addition, the Foundation Trust has been notified of an allocation of £12,048k of Financial Recovery Fund - deficit reduction - which is included in operating income and contract receivables.

Contract receivables include an amount of £3,358k in respect of reimbursement of Covid-19 expenditure. The Foundation Trust received a payment on account of £60k in March 2020 which is why the receivable is £60k lower than the expenditure noted in the operating expenses note.

Note 23.2 Exposure to credit risk

Because the majority of the Foundation Trust's income comes from contracts with other public sector bodies, the Foundation Trust has low exposure to credit risk. The maximum exposures as at 31st March 2020 are in receivables from customers, as disclosed in the trade and other receivables notes.

Note 23.3 Allowances for credit losses - 2019/20

All of the Group's allowances for credit losses relate to the Trust's transactions	Group Contract receivables and contract assets £000	Group All other receivables £000
Allowances as at 1 Apr 2019 - brought forward	**2,902**	**-**
New allowances arising	2,429	-
Reversals of allowances	(2,171)	-
Utilisation of allowances (write offs)	(26)	-
Allowances as at 31 Mar 2020	**3,134**	**-**

The Group's receivables reviewed under IFRS 15 and are deemed to be contract receivables. As such the allowances for credit loss are now categorised as allowances for credit loss on contract receivables.

The provision for impairment of receivables is only applied to receivables owed to the Trust (and not to the Charitable Fund) estimated based on three key factors:

a) For NHS receivables, a provision is made where another NHS body registers a dispute against the value invoiced by the Foundation Trust where, in the opinion of Trust management, it is possible that following investigation, all or part of the charge will be reversed.

b) For receivables expected from claims made via the NHS Injury Recovery scheme, a provision for impairment is made based on the percentage probability of not receiving income set out in the Government Accounting Manual.

c) For receivables due from non-NHS customers, a provision for impairment is made based on an estimate of the value of outstanding debt that may not be recoverable even in those cases where legal judgement is given in favour of the Foundation Trust.

Note 23.4 Allowances for credit losses - 2018/19

All of the Group's allowances for credit losses relate to the Trust's transactions.

	Group Contract receivables and contract assets £000	Group All other receivables £000
Allowances as at 1 Apr 2018 - as previously stated	**-**	**2,800**
Allowances as at 1 Apr 2018 - restated	**-**	**2,800**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	2,800	(2,800)
New allowances arising	1,105	-
Reversals of allowances	(938)	-
Utilisation of allowances (write offs)	(65)	-
Allowances as at 31 Mar 2019	**2,902**	**-**

Note 24 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.

	Group		Trust	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
At 1 April	**80,302**	**55,128**	**79,190**	**53,884**
At 1 April (restated)	**80,302**	**55,128**	**79,190**	**53,884**
Net change in year	3,338	25,174	2,665	25,306
At 31 March	**83,640**	**80,302**	**81,855**	**79,190**
Broken down into:				
Cash at commercial banks and in hand	1,618	1,217	181	115
Cash with the Government Banking Service	82,022	79,085	81,673	79,075
Total cash and cash equivalents as in SoFP	**83,640**	**80,302**	**81,855**	**79,190**
Total cash and cash equivalents as in SoCF	**83,640**	**80,302**	**81,855**	**79,190**

The Foundation Trust acts as the 'host' NHS body for a number of services which are outside of the Foundation Trust's core business. These services are for specific areas of development both locally and nationally and cover fields such as research, quality and leadership . The cash balance of these hosted services, including those brought forward from previous years, totalled £9,080k as at 31st March 2020 (2018/19 - £10,067k) and is contained within the Foundation Trust's consolidated cash balance.

