NHS

Mid Cheshire Hospitals

NHS Foundation Trust

Annual Report and Accounts

2020/21

Mid Cheshire Hospitals NHS Foundation Trust

Annual Report and Accounts 2020/21

Presented to Parliament pursuant to
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Health Service Act 2006


Pharmacist

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Chairman's Foreword

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As Chairman of the Board of Directors of Mid Cheshire Hospitals NHS Foundation Trust, I would like to take this opportunity to pay tribute to our outstanding staff and volunteers of Mid Cheshire Hospitals NHS Foundation Trust. Not only for the way in which they have responded over the past year to the Coronavirus (COVID-19) pandemic but also in how they ensured the Trust maintains its commitment to making improvements in the quality of care for our patients.

The sadness felt by all of us for those who died as a result of COVID-19, including colleagues who worked or volunteered at the Trust, is immense and our sincere condolences go to their loved ones. We know only too well the impact that the virus has had on everyone, including our people, and the Trust has put in place new health and wellbeing initiatives to ensure everyone can have access to the support they need and deserve.

I am particularly proud of the way the Trust has moved forward over the last year despite the challenges it faced. The Board has been developing a new five-year strategy which we intend to launch early in 2021/22, following engagement with key stakeholders including our staff. We have been working with regulators to address the not insignificant problems we face with our estate and started to work towards building a new hospital on the Leighton site, including a new A&E building. In conjunction with East Cheshire NHS Trust, we have been developing the Digital Clinical System business case for submission to regulators in 2021/22. The implementation of an electronic patient record system will make a signification contribution to improving the quality of care for our patients. At the same time, we have moved forward at pace to introduce new and more agile ways of working, using digital solutions.

2020/21 was a period of great uncertainty and we are heading into further significant change for the Trust and the National Health Service as a whole, with the changes in health infrastructure, revised approach to system working and the proposed changes in legislative arrangements. In 2020/21, the Trust extended its constitutional boundaries beyond Cheshire in preparation for this wider health system working.

Governors have not been able to engage with Trust Members over the past year as much as they would have liked but we have kept them informed throughout and they continued to provide constructive challenge to the Board in line with the Council's statutory duties. On behalf of the Board and as Chair of the Council of Governors, I would like to thank all our Governors who volunteer their time in this role, especially those whose term of office came to an end this year; I would also like to welcome those who have joined the Council this year.

"I have seen the determination and resilience of our staff, as individuals and as teams, to overcome unprecedented organisational, professional and personal challenges in order to provide the best possible care for our patients"

We appreciated the support provided to the Trust by our partners, including MPs, NHS Commissioners, Local Authorities and the third sector, plus other NHS organisations and employers to ensure that we are actively involved in the life of communities we serve.

In July 2020, we said goodbye to Chris Oliver, Chief Operating Officer, and welcomed Oliver Bennett as his successor. At the end of 2020/21, Denise Frodsham became the Director for Cheshire East Integrated Care Partnership and so stood down from the Board of Mid Cheshire. We wish them all well.

Over the past year, I have seen the determination and resilience of our staff, as individuals and as teams, to overcome unprecedented organisational, professional and personal challenges in order to provide the best possible care for our patients.

We have been supported by the Mid Cheshire Hospitals Charity and our fundraising team throughout the year and experienced the generosity of others in stepping forward to support us, particularly during the first wave of the pandemic. It was and remains both truly humbling and inspiring and I would like to thank all those who are involved with Mid Cheshire and whose commitment to our Trust helps us deliver the highest quality healthcare to our patients.

Dennis Dunn MBE JP DL
Chairman

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Performance Report

Overview

This section provides summary information about Mid Cheshire Hospitals NHS Foundation Trust, our purpose, the key risks to the achievement of our objectives and how the Trust has performed during 2020/21.

Mid Cheshire Hospitals NHS Foundation Trust provides a full range of local hospital and community services for people in Alsager, Crewe, Congleton, Knutsford, Middlewich, Nantwich, Sandbach, Winsford and surrounding areas, serving a population of around 300,000.

Our vision is:

"to deliver excellence in healthcare through innovation and collaboration"

We became a NHS foundation trust on 1 April 2008 established as a body corporate authorised under the National Health Service Act 2006. Mid Cheshire Hospitals NHS Foundation Trust is fully compliant with the registration requirements of the Care Quality Commission.

Being a Foundation Trust means that we have more control of how we manage our budgets and shape the services we provide to reflect the needs and priorities of our patients and those living locally, our staff and other interested parties. We are accountable to Parliament and regulated by Monitor, now part of NHS Improvement. Our governors and Members ensure that we are accountable and listen to the needs and views of our patients so that we can make improvements to our services and the information about these services.

We provide high quality elective and emergency care services to our local population. In addition, we provide excellent child health services, intermediate care and maternity services, ensuring that the patient is central to the services we deliver.

Since 1 October 2016, in collaboration with Cheshire and Wirral Partnership NHS Foundation Trust and the South Cheshire and Vale Royal GP Alliance, the Trust has also delivered community services through the Central Cheshire Integrated Care Partnership.

"We are accountable and listen to the needs and views of our patients"

Our values, which were developed with our staff, guide everything that we do as we move towards achieving our vision:

- Putting patients first
- Commitment to quality and safety
- Respect, dignity & compassion
- Listening, learning and leading
- Creating the best outcomes together
- Everyone matters.

During 2020/21, we have been developing our new five-year strategy within the organisation with clinical and managerial leaders and practitioners to ensure that the clinical voice and expertise is heard. The challenge for Mid Cheshire Hospitals is to ensure we maintain and develop our own organisation, whilst at the same time taking

a wider role in working with our partners to improve the health and wellbeing of the Cheshire & Merseyside population. The Trust's Strategy in 2021/22 will take into account the proposed changes in the NHS infrastructure and the evolving Integrated Care System and Partnerships.

What we do

In 2020/21 we saw 233,688 outpatients, had 77,610 A&E attendances and admitted 36,360 emergency patients.

The Trust is one of the largest local employers with nearly 5,000 staff across Leighton Hospital in Crewe, Victoria Infirmary in Northwich and Elmhurst Intermediate Care Centre in Winsford. We support our staff through engagement, training and development, recognising that this impacts positively on the care we provide our patients by helping to attract the very best staff.

At the end of 2020/21, the Trust received income of £323.1m and incurred annual expenditure of £334m. We invested £19.8m in building and infrastructure projects.