Note 25.1 Trade and other payables

	Group	
	31 March 2020	31 March 2019
	£000	£000
Current		
Trade payables	29,746	28,081
Capital payables	2,834	4,778
Accruals	96,278	74,996
Receipts in advance and payments on account	-	29
Social security costs	8,908	7,096
Other payables	566	5,047
NHS charitable funds: trade and other payables	6	54
Total current trade and other payables	**138,338**	**120,081**
Non-current		
Trade payables	-	60
Total non-current trade and other payables	**-**	**60**
Of which payables from NHS and DHSC group bodies:		
Current	17,427	11,550

Note 25.2 Better Payment Practice code

	31 March 2020	31 March 2019
Non-NHS Payables	**£000**	**£000**
Total non-NHS trade invoices paid in the year	535,467	415,424
Total non-NHS trade invoices paid within target	520,833	390,545
Percentage of non-NHS trade invoices paid within target	97.3%	94.0%
NHS Payables		
Total NHS trade invoices paid in the year	51,656	126,311
Total NHS trade invoices paid within target	48,388	109,366
Percentage of NHS trade invoices paid within target	93.7%	86.6%

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

Note 26 Other liabilities

	Group	
	31 March 2020	31 March 2019
	£000	£000
Current		
Deferred income: contract liabilities	7,961	9,410
Total other current liabilities	**7,961**	**9,410**
Non-current		
Deferred income: contract liabilities	3,397	1,667
Net pension scheme liability	13,877	18,316
Total other non-current liabilities	**17,274**	**19,983**

All other liabilities relate to the Trust. The Charitable Fund did not have any other liabilities in the year ending 31st March 2020 nor in the previous year.

Note 27 Borrowings

	Group	
	2020	2019
	£000	£000
Current		
Loans from DHSC	519	519
Obligations under PFI, LIFT or other service concession contracts (excl. lifecycle)	3,905	3,532
Total current borrowings	**4,424**	**4,051**
Non-current		
Loans from DHSC	6,416	6,928
Obligations under PFI, LIFT or other service concession contracts	91,097	95,001
Total non-current borrowings	**97,513**	**101,929**

The Foundation Trust's PFI borrowings relate to its two on-Statement of Financial Position privately financed assets - The Maples and the main hospital redevelopment scheme (see note 33). The Maples concession period ends in 2025. The hospital redevelopment concession ends in 2042.

The Foundation Trust borrowed £10,000k in 2013/ 14 to be repaid in equal instalments bi-annually over a 20-year period at a rate of interest of 2.8% to the Department of Health to finance part of its capital expenditure plans during that year. The current balance is £6,935k (2018/29 - £7,447k)

All borrowings relate to the Foundation Trust. The Charitable Fund did not have any borrowings in either the year ending 31st March 2020 nor in the previous year.

Note 27.1 Reconciliation of liabilities arising from financing activities (Group)

Group - 2019/20	Loans from DHSC	PFI and LIFT schemes	Total
	£000	£000	£000
Carrying value at 1 April 2019	**7,447**	**98,533**	**105,980**
Cash movements:			
Financing cash flows - payments and receipts of principal	(512)	(3,530)	**(4,042)**
Financing cash flows - payments of interest	(204)	(4,530)	**(4,735)**
Non-cash movements:			
Application of effective interest rate	204	4,530	**4,735**
Other changes	-	(1)	**(1)**
Carrying value at 31 March 2020	**6,935**	**95,002**	**101,937**

Group - 2018/19	Loans from DHSC	PFI and LIFT schemes	Total
	£000	£000	£000
Carrying value at 1 April 2018	**7,952**	**101,767**	**109,719**
Prior period adjustment	**-**	**-**	**-**
Carrying value at 1 April 2018 - restated	**7,952**	**101,767**	**109,719**
Cash movements:			
Financing cash flows - payments and receipts of principal	(512)	(3,234)	**(3,746)**
Financing cash flows - payments of interest	(218)	(4,759)	**(4,978)**
Non-cash movements:			
Impact of implementing IFRS 9 on 1 April 2018	7	-	**7**
Application of effective interest rate	218	4,759	**4,978**
Carrying value at 31 March 2019	**7,447**	**98,533**	**105,980**

The Foundation Trust makes interest payments bi-annually on 18th September and 18th March. The accounts include an accrual for interest payment covering 19th March to 31st March which, as a result of IFRS 9, is classed as liability arising from financing activities.

Note 28 Finance leases

Note 28.1 Salford Royal NHS Foundation Trust as a lessor

Future lease receipts due under finance lease agreements where the trust is the lessor:
There are no future lease receipts due under finance lease agreements where the Foundation Trust or the Charity is the lessor.

Note 28.2 Salford Royal NHS Foundation Trust as a lessee

There are no obligations under finance leases where the Foundation Trust or the Charity is the lessee.

Obligations under finance leases where the trust is the lessee.

Note 29.1 Provisions for liabilities and charges analysis (Group)

Group	Pensions: injury benefits	Legal claims	Re-structuring	Clinician pension tax reimbursement	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2019	**2,753**	**253**	**1,513**	**-**	**14,873**	**19,392**
Change in the discount rate	**197**	**-**	**-**	**-**	**-**	**197**
Arising during the year	**56**	**108**	**440**	**1,629**	**12,571**	**14,805**
Utilised during the year	(95)	(140)	(76)	**-**	**(4,442)**	**(4,752)**
Reversed unused	**(244)**	**-**	**(204)**	**-**	**(4,178)**	**(4,626)**
Unwinding of discount	**8**	**-**	**11**	**-**	**-**	**19**
At 31 March 2020	**2,675**	**222**	**1,684**	**1,629**	**18,825**	**25,034**
Expected timing of cash flows:						
- not later than one year;	102	148	364	-	17,412	**18,025**
- later than one year and not later than five years;	564	74	822	272	1,413	**3,144**
- later than five years.	2,009	(0)	498	1,357	(0)	**3,864**
Total	**2,675**	**222**	**1,684**	**1,629**	**18,825**	

Provisions for legal claims are based on information supplied by the NHS Resolution. The amount shown is based on the maximum sum the Foundation Trust would be required to fund on the event of a successful claim adjusted by a 'probability of settlement' factor.

The Foundation Trust has made a provision for other liabilities and claims based on information provided by professional advisers. These include provisions for future pension payments for former staff claiming permanent injury benefit based on information supplied by NHS Pensions Agency and provisions for NHS employment costs.

£211,892k (2018/19 - £217,549k) is included in the provisions of NHS Resolution at 31st March 2020 in respect of clinical negligence liabilities on behalf of the Foundation Trust. Other provisions includes amounts relating to contractual issues and future delivery of hosted services. They also includes £1.6m in relation to clinical staff electing to take advantage of the “Scheme Pays” commitment, this is offset by a long term debtor as, were it to arise, it would be funded by NHS commissioners

Treasury discount rates are used to adjust the value of provisions for injury benefits in the note above. The discount rates used are:

	2019/20 (nominal)	2018/19 (nominal)
General Provision Discount Rate (0 - 5yrs):	0.51%	0.76%
General Provision Discount Rate (5 - 10yrs):	0.55%	1.14%
General Provision Discount Rate (over 10yrs):	1.99%	1.99%

The real discount rate applicable on 31 March 2020 to post employment benefit provisions is **minus** 0.50% (2018/19 - 0.29%).

Note 29.2 Clinical negligence liabilities

At 31 March 2020, £211,892k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Salford Royal NHS Foundation Trust (31 March 2019: £217,549k).

Note 30 Contingent assets and liabilities

The Foundation Trust does not report any contingent assets or liabilities

Note 31 Contractual capital commitments

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Property, plant and equipment	2,900	2,895	2,900	2,895
Total	**2,900**	**2,895**	**2,900**	**2,895**

Contractual capital commitments relate to replacing the digital network across the Foundation Trust, second year costs of the LED lighting scheme and rollout of the EPR system within the community services. All these schemes relate to the Foundation Trust.