233,688

Number of outpatients seen

169,330

Medical Imaging requests

4,899

Numbers of staff

16,105

Procedures performed

77,610

Visits to our A&E Department

Total number of patients seen in year

450,576

3,127

Births

500

Number of beds

£19.8m

invested in building and infrastructure projects

£323.1m

Turnover

9,570

Number of Foundation Trust Members

The services provided by the Trust include:

- Emergency and elective inpatient services
- Daycase services
- Outpatient services
- Diagnostic and therapeutic services
- Maternity
- Children's health
- Community services including preventative work.

The Trust operates its acute clinical services through four clinical divisions: Medicine and Emergency Care; Surgery and Cancer; Women and Children's and Diagnostics and Clinical Support Services.

Its community services are managed through the Central Cheshire Integrated Care Partnership, with the Estates and Facilities and Corporate Services Divisions providing support to all areas.

The Trust provides services at the following locations:

- Leighton Hospital, Middlewich Road, Crewe, Cheshire, CW1 4QJ
- Victoria Infirmary, Winnington Hill, Northwich, Cheshire, CW8 1AW
- Elmhurst Intermediate Care Centre, Roehurst Lane, Winsford, Cheshire, CW7 2DF
- Community services delivered from 26 medical centres and schools.

The Trust's headquarters are at:

Mid Cheshire Hospitals NHS Foundation Trust Leighton Hospital
Middlewich Road
Crewe
CW1 4QJ

foundation.trust@mcht.nhs.uk

Chief Executive's statement on Mid Cheshire's 2020/21 performance

The Trust faced unprecedented pressure in 2020/21 as a result of the COVID-19 pandemic but we worked together, both internally and with our external partners, to ensure we remained focussed on delivering high quality and safe services to our patients.

James Sumner, Chief Executive

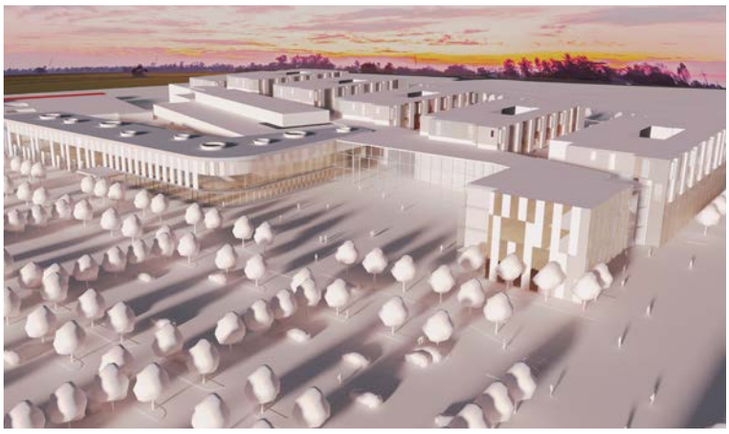
This year's annual report is written as we emerge from the **COVID-19 pandemic**. Over the last year, our teams responded incredibly to support those patients with the virus and we redesigned our services on a large scale to ensure we had the right capacity and resource to do that, working with our partners across the Cheshire & Merseyside system as well as the wider NHS. We continued to provide other emergency and urgent services, including those to patients requiring cancer treatment, but postponed some planned treatment, putting telephone triage and on-line consultations in place, redeploying staff and identifying additional bed and intensive care capacity. Our support services, including Estates, Facilities, IT and Infection Prevention & Control teams, were instrumental in implementing these changes and many corporate services staff moved to flexible working patterns, including working from home, to reduce social contact and prevent infection.

We took part in the biggest **vaccination programme** in the history of the NHS – by March 2021, we had vaccinated more than 20,000 people at our vaccination centre at Leighton Hospital. We also supported the opening of a mass vaccination centre in Macclesfield alongside East Cheshire NHS Trust.

June Elsby, 88, and her husband Brian, 93, were the first patients to be vaccinated at Leighton Hospital's Covid-19 vaccination centre

Building for the Future

Leighton Hospital was built some 50 years ago using Reinforced Autoclaved Aerated Concrete (RAAC) planks in the construction of its walls and roofs. Whilst the Trust, like other affected hospitals, is surveying its estate to identify the most at risk areas and undertaking 'make safe' works, this requires further expenditure across an estate that is potentially unsafe and not capable of meeting the expectations of 21st century healthcare.



An architect's impression of what the new Leighton Hospital could look like

In October 2020, we announced we were developing a **long-term vision for the Trust's future**, including an ambitious plan for a significant redevelopment of the Leighton Hospital site which offers a unique opportunity to create a facility that can deliver a new clinical model – a blueprint for providing future healthcare both in and out of hospital. This generated a very positive response from a number of interested parties so we have moved ahead at pace to prepare a strong case for a phased rebuild to secure the required funding from central government. We have consulted with key stakeholders, including our senior teams, Governors and MPs and held a series of clinical workshops to help us develop a Strategic Outline Case. We also set up a robust governance structure to oversee this significant project which will be taken forward in 2021/22.

Service Developments & Key Achievements in 2020/21

In 2020/21, despite our focus on the pandemic, we continued to develop our services where we could. These developments and our achievements, which supported delivery of the Trust's objectives, are highlighted below:

Manage the impact of the COVID-19 pandemic and ensure safe recovery of the organisation post pandemic by using the established control structure

The complex challenges that faced us required clinical and non-clinical staff having to make difficult decisions in terms of balancing priorities and risk. To help us manage this extraordinary situation, we put in place a full emergency response structure with executive and clinical leadership which enabled more agile yet still safe decision-making.

The changes to our services did not only affect those with COVID-19 but had a significant impact on the care provided to the wider population. The enormity of this is not yet fully known but patients are now waiting longer to access services and treatments, with waiting list backlogs having grown significantly. Our Restoration Plan, which will be finalised in April, sets out how we propose to restore our services during 2021/22.

Deliver outstanding care and patient experience, focusing on staffing, standardisation and digitalisation

We worked in partnership with fellow members of the Cheshire International Recruitment Collaboration (CIRC) to recruit **international nurses** to help fill our nursing vacancies. The success of this programme has been, in no small part, due to providing strong pastoral support from experienced nurses at each partner Trust as this is seen as critical in supporting internationally recruited nurses to acclimatise. These pastoral care nurses also support ward staff to understand cultural differences, enabling effective integration with clinical teams.

NHS England and NHS Improvement recently provided funding to the CIRC project so it can contribute to a national research study led by the University of Huddersfield to look at the retention of international nurses.