Note 32 Defined benefit pension schemes

On 1 July 2016 Salford Royal NHS Foundation Trust became the provider of adult social care and adult mental health services for the City of Salford. A number of employees providing adult social care services transferred from Salford City Council to the Foundation Trust and subsequently, the Foundation Trust was admitted as a member of the Greater Manchester Pension Fund (GMPF).

The GMPF scheme is a defined benefit scheme administered by Tameside Metropolitan Borough Council. The Foundation Trust and employees pay contributions to the Fund calculated at a rate intended to balance pension liabilities with pension assets. The Foundation Trust's share of assets and liabilities can be separately identified in the Pension Fund and as at 31st March 2020 the Fund reported a net pension liability (shown in non-current liabilities) of £13,877k (2018/19 - £18,316k).

The agreement with Salford City Council requires that the actual cost of employer contributions to the pension fund are fully funded through monthly payments to the Foundation Trust. As payments due to the pension fund are able to be estimated with a reasonable level of accuracy and the Foundation Trust is reimbursed on a fixed date each month, membership of the GMPF and employer's payments due do not have a detrimental impact on the Foundation Trust's cashflow.

The Scheme is a "career average" scheme. Annual pensions are dependent on the number of years an employee has been in the scheme. The current scheme is based on 1/49th of reckonable pay per year of membership. The standard package of benefits includes a pension but not an automatic lump sum. Employees can opt to create a lump sum by giving up a proportion of their pension. In 2019/20 the Foundation Trust's employer's contribution to the GMPF was £1,941k (2018/19 - £2,228k) based on 19.7% of employees' pensionable pay.

The costs of retirement benefits in a defined benefit schemes are recognised when they are earned by employees and not when the benefits are paid as pensions. The additional charge recognised in the Statement of Comprehensive Income is £2,775k .

Hymans Robertson are the scheme actuaries. The pensions liability has been assessed on an actuarial basis using the results of the last formal valuation (31st March 2016) an using estimation to adjust for known changes in assets, pay costs and benefit accruals and FRS102 / IAS19 financial assumptions. The value of fund assets is based on bid value as summarised below:

	Period ended 31 March 2020				**Period ended 31 March 2019**			
	Quoted price in active market	Quoted price note in active market	Total	% of total assets	Quoted price in active market	Quoted price note in active market	Total	% of total assets
	£000s	£000s	£000s		£000s	£000s	£000s	
Equity Securities	22,957	0	22,957	44%	17,402	0	17,402	31%
Debt securities	3,637	0	3,637	7%	3,935	0	3,935	7%
Private equity	0	2,680	2,680	5%	0	2,657	2,657	5%
Real estate	0	2,187	2,187	4%	0	2,695	2,695	5%
Investment funds and unit trusts	12,503	7,117	19,620	38%	20,990	7,614	28,604	50%
Derivatives	0	0	0	0%	0	29	29	0%
Cash and cash equivalents	823	0	823	2%	1,417	0	1,417	2%
Total	**39,919**	**11,984**	**51,903**	**100%**	**43,744**	**12,995**	**56,739**	**100%**

The actuary's financial assumptions in calculating the components of the pension expense for the period ended 31st March 2019 were:

Period ended	2020	31 March 2019
	% per year	% per year
Pension increase rate	1.8%	2.5%
Salary increase rate	2.6%	3.3%
Discount rate	2.3%	2.4%

The principal risks to the accuracy of the amounts included in these accounts describing the scheme value and projections are accuracy of longevity assumptions, statutory changes to the scheme, the accuracy of the discount rate applied, structural changes to the scheme (e.g. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

Mortality (longevity) assumptions have been applied to the estimated pension valuation with current pensioners given a life expectancy at 65 years of age of 20.5 years (male) and 23.1 years (female) and future pensioners 22.0 years (male) and 25.0 years (female) - assuming future pensioners are aged 45 at the last formal valuation date.

A sensitivity analysis has been completed and the table below summarises the estimated change to scheme liabilities if principal actuarial assumptions are adjusted:

Sensitivity - changes to assumptions at 31 March 2020	Approximate increase to obligation	Approximate monetary amount
	%	£000s
0.5% decrease in real discount rate	12.0%	7,774
0.5% increase in salary increase rate	2.0%	1,210
0.5% increase in pension increase rate	10.0%	6,468

Looking ahead to 2020/21, the projected charge to expenses is £3,620k. The contributions paid by the Foundation Trust as employer are set by the Fund Actuary at the triennial valuation (with the most recent being 31 March 2016). Employers contributions are estimated to be £1,940k in 2020/21.

2020/21 projections	Assets	Obligations	Net (liability) / asset	
	£000s	£000s	£000s	% of pay
Projected service cost	0	3,285	(3,285)	-33.4%
Total service cost	**0**	**3,285**	**(3,285)**	**-33.4%**
Interest income on plan assets	1,215	0	1,215	12.3%
Interest cost on defined benefit obligation	0	1,550	(1,550)	-15.7%
Total Net Interest Cost	**1,215**	**1,550**	**(335)**	**-3.4%**
Projected defined benefit cost for the period to 31 March 2020	**1,215**	**4,835**	**(3,620)**	**-36.8%**

Note 32.1 Changes in the defined benefit obligation and fair value of plan assets during the year

	Group	
	2019/20	2018/19
	£000	£000
Present value of the defined benefit obligation at 1 April	**(75,055)**	**(58,738)**
Current service cost	(4,137)	(4,172)
Interest cost	(1,857)	(1,778)
Contribution by plan participants	(625)	(734)
Remeasurement of the net defined benefit (liability) / asset:		
- Actuarial (gains) / losses	15,505	(6,925)
Benefits paid	500	-
Past service costs	(111)	(48)
Business combinations	-	(2,660)
Curtailments and settlements	-	-
Present value of the defined benefit obligation at 31 March	**(65,780)**	**(75,055)**
Plan assets at fair value at 1 April	**56,739**	**47,876**
Prior period adjustment		-
Plan assets at fair value at 1 April -restated	**56,739**	**47,876**
Transfers by normal absorption	-	-
Interest income	1,389	1,428
Remeasurement of the net defined benefit (liability) / asset:		
- Return on plan assets	(8,291)	2,445
Contributions by the employer	1,941	2,228
Contributions by the plan participants	625	734
Benefits paid	(500)	-
Business combinations	-	2,028
Settlements	-	-
Plan assets at fair value at 31 March	**51,903**	**56,739**
Plan surplus/(deficit) at 31 March	**(13,877)**	**(18,316)**

Note 32.2 Reconciliation of the present value of the defined benefit obligation and the present value of the plan assets to the assets and liabilities recognised in the balance sheet

	Group	
	31 March 2020	31 March 2019
	£000	£000
Present value of the defined benefit obligation	(65,780)	(75,055)
Plan assets at fair value	51,903	56,739
Net defined benefit (obligation) / asset recognised in the SoFP	**(13,877)**	**(18,316)**
Fair value of any reimbursement right	-	-
Net (liability) / asset after the impact of reimbursement rights	**(13,877)**	**(18,316)**

Note 32.3 Amounts recognised in the SoCI

	Group	
	2019/20	2018/19
	£000	£000
Current service cost	(4,137)	(4,172)
Interest expense / income	(468)	(350)
Past service cost	(111)	(48)
Gains/(losses) on curtailment and settlement	-	(632)
Total net (charge) / gain recognised in SOCI	**(4,716)**	**(5,202)**

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

The Maples PFI Scheme

The Maples scheme is for the provision of long-term clinical accommodation and hotel services for patients with acute neuro rehabilitation requirements. There are no guarantees, obligations or other rights associated with the scheme.