"We have worked very hard to ensure we keep our patients safe from hospital-acquired (nosocomial) infections"

Ruth May, Chief Nursing Officer for England, visited the Trust in November 2020 and was impressed by our data driven approach, strong leadership and concentration on flow. NHS England (NHSE) visited the Trust in December 2020 to observe our practice and many areas of good practice were identified, including IPC Champions monitoring patients wearing facemasks, ward helpers, staff Lateral Flow Device compliance and patient testing turnaround times.

"We have worked very hard to ensure we keep our patients safe from hospital-acquired (nosocomial) infections"

Ruth May, the Chief Nursing Officer for England, visits Mid Cheshire Hospitals during the coronavirus pandemic

We were shortlisted for the Nursing Times Award for the **'Be Safe Be EqiPPEd' campaign**. This comprehensive, multi-layered campaign focused on making the workplace as safe as possible for staff and patients during the COVID pandemic through appropriate and correct use of Personal Protective Equipment (PPE). The approach to engaging, training and educating all staff providing patient care resulted in high levels of compliance with donning and doffing, correct use of PPE and fit checking across the wards.

In November 2020, the Trust launched **CURE, a new tobacco addiction treatment service** to support inpatients to quit smoking. This innovative project involves hospital teams of specialist nurses working together to support patients both during and after their time in hospital.

Members of the CURE Project team promote the service at Leighton Hospital

We set up a new community service in May 2020 to provide intravenous medication to people in the comfort of their own homes. **'IV at Home'**, a service run by Central Cheshire Integrated Care Partnership, allows patients to receive medication through IV injections at home rather than having to remain in hospital. We intend to continue to look at other areas of service we could provide in our local communities to prevent the need for hospital visits in the future.

We have been working in partnership with East Cheshire NHS Trust to develop the business case for a new **Digital Clinical System** and were delighted to have the outline business case approved in September 2020 by the Department of Health & Social Care and NHS England/Improvement (NHSE/I). We have focussed since then on procuring a system provider and taking the full business case forward and we anticipate this will be ready for submission to our regulators in early 2021/22.

In March 2021, the Boards of MCHFT and East Cheshire NHS Trust took part in NHS Providers' Digital Training session for Boards. This provided useful information and helpful points of consideration for us to take forward as we move towards our ambition of creating a Digital Hospital.

Deliver the most effective care to achieve best possible outcomes by ensuring capacity is right, embracing the latest learning and using data to drive decision making

The COVID-19 pandemic created a **workforce resource challenge** across health and social care so measures were introduced across the Trust to free up as much capacity as possible to manage our response. This required health care professionals to be flexible in what they did, working in different clinical areas within their scope of practice. New models of care delivery were utilised in the short and medium term to ensure workforce sustainability and maintain high quality patient care.

Ward configurations and staffing levels were subject to constant review – we introduced six-weekly staffing and acuity reviews; we appointed a Head of Nursing for Safe Staffing and Workforce Utilisation to provide assurance that our staffing levels for nursing, midwifery and care were in place and supported by appropriate systems to manage the demand; in November 2020, a Safe Staffing Group was established, responsible for providing information and assurance that we were overseeing best practice in effective staff deployment and utilisation, including evidence-based tools, professional judgement, and workforce data, ensuring the right staff with the right skills are in the right place, based on patient needs, acuity, dependency and risk.

"The Trust was involved in five major national and international research studies into COVID-19 treatments, identifying risk factors and impact on specific patient groups"

We have continued to evolve our Ward Accreditation Programme 'Going for Gold' (launched in 2019) to provide assurance that we were delivering high quality, safe and compassionate care services across the organisation. The quality metrics contained within this programme empower our front-line staff to make changes, influence policy and strategy, improve practice and ensure that our patients are at the heart of all we do. In November 2020, the Central Cheshire Integrated Care Partnership launched the community accreditation quality metrics tool to safeguard high standards of care within the community setting.

We have continued to make progress with the four priority programmes contained within the Trust's Quality & Safety Improvement Strategy 2020/21 – preventing deterioration and sepsis; medicines safety; maternal and neonatal safety; and end of life care. Details of these programmes and the progress made can be found in our Quality Account for 2020-21 which is available on our website – https://www.mcht.nhs.uk/information-for-patients/why-choose-us/quality/quality-account/. I am particularly pleased at the improved compliance relating to post-partum haemorrhage, where previously the Trust was a negative outlier. I also welcome the quality improvement training undertaken through Advancing Quality which has enable staff from community services, the Emergency Department and inpatient areas to work on real time projects related to sepsis.

The pandemic put immense pressure on Intensive Care Units (ICU) with an unprecedented number of patients requiring treatment there. To enable us to identify the staffing levels required not only in the ICU but also in acute respiratory wards, we developed an escalation matrix which depicts capacity levels, staffing and recommended actions for different capacity situations. This was submitted to Silver Command, enabling resources to be allocated correctly and measures adjusted as required to promote the quality and safety of patients and staff.

"The Trust was involved in five major national and international research studies into COVID-19 treatments, identifying risk factors and impact on specific patient groups"

We were one of the top recruiters in the North West to the RECOVERY trial, a UK-wide study testing whether existing or new treatments could help patients admitted to hospital with confirmed COVID-19. The Trust also supported the ISARIC trial, which involved collecting significant amounts of clinical data from around the world to find better ways to diagnose and manage the disease.

Diego Maseda, Acute Medicine Consultant, takes part in the RECOVERY trial

Ensure MCHFT is the best place to work by meeting the needs of our staff better than anywhere else

The NHS People Plan was published in July 2020, setting out what our NHS people can expect from their leaders and from each other. It builds on the creativity and drive shown by our NHS people in their response, to date, to the COVID-19 pandemic. It also focuses on how we must all continue to look after each other and foster a culture of inclusion and belonging, as well as take

action to grow our workforce, train our people, and work together differently to deliver patient care.

In 2020/21, we continued to invest in **leadership and management development**, aimed at helping clinical and other teams to manage their day-to-day workloads and address the leadership challenges. We introduced the concept of a 'Shadow Board' in September 2020, working with the NHS North West Leadership Academy and the Inspiring Leaders Network to help the Trust identify and develop its future leaders, to create a more diverse leadership pool and to provide additional input and insight into existing Trust Board issues.

We made great progress in 2020/21 with the Trust's health and wellbeing agenda, introducing a number of health and wellbeing initiatives including access to the Cheshire & Merseyside Resilience Hub, providing self-help tools and techniques to complex psychological support for those who might be suffering trauma as a result of their experience in the pandemic; improvements to staff rest areas; improved access to hot food out of hours; support for financial wellbeing through a new salary sacrifice scheme with additional staff discounts, as well as financial and debt management advice; promotion of agile/flexible working to support staff in balancing home and work life; and a commitment to deliver on our corporate social responsibility at both an individual and Trust level. We also worked with our Physiotherapy and Occupational Therapy teams to create a 'one stop' staff health and wellbeing hub.