There are no deferred assets or residual interests associated with the Maples PFI transaction. The Maples scheme commenced in March 2000 with a 25 year concession period. At the end of the agreement, the Foundation Trust has a right to purchase the asset at open market value. The unitary payment for the Maples is subject to annual increase which is based on a formula that uses movements in the value of the retail price index calculated annually from February to February.

The Hospital Redevelopment PFI Scheme

The hospital redevelopment scheme is for the provision of clinical and non-clinical accommodation through an agreement with Consort, the PFI partner. This has been achieved by the construction of two new buildings and the development of link corridors to join existing Foundation Trust owned buildings to the PFI buildings.

The agreement also includes the provision of a number of services to the Foundation Trust by Consort including building maintenance and lifecycle services, grounds and gardens maintenance, security services, pest control, utilities and a helpdesk facility.

The hospital redevelopment scheme commenced in 2007 with a 35 year concession period which ends in 2042. At the end of the agreement, the assets will pass to the Foundation Trust for nil consideration.

The full annual unitary payment is subject to annual increase in line with changes in the retail price index, calculated annually from February to February. Each 1% rise in the RPI index increases the unitary payment made by the Trust by c. £170k. RPI for 2019/20 applied to the PFI scheme was 2.5%, this will also be 2.5% in 2020/21.

During 2013/14, the operator recalculated the financial model that sets the value of the unitary payment. The full impact of this recalculation is included in these financial results.

A limited number of the services provided within the agreement may be subject to market testing every five years beginning in 2011 as required by the Foundation Trust. These eligible services include security services and pest control services. No market testing was undertaken in 2019/20.

Under the terms of the Project Agreement, the Foundation Trust has the right to use the assets built by Consort that are included as part of the scheme to deliver services to the public.

The agreement includes sections relating to termination of the contract. Termination may be implemented in the event of significant failures on the part of the PFI project company to deliver the specified level of quality and services, including completing construction of the assets by the agreed 'long-stop' dates. Other actions leading to a right to terminate include the project company becoming insolvent, undertaking a change in control outside of the scope allowed in the agreement, having a serious breach of health and safety law or a failure to pay the Foundation Trust material sums due on time.

The project agreement does not include renewal clauses. At the end of the concession period, all assets revert to the Foundation Trust.

During the concession period, the building assets are required to be maintained at a specified level of condition and service. The PFI project company manages and maintains a lifecycle plan to ensure that the assets remain in the specified condition. During the concession period it is likely that major works such as lift replacements and window replacements will be necessary. These will be the responsibility of the PFI project company.

Having considered the content included in International Financial Reporting Standards in respect of service concession arrangements, in particular International Financial Reporting Interpretations Committee (IFRIC) publication 12, the hospital redevelopment project has been classed as a service concession arrangement for the provision of infrastructure.

Under International Financial Reporting Interpretation Committee guidance 12 (IFRIC 12), both the Maples and the hospital redevelopment assets are treated as assets of the Foundation Trust. The substance of the contracts are that the Foundation Trust has a finance lease and the payment streams comprise two elements – imputed finance lease charges and service charges.

Note 33.1 On-SoFP PFI, LIFT or other service concession arrangement obligations

The following obligations in respect of the PFI, LIFT or other service concession arrangements are recognised in the statement of financial position:

	Group	
	31 March 2020	31 March 2019
	£000	£000
Gross PFI, LIFT or other service concession liabilities	**151,380**	**159,519**
Of which liabilities are due		
- not later than one year;	8,340	8,138
- later than one year and not later than five years;	29,749	31,029
- later than five years.	113,292	120,352
Finance charges allocated to future periods	(56,378)	(60,986)
Net PFI, LIFT or other service concession arrangement obligation	**95,002**	**98,533**
- not later than one year;	3,905	3,532
- later than one year and not later than five years;	13,910	14,340
- later than five years.	77,187	80,661

Note 33.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	Group	
	31 March 2020	31 March 2019
	£000	£000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**512,627**	**549,843**
Of which payments are due:		
- not later than one year;	17,935	18,143
- later than one year and not later than five years;	76,326	77,216
- later than five years.	418,367	454,484

Note 33.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	Group	
	2019/20	2018/19
	£000	£000
Unitary payment payable to service concession operator	**16,471**	**17,091**
Consisting of:		
- Interest charge	4,530	4,759
- Repayment of balance sheet obligation	3,585	3,234
- Service element and other charges to operating expenditure	5,754	5,117
Insurance rebate following contractual review	(1,034)	-
- Contingent rent	2,852	2,942
- Addition to lifecycle prepayment	784	1,039
Total amount paid to service concession operator	**16,471**	**17,091**

Note 34 Off-SoFP PFI, LIFT and other service concession arrangements

The Foundation Trust does not have any off-SoFP, PFI or LIFT arrangements.

Note 35 Financial instruments

Note 35.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the service provider relationship that the Foundation Trust has with clinical commissioning groups, NHS England and local authorities and the way those commissioners of healthcare are financed, the Foundation 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 Foundation 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 Foundation Trust in undertaking its activities.

The Foundation Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the policy agreed by the Group Committees in Common. The Foundation Trust's treasury activity is subject to review by the Foundation Trust's internal auditors.

Currency risk

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

Interest rate risk

The Trust is permitted to borrow to fund capital expenditure, subject to affordability as confirmed by NHS Improvement, the regulator of Foundation Trusts. The Foundation Trust borrowed £10,000k from the Department of Health at a fixed rate of interest of 2.80%. £6,935k of this loan remained outstanding at 31st March 2020 and therefore the Foundation Trust has a low exposure to interest rate risk.

Credit risk

Because the majority of the Foundation Trust's income comes from contracts with other public sector bodies, the Foundation Trust has low exposure to credit risk. The maximum exposures as at 31 March 2020 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The Foundation Trust's operating income is received under contracts with CCGs, NHS England and local authorities, which are financed from resources voted annually by Parliament . The Foundation Trust funds its capital expenditure from internally generated resources, public dividend capital plus a fixed interest loan from the Department of Health. The Foundation Trust is not, therefore, considered to be exposed to significant liquidity risks.

Charitable Fund investment

The Charity's investments are managed by the investment managers, Investec, on a discretionary basis with an objective to provide a balance between capital growth and income whilst maintaining a medium level of risk. The Charitable Funds Committee receives regular updates from the investment advisers including full quarterly reports and uses this information to review and confirm the policy on managing the portfolio. The value of the investment portfolio at 31 March 2020 is £4,149k (31st March 2019- £4,489k) and generated income of £106k (2018/19 - £131k). The Charitable Funds Committee Chairman and the Executive Director of Finance are notified if the portfolio value falls by a material sum and advice on required actions to minimise risk is taken from the investment managers.

Note 35.2 Carrying values of financial assets (Group)

Carrying values of financial assets as at 31 March 2020	Held at amortised cost £000	Total book value £000
Trade and other receivables excluding non financial assets	78,327	**78,327**
Cash and cash equivalents	81,855	**81,855**
Consolidated NHS Charitable fund financial assets	6,051	**6,051**
Total at 31 March 2020	**166,232**	**166,232**

Carrying values of financial assets as at 31 March 2019	Held at amortised cost £000	Total book value £000
Trade and other receivables excluding non financial assets	69,643	**69,643**
Cash and cash equivalents	79,190	**79,190**
Consolidated NHS Charitable fund financial assets	5,683	**5,683**
Total at 31 March 2019	**154,516**	**154,516**

Note 35.3 Carrying values of financial liabilities (Group)

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	6,935	**6,935**
Obligations under PFI, LIFT and other service concessions	95,002	**95,002**
Trade and other payables excluding non financial liabilities	129,424	**129,424**
Consolidated NHS charitable fund financial liabilities	6	**6**
Total at 31 March 2020	**231,367**	**231,367**

Carrying values of financial liabilities as at 31 March 2019	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	7,447	**7,447**
Obligations under PFI, LIFT and other service concessions	98,533	**98,533**
Trade and other payables excluding non financial liabilities	112,962	**112,962**
Consolidated NHS charitable fund financial liabilities	-	**-**
Total at 31 March 2020	**218,942**	**218,942**

Note 35.4 Fair values of financial assets and liabilities

The fair value of all assets and liabilities is reported as being equal to their book value which the Foundation Trust considers to be materially the same as the fair value.