Building on this, the Trust started to develop its **People Recovery Plan** to help address both the physical and mental health wellbeing needs of our staff. We have liaised with Cheshire and Wirral Partnership NHS FT to design and deliver a holistic risk assessment approach, which will be based around the needs of the individual staff member. The Plan will be finalised and implemented in 2021/22.

The Trust has developed simple documents to support staff to think about their wellbeing needs

Following (virtual) staff forum sessions, we launched our **Black, Asian and Minority Ethnic (BAME) Staff Network** to bring together people who identify with a minority group and/or have an interest in matters relating to the diversity strands, i.e. gender, sexual orientation, race, religion, age and disability.

During 2020/21, we took a number of steps to support staff identifying as BAME, as well as colleagues who were also in the higher risk categories due to underlying health conditions; we offered priority flu jabs, annual health assessments led by Occupational Health and a three-month

supply of vitamin D supplements to BAME colleagues as the Trust continually sought to seek opportunities to mitigate the disproportionate impact COVID-19 was having on the BAME community.

Provide safe and sustainable healthcare to our population by ensuring our estate, infrastructure and planning focuses on the long term

2020/21 saw a change to the financial regime within the NHS in response to the COVID-19 pandemic. The usual financial business rules system was suspended throughout 2020/21 and replaced with financial block contracts, with full cost retrospective top-ups for unexpected COVID costs for the first six months of the year and then operating within a financial envelope for the second half of the year. The final financial position for the Trust was a deficit of £4.38m (just over 1% of turnover) and the Trust invested £19.8m in its infrastructure by spending £19.8m on the capital programme around improvements to the estate, including the commencement of the new Accident and Emergency (A&E) Department, purchase or lease of clinical equipment and new clinical systems and software. There will undoubtedly be significant financial challenges ahead for the Trust in dealing with continued COVID-19 costs and the additional cost for recovery of services.

"During 2020/21, we took a number of steps to support staff identifying as BAME, as well as colleagues who were also in the higher risk categories due to underlying health conditions"

An artist's impression of the new £15m Emergency Department at Leighton Hospital

We submitted a number of **successful capital bids** to the Department of Health and Social Care around restoration of planned care, rehabilitation capacity, infection control measures, A&E and critical infrastructure.

We received government funding to reconfigure and expand our emergency care services and, in February 2021, work started on creating a **new £15m two-storey building next to the site's current A&E**. The department will cater for a greater number of patients in a modern and purpose-built environment that includes additional treatment rooms, a dedicated paediatric suite, mental health assessment rooms and a bereavement suite. It will also have an isolation facility, a larger resuscitation room for the most sick and injured patients, and appropriate areas for friends, relatives and those with illnesses relating to their mental health. This will offer patients a better experience at a time which is often difficult and stressful for them.

"This is an opportunity to meet the growing needs of our local population and the increase in A&E attendances – it will give us a bigger, better and safer environment for patients and staff – Chief Executive."

Provide strong system leadership by working together in our place, our system and the Integrated Care System

We approved a Collaboration Agreement in September 2020 in relation to the **Cheshire East Integrated Care Partnership (CEICP)** with Mid Cheshire acting as the host for its development and on-going provision of infrastructure/support services. During the last year, the CEICP Board has worked to identify and support those in our population with the greatest need and to address inequality, recognising the impact of COVID on the poorest families.

Be well governed and clinically led guided by the expertise and capable leaders with clear processes and practices.

We continued to address the areas identified in the inspection of the Trust by the Care Quality Commission (CQC) in 2019, including improving services in A&E at Leighton Hospital by recruiting additional paediatric nurses and improving leadership in clinical audit. By October 2020, all the 'must do' actions had been addressed and the 'should do' actions near completion and closure by the end of the financial year.

Quality Improvement Plans relating to regulatory compliance are overseen by the Quality Summit which meets fortnightly with representation from all divisions. Divisions have been required to submit updates to the Summit on their progress with the implementation of CQC Improvement Plan actions, including assurances on how changes are being monitored and improvements embedded into practice.

At the same time, we revised our governance structure and undertook a fundamental review of our Risk Management Framework, including commissioning a new risk management system to support integrated working across the Trust through a single model and approach, built around the Trust's risk appetite and strategic risks. This has started to introduce a revised culture into the organisation for managing risk.

Mid Cheshire Hospitals NHS Foundation Trust is an identified Category 1 responder under the Civil Contingencies Act (CCA) 2004. This means that the Trust has a duty to prepare for and effectively respond to emergency situations. In September 2020, the Trust was required to complete the annual self-assessment against the NHS England Emergency Preparedness Resilience and Response (EPRR) Core Standards. The Trust has been assessed as fully compliant with the standards.

Key issues and risks in delivery of Trust objectives

The key issues and risks facing the Trust have been assessed and steps taken to mitigate these, which included identifying key drivers of change to support the successful delivery of our objectives.

The Annual Governance Statement contained within this report (pages 94 to 106) outlines the Trust's approach to risk, the detail of significant risks and how it manages these. The Trust has developed a clear risk management process and will continue to engage with partners in the development of those mitigation plans that cannot be implemented without collaboration.

Details of the strategic risks identified in 2020/21 and the refreshed risks for 2021/22 are included within the Annual Governance Statement.

Going concern disclosure

Mid Cheshire Hospitals NHS Foundation Trust has prepared its Annual Plan on a going concern basis. After making enquires, the directors have a reasonable expectation that Mid Cheshire Hospitals 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.

In 2020/21, in response to the COVID-19 pandemic, all detailed financial planning was suspended. In addition, the requirement for Trusts to agree contracts with their commissioners was removed. Instead, Trusts received regular monthly 'block' payments together with top-up payments designed to ensure that there were sufficient funds available to adequately deal with the crisis. These top up payments were provided by the Department of Health for the first six months and by NHS North West for the second half of the year. This approach will be extended into the first half of 2021/22 with new arrangements to be confirmed.

These accounts have been prepared under a direction issued by NHS Improvement in exercise of Monitor's powers under the National Health Service Act 2006. The Board of Directors at Mid Cheshire Hospitals NHS Foundation Trust understands its responsibility for preparing the Annual Report and Accounts.