Note 35.5 Maturity of financial liabilities

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
In one year or less	133,335	116,494	133,329	116,446
In more than one year but not more than two years	4,039	4,419	4,039	4,419
In more than two years but not more than five years	11,919	11,968	11,919	11,968
In more than five years	82,074	86,060	82,074	86,060
Total	**231,367**	**218,942**	**231,361**	**218,894**

Note 36 Losses and special payments

	2019/20		2018/19	
Group and trust	**Total number of cases**	**Total value of cases**	**Total number of cases**	**Total value of cases**
	Number	**£000**	**Number**	**£000**
Losses				
Cash losses	2	5	17	7
Bad debts and claims abandoned	-	-	117	58
Stores losses and damage to property	2	19	4	36
Total losses	**4**	**25**	**138**	**100**
Special payments				
Ex-gratia payments	61	442	59	375
Total special payments	**61**	**442**	**59**	**375**
Total losses and special payments	**65**	**467**	**197**	**476**
Compensation payments received		-		-

Note 37 Gifts

The total value of gifts received during the year was £88k.

Note 38 Related parties

Salford Royal NHS Foundation Trust is a public interest body authorised by NHS Improvement.

Certain members of the Board of Directors, key members of staff (or parties related to them) and members of the Council of Governors have connections with organisations which also have transactions with the Foundation Trust. There have been no material transactions with any of these organisations in 2019/20.

Other related parties include local authorities, HM Revenue and Customs, the NHS Pensions Agency and Greater Manchester Pension Fund and other government bodies

The Department of Health and Social Care is regarded as a related party and the parent organisation of the Foundation Trust. During the year Salford Royal NHS Foundation Trust has had a significant number of material transactions with the Department itself, and with other NHS bodies for which the Department is also regarded as the parent Department. These entities include, but are not limited to:

-The Department of Health and Social Care

-Other NHS providers

-CCGs and NHS England

-Other health bodies

-Other government departments

-Local authorities

The Foundation Trust has incurred significant transactions with the below NHS bodies and local authorities in 2019/20:

- NHS Bolton CCG
- NHS Bury CCG
- NHS Heywood, Middleton and Rochdale CCG
- NHS Manchester CCG
- NHS Oldham CCG
- NHS Salford CCG
- NHS Trafford CCG
- NHS Wigan Borough CCG
- Health Education England
- NHS Resolution
- NHS England
- Salford City Council

The Foundation Trust also received revenue income from Salford Royal NHS Foundation Trust Charitable Fund of which it is a corporate trustee. Amounts relating to the charitable fund are consolidated into the group results in these financial statements

Note 39 Transfers by absorption

Responsibility for provision of community healthcare services for adults in Bury, Oldham and Rochdale, and children's services in Bury and Oldham, transferred to the Foundation Trust on 1st July 2019 from Pennine Care NHS Foundation Trust. As a consequence, buildings and equipment assets associated with these services were transferred to the Foundation Trust. This asset transfer has been accounted for as a transfer by absorption and results in the £476k absorption gain shown in the Statement of Comprehensive Income.

Note 40 Events after the reporting date

Notes 1a, 3.1, 3.3, 7.1 , 21.1 all highlight the impact of Covid-19 on the 2019/20 accounts. The financial, operational and workforce performance of the Trust will continue to be significantly impacted throughout 2020/21.