The Board considers the Annual Report and Accounts to be fair, balanced and understandable whilst providing necessary information for Members, patients, regulators and other stakeholders to assess the Trust's performance, its strategy and business model.

This Performance Report and Overview is approved by the Board of Directors and signed and dated by the Accounting Officer.

James Sumner
Chief Executive & Accounting Officer
Date: 27 May 2021

Performance

Operational Performance

The Trust's operational performance is measured against national standards with performance against these standards reported to NHS England. These standards are set out in NHS Improvement's Single Oversight Framework. The Trust is also regulated by the Care Quality Commission (CQC) which assesses the Trust against a set of national safety and quality outcomes on patient safety, clinical outcomes and practice, cost effectiveness and governance, and a number of local safety and quality standards which are agreed with the Trust's commissioners, NHS Cheshire Clinical Commissioning Group.

The Trust has experienced significant operational pressures over the last year during the COVID-19 pandemic. This has resulted in reduced access to clinical services and patients are now waiting longer for treatment.

In 2020/21, attendances to the Emergency Department (ED) fell from 96,792 last year to 77,610 driven primarily by COVID-19.

This is against a backdrop of several years of continuous increases in demand for urgent and emergency services. Emergency admissions reduced during the year at a much lower rate proportionately to ED attendances; ED attendances fell by nearly 20% compared to the fall in emergency admissions by just over 5%. This is a positive indicator that, during the pandemic, most unwell patients continued to access urgent and emergency care services. In 2020/21, fewer patients waited more than 4 hours from arrival to ED to admission, transfer or discharge compared to the previous year. 85% of patients were either admitted into hospital, transferred or discharged within 4 hours against a standard of 95% - this is despite the ED having to reconfigure services and to manage both suspected and positive COVID-19 patients and non-COVID patients, which increased the complexity of delivering emergency care in the Trust.

The number of babies being born at Leighton Hospital increased to 3,127, mainly driven by an agreed temporary pause in the birthing service at East Cheshire NHS Trust and arrangements put in place together to offer capacity at Leighton Hospital during the pandemic.

Planned care during 2020/21 has been severely affected by the COVID-19 pandemic. Whilst urgent and emergency care services remained operational during the pandemic, most routine elective and planned care was paused to enable the Trust to respond to COVID-19 - this has resulted in a significant increase in waiting times for patients. There were 26% fewer patients referred by General Practices (GPs); the number of patients seen in an outpatient clinic reduced by 45,072 and there was an overall reduction in the number of patients having an elective procedure, down from 31,125 the previous year to 16,105 in 2020/21.

Patients waited longer in 2020/21 compared to the previous year for treatment, with 69% of patients referred by their GP starting treatment within 18 weeks of referral, against a standard of 92%.

The Trust has an exemplary track record for timely access to cancer services. Whilst the Trust continued to see most patients suspected of having cancer within two weeks

Emergency Department attendances:

96,792 last year to

77,610 driven primarily by COVID-19

Elective procedures:

31,125 the previous year to

16,105 in 2020/21

Patients with suspected cancer seen within two weeks of urgent GP referral:

over **97%** seen within this timescale

against a standard of **93%**

of being urgently referred by a GP over 97% seen within this timescale against a standard of 93%.

The time patients waited for treatment increased. Patients undergoing cancer treatment within 62 days of urgent referral from a GP fell in 2020/21 to 76% against a standard of 85% and a performance of over 86% in the previous year.

Following the latest wave of the pandemic, the Trust has focused on the resumption of clinical services and is working tirelessly to reduce the time patients are waiting for treatment. Patients whose clinical need is considered the greatest, including those waiting for cancer treatment and those who have waited the longest, are the priority in the restoration and recovery of services.

Financial Performance

The financial year 2020/21 represented an unprecedented and very challenging year in relation to managing the operational demands of both the pandemic, and the aspirations associated with restoring services. The usual process of financial planning was suspended throughout 2020/21 and, for the first half of the year (April - September), a balanced position was achieved in line with national guidelines. The second half of the financial year (October-March) saw a move towards being managed on the basis of a financial allocation with an expected deficit of £10.19m reflecting the level of operational challenge in dealing with the pandemic, the loss of footfall income and the need to recognise an annual leave provision for staff unable to take leave.

The final position (after adjustments) was a deficit of £4.38m, which included national support for the annual leave accrual and funding support for the loss of footfall income – and compared to a forecast within the system of £3.85m. Although the actual variance of £0.53m is worse than was forecast, this has been accepted by regulators.

Income analysis

The total income received by the Trust in 2020/21 was £323.1m, which represents an increase of £42.3m (or 15%) on 2019/20. An analysis of the movement in the key income streams can be found in the table below:Increases in the year-on-year value of contract income have been driven by a number of factors:

Income source	2020/21 £'000s	2019/20 £'000s	Change £'000s
Patient Care Activities (Acute)	241,432	215,658	25,774
Education and Training inc.	7,479	7,227	252
Non-Patient Care Services to Other bodies	9,931	12,558	-2,627
Other Non-Clinical income	341	3,026	-2,685
Sub Total	**259,183**	**238,469**	**20,714**
Patient Care Activities (Community Services)	33,153	30,193	2,960
Other Income (Community Services)	2,593	1,644	949
Support Funding (Top up/PSF/MRET/FRF)	22,131	10,264	11,867
Donated Consumables & Equipment	5,707	0	5,707
Charitable Contributions	351	263	88
Total	**323,118**	**280,833**	**42,285**

Table 2: Analysis of income

- Contracts with commissioners were inflated by 2.8%, and then further increased to give a baseline position for Trusts to be break-even at the beginning of the year – this led to an overall increase in the contract values of £28.7m across both the Acute and Community (CCICP) contract
- For the first half of the financial year, in line with the national guidance, all trusts were expected to balance and, therefore, for this period the Trust received £11.9m of support funding to achieve this position
- Other non-clinical income saw a reduction in year as a result of the lower footfall within the hospital due to the pandemic. The Trust has been reimbursed for this via the contract income
- Non-patient care income has reduced as pathology services became part of the N8 network in December 2020, resulting in the existing recharges within East Cheshire NHS Trust ceasing
- The Trust received PPE stock from both the national procurement exercise and also the local push stocks. The Trust received funding for this which has been offset against the associated costs.

Expenditure analysis

The expenditure for the year is analysed in the table below:

Analysis of Expenditure	2020/21 £'000s	2019/20 £'000s	Change £'000s
Employee Expenses - Staff	199,159	171,585	27,574
Supplies and Services - Clinical	14,243	16,393	-2,150
Drugs	17,720	18,807	-1,087
Premises Costs	18,314	12,158	6,156
Clinical Negligence	8,377	6,746	1,631
Services from NHS bodies	7,312	3,923	3,389
Donated Consumables & Equipment	4,534	0	4,534
Other	20,108	17,726	2,382
Sub Total Acute	**289,767**	**247,338**	**42,429**
Community Services Employee Expenses	26,524	24,297	2,227
Community Services Non-Pay Costs	7,948	6,758	1,190
Impairments	9,777	-209	9,986
Total	**334,016**	**278,184**	**55,832**

Table 3: Expenditure Analysis 2020/21

The Trust saw an increase in expenditure of £45.8m (excluding the £9.986m impact in movement on impairments), which can be summarised as follows:

Pay Expenditure (£30m)

- £14.8m of identified COVID-related pay costs, which include additional medical, nursing and supporting workforce required to support the acuity on wards and Emergency Department, increased bank incentives to encourage uptake of shifts, and additional cleaning services required
- £5.5m on pay awards
- £8.1m additional pension contributions.

Non-Pay Expenditure (£16m)

- £7.6m of COVID-19 identified costs which include PPE purchases during the first half of the year, minor works changes to support increased oxygen flow, IT infrastructure to support home working and decontamination costs
- During the second half of the year, central stocks of PPE were used by the Trust and over this period it received £4.5m, which have been treated within the accounts as donations
- Services from NHS bodies has increased, which reflects the service change with the pathology services transferring to University Hospitals of North Midlands NHS Trust, with the service being charged through non pay.

Capital expenditure investments

2020/21 has seen the Trust continue to invest in its infrastructure by spending £19.8m on the capital programme, which has been split into the following areas:

- Improvements to the estate, including the commencement of a new Accident and Emergency Department, replacement of the Trust's Building Management System and enabling work for a third CT Scanner
- The purchase or lease of clinical equipment including equipment for Endoscopy and equipment which supported the hospital in its treatment of COVID-19
- Replacement of clinical systems and introduction of new software.

Work starts on Leighton Hospital's new Accident and Emergency Department, just one of the Trust's investments in its infrastructure

Liquidity and Borrowings

The Trust's cash balances remained positive during the year with a year-end balance of £33m. This is an improvement on the previous year which has been driven by significant support for the Trust's capital programme through the receipt of Public Dividend Capital (PDC). Also, there has been a significant improvement in the Trust's working capital and increase in capital creditors.

During the year, borrowings outstanding decreased by £14.7m, mainly as the result of £13.2m of capital loans being converted to PDC.

Accounting policies for pensions and retirement benefits

The Trust's policy for accounting for pension and retirement benefits provided to staff can be found in the Annual Accounts section of this report.

Details of the remuneration of Trust Directors, including their retirement benefit provision, can be found in the Remuneration Report.

Post balance sheet events

There are no post balance sheet events.

External Audit

KPMG are the Trust's appointed external auditors. Further details on the appointment of the Trust's external auditors can be found in the Director's Report.

At the time of writing the Annual Report, there were no known conflicts of interest that need to be addressed by the auditor or the Audit Committee.

Cost allocation and charging

The Trust confirms that it has complied with the cost allocation and charging requirements set out in Her Majesty's Treasury Information Guidance.

In line with the Group Accounting Manual, the accounts of the Trust's principal charity have been consolidated with the Trust's Accounts. The Trust's Accounts have been separated out throughout the financial statements with the column headed 'group' reflecting the consolidated performance.

Better Payment Practice Code – measure of compliance

	Group and Foundation Trust	
2020/21	Number 31/03/2021	£'000 31/03/2021
Non-NHS		
Total bills paid in the year	66,408	143,486
Total bills paid within target	60,027	132,780
Percentage of bills paid within target	**90.4%**	**92.5%**
NHS		
Total bills paid in the year	1,890	68,531
Total bills paid within target	1,463	64,975
Percentage of bills paid within target	**77.4%**	**94.8%**
Total		
Total bills paid in the year	68,298	212,017
Total bills paid within target	61,490	197,755
Percentage of bills paid within target	**90.0%**	**93.3%**

Table 4: Payment of Invoices 2020/21

Better Payment Practice Code – measure of compliance

2019/20	Group and Foundation Trust Number 31/03/2020	Group and Foundation Trust £'000 31/03/2020
Non-NHS		
Total bills paid in the year	65,123	121,064
Total bills paid within target	56,579	104,930
Percentage of bills paid within target	**86.9%**	**86.7%**
NHS		
Total bills paid in the year	2,447	51,779
Total bills paid within target	1,691	46,748
Percentage of bills paid within target	**69.1%**	**90.3%**
Total		
Total bills paid in the year	67,570	172,843
Total bills paid within target	58,270	151,678
Percentage of bills paid within target	**86.2%**	**87.8%**

Table 5: Payment of Invoices 2019/20

The target is to pay both non-NHS and NHS trade creditors within terms agreed with suppliers. In most cases the agreed terms are payment within 30 days of receipt of invoice.

Investing in the Estate Infrastructure

Although there were some delays and postponing of projects due to the COVID-19 pandemic, a number of building projects took place in 2020/21 to improve the Trust's estate and the quality of services and/or patient experience:

- **Planned Investigation Unit/Surgical Ambulatory Care Unit (PIU/SACU)**
  A purpose-built facility was opened in March 2021 in the former Intensive Care Unit (ICU), an area which had been empty since 2014 when the new ICU was relocated next to the Main Theatres.
- **Third CT Scanner and a Replacement Emergency Department X-ray Machine**
  Both elements of this scheme were located in a newly refurbished area which was the former ground floor theatres. and links well to both the Emergency and Diagnostics Departments.
- **Main Staff Car Park Extension**
  The main staff car park has been extended to provide an additional 338 car parking spaces, together with an additional entry/exit for staff onto Flowers Lane. This has allowed former staff car parking areas to be opened up to the public.
- **Sterile Services Department Washer Replacement**
  The service was decanted to allow the existing area to be totally refurbished with four new washers installed.

- **Intensive Care Unit (ICU) Extension**
  The Trust was successful in securing a £2.095m bid to provide four additional Critical Care beds which will increase the Trust's capacity to 18 beds. The new extension will be built to the front of the Treatment Centre and contain the staff accommodation which is displaced to make room for the additional bed bays.

This project commences on site during May 2021 and is currently in the detailed planning stage.

Chief Operating Officer Oliver Bennett, pictured left, joins staff for the official opening of a purpose-build Planned Investigation Unit and Surgical Ambulatory Care Unit

New Emergency Department

In February 2021, work started on a multi-million pound project to expand Leighton Hospital's Emergency Department, following receipt of government funding earlier in 2020/21. The new £15m two-storey building will be sited next to the Trust's current A&E and will cater for a greater number of patients in a modern and purpose-built environment. The new A&E, which will cover more than 4,000sqm over the two floors, allows clear separation of children and adults, an isolation facility for patients with coronavirus, a larger resuscitation room for the most sick and injured patients, and appropriate areas for friends, relatives and those with illnesses relating to their mental health.

The new building will also include a dedicated paediatric suite, mental health assessment rooms and a bereavement suite, as well as the additional treatment rooms, with offices and staff facilities on the first floor. This project is expected to be complete in August 2021.

Hospital Redevelopment

Mid Cheshire Hospitals will need to transform the care that it has traditionally provided to meet the future needs of the population, which is getting larger, growing older, and has increasing needs. The hospital needs significant renovation and upgrade and is, therefore, not suitable for delivering modern healthcare services due to its size, layout and the extensive repair programme required.

Rather than continue to spend considerable money to bring a site, that is not fit-for-purpose in the 21st century, to an acceptable standard, the Trust has chosen to develop an exciting proposal for a new hospital which would rebuild approximately 85% of the existing site.

The redevelopment would happen over a number of phases to make sure existing services were not disrupted.

"Mid Cheshire Hospitals will need to transform the care that it has traditionally provided to meet the future needs of the population, which is getting larger, growing older, and has increasing needs"

Weaver Square Development, Northwich

A business case is currently being prepared for the potential relocation of Victoria Infirmary to a proposed new, purpose-built, state-of-the-art building in Northwich town

centre. There are on-going discussions with the Council to see if this is a feasible option. The Business Case aims to be completed by the summer of 2021.

Equality of Service Delivery

The Trust is committed to promoting equality, diversity and inclusion in the services it provides. The Trust knows that social inequalities and social exclusion can have a harmful effect on the lives of people using its services and the lives of people working for it. The Trust also has a legal duty to ensure equality in our services. National standards are adhered to with regard to equality of access to services from the NHS Constitution, the Care Quality Commission, the Equality Act 2020 and the Human Rights Act 1998.

Patients and their families have the right to be treated fairly and be routinely involved in decisions about their treatment and care. They can expect to be treated with dignity and respect and will not be discriminated against on any grounds including age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation.

Mid Cheshire Hospitals makes every endeavour to make its services accessible to the people who need its support, whatever their personal circumstances.

The Trust makes sure that no-one using its services is disadvantaged, that they do not receive a lower standard of care and support than anyone else because of who they are.

Treating staff fairly is equally important to the Trust. The Patient Access Policy ensures access to services is equitable to all its patients and service users regardless of personal characteristics.

Mid Cheshire Hospitals aims to ensure that it provides the highest quality care and deliver the best possible experience. There are times, though, when the Trust does not get it right. When that happens, the organisation tries to do something about those concerns so that it can learn from the experience for the benefit of patients and, where appropriate, make improvements to services.

The Trust offers an Interpretation & Translation Service and support to individuals accessing its services who have a difficult in hearing or seeing, or there is a difficulty in understanding each other's language.

The principle of fair treatment and equal opportunities is for everyone. However, there are groups of people who may find themselves disadvantaged or may experience discrimination. Often people face discrimination in one or more of the nine protected characteristics defined in the Equality Act 2010.

Reduction of health inequalities within the Trust's local population has been a key driver within Cheshire East Integrated Care Partnership's transformation plan for 2020/21. Transformation themes have been selected based on population health data and potential to reduce health inequalities. Mid Cheshire has played a key role in the delivery of these initiatives for 2020/21,

working on improvements to population cardiovascular and respiratory health, mental health and children's health. Some examples of these initiatives are the development of a community child health hub allowing easier access to paediatric services for infants and their families, and the successful roll out of the CURE programme, an evidence-based programme supporting smoking cessation within the local population.

Maureen and William Gooder are just one example of members of the local community who have benefited from the CURE smoking cessation programme - the married couple has been supported to quit cigarettes after more than 100 years of smoking between them

"Mid Cheshire Hospitals makes every endeavour to make its services accessible to the people who need its support, whatever their personal circumstances".

Mid Cheshire is also engaged and actively participating in the Cheshire and Merseyside Health and Care Partnership's Digital Inclusion Programme. The first programme meeting took place in May where the foundations of digital inclusion were shared with the special interest group. The group will progress to develop a system wide approach to digital inclusion learning from sectors including banking and retail to ensure citizens are not disadvantaged from digital health care provision now and in the future.

A significant focus of Mid Cheshire during 2021/22, despite the challenges of the COVID-19 pandemic, has been to ensure that those patients whose clinical need is the greatest have been able to access healthcare. We focused on the restoration and recovery of clinical services following the initial wave of the pandemic, followed by a similar process in March 2021 to ensure that all patients have access to services whilst, at the same time, continuing to maintain COVID-19 related services.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99
PHILIPS

2

Accountability Report

Directors' Report

Board of Directors

The management of the Trust is overseen by the Board of Directors which, in line with the NHS Foundation Trust governance requirements, is held to account by the Council of Governors to discharge the Trust's accountability to the local population.

The Trust's clinical services are delivered through four clinical divisions with a range of corporate functions supporting the operational activity:

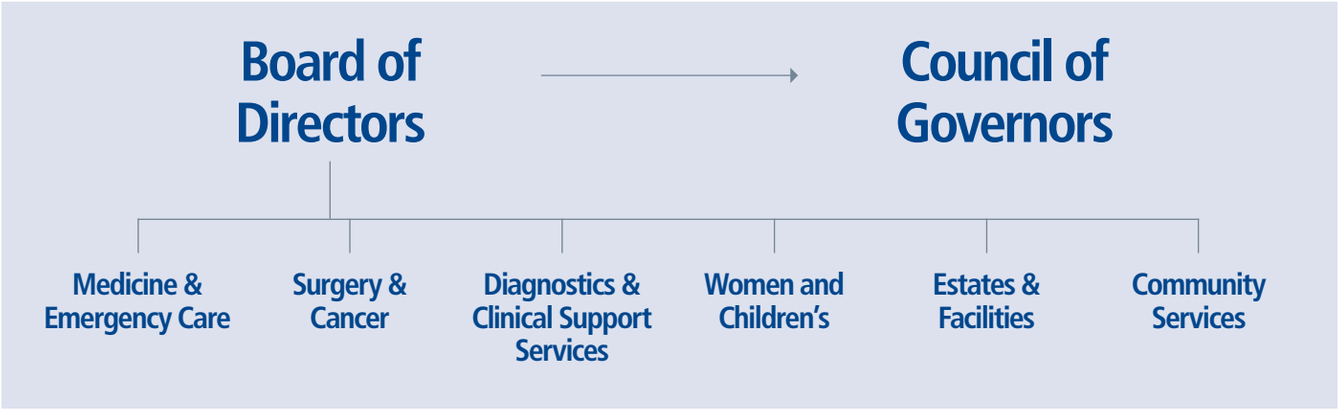


Figure 1: Divisional Structure

The Board of Directors comprises seven Non-Executive Directors, including the Chairman, and six Executive Directors, including the Chief Executive – further details including biographical information can be found on pages 102-109. The Board of Directors has overall responsibility for setting the strategic direction of the Trust, taking into account the Council of Governor's views; ensuring delivery of safe, high quality care which results in a positive patient experience; continuous improvement and innovation whilst ensuring adequate systems and processes are in place to deliver the Trust's Annual Plan; measuring and monitoring effectiveness and efficiency of services; ensuring that the Trust is compliant with its Licence (an important element of which is its review of the risk management framework and the effectiveness of internal controls); ensuring the delivery of effective financial stewardship, high standards of clinical and corporate governance and promoting effective relationships with the local community.

The Board reviewed its performance and effectiveness through workshops, facilitated by external consultants. This work was informed by the report from the CQC inspection in 2019 and built on the review undertaken by Mersey Internal Audit Agency, also in 2019, and improved use of the Board Assurance Framework.

The latter, in conjunction with the operational risk register, enables the Board to be assured that risks to quality of care are being managed.

Further details relating to the systems of internal control are to be found in the Annual Governance Statement (Page 120).

During 2020/21, the Board demonstrated strong financial management, despite the pressures experienced through the impact of the COVID-19 pandemic.

The Board's view is that, in conjunction with the staff, the Trust is able to continue to address the challenges facing it.

NHS Improvement's Single Oversight Framework

NHS England and Improvement, incorporating the former Foundation Trust regulator, Monitor, is the regulator for health services in England and has a role to protect and promote the interests of patients. NHS England and Improvement's NHS Single Oversight Framework provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes:

- Quality of Care
- Finance and Use of Resources
- Operational Performance
- Strategic Change
- Leadership and Improvement Capability (Well Led).

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

The Trust is in segment 2. This segmentation information is the Trust's position as at 31 March 2021. There is no proposed enforcement action being taken or proposed. Current segmentation information for NHS Foundation Trusts is published on the NHS Improvement website.

Directors' Interests of the Board of Directors

A review of the Board of Director's Register of Declared Interests takes place at the Audit Committee annually. At every meeting of the Board of Directors and its Committees, there is a standing agenda item which requires Executive and Non-Executive Directors to make any interest in relation to agenda items known and any changes to their declared interests.

Any other significant change in time commitments for the Chairman and Non-Executive Directors is identified in the annual appraisal process and prior to the consideration of any re-appointment for a

second term. These interests are included on the Register of Board interests which is held by the Company Secretary and is available on the Trust's website, www.mcht.nhs.uk/about-us/structure/board-of-directors or by writing, telephoning or emailing the Trust Headquarters:

Mid Cheshire Hospitals NHS Foundation Trust
Leighton Hospital
Middlewich Road
Crewe
CW1 4QJ
Telephone:
Email: foundation.trust@mcht.nhs.uk

Further details of the Board of Directors are at pages 102-109

Disclosure to Auditors

For every individual that is a director at the time that this report was approved:

- So far as the director is aware, there is no relevant audit information of which the Trust's auditor is unaware
- The director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information
- A director is regarded as having taken all the steps that they ought to have taken as a director in order to do the things mentioned above
- Made such enquiries of his/her fellow director and of the company's auditors for that purpose
- Taken such other 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.

Other Disclosures

Some disclosures relevant to the Directors' Report have been included elsewhere in the Annual Report as outlined below:

- Better payment practice code - page 32
- NHS Improvement's Well Led Framework - page 98
- Information on fees and charges – included in the accounts.

Patient Care and Experience

The Board is committed to quality governance, i.e. ensuring care is safe, effective and provides a positive patient experience. It ensures that the structures and processes at Board level and below support quality performance throughout the Trust. The Board's Quality & Safety Committee has oversight of clinical risks and provides assurance to the Board on the quality of clinical care. To do this, it reviews serious incidents and receives assurance from the Executive Quality Governance Group on material links with key areas such as complaints and claims. It also monitors compliance with CQC standards.

The Trust has reviewed its risk management arrangements to ensure that risk management remains embedded within the organisation. It uses an electronic system to register all incidents and complaints. Regular reports are submitted to those groups responsible for governance and quality both divisionally and at Trust level. The Trust has appropriate policies and procedures in place to support quality governance. Appropriate training is provided both at induction and at regular, planned intervals, depending on assessment of need, and in a targeted manner. Training is being provided through a phased programme to key members of staff within the Trust to support a proposed move to a new cloud-based system during 2021/22.

All methods of feedback, whether they be incidents, complaints, claims, inquests, formal reviews or informal patient feedback, are analysed thematically by the Trust. This enables the Trust to identify lessons that can be learnt, change practice where necessary and improve controls that are in place. This process is enhanced by external benchmarking, internal audit and participation in peer reviews. Both the Medical Director and Director of Nursing & Quality ensure that learning from these activities is shared across the Trust.

"The Trust encourages its staff to report incidents when things go wrong, or when they could have gone wrong, regardless of the severity of the incident".

The Estates & Facilities Division develops, reviews and implements the Trust's health and safety policies and has responsibility in ensuring the Trust meets both internal and external requirements set to keep patients, staff and visitors safe. Monitoring of Health & Safety related non-clinical incidents was carried out throughout the year and identifiable trends, as well as Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) incidents investigated and acted upon.

The Trust follows NHS England and NHS Improvement's guidance in reporting serious incidents and carrying out investigations. In addition, an internal audit carried out in year reviewed the policy and procedures for incident reporting and sharing lessons learned. This received substantial assurance from the Trust's internal auditors.

The Trust encourages its staff to report incidents when things go wrong, or when they could have gone wrong, regardless of the severity of the incident.

The Trust encourages its staff to report incidents when things go wrong, or when they could have gone wrong, regardless of the severity of the incident.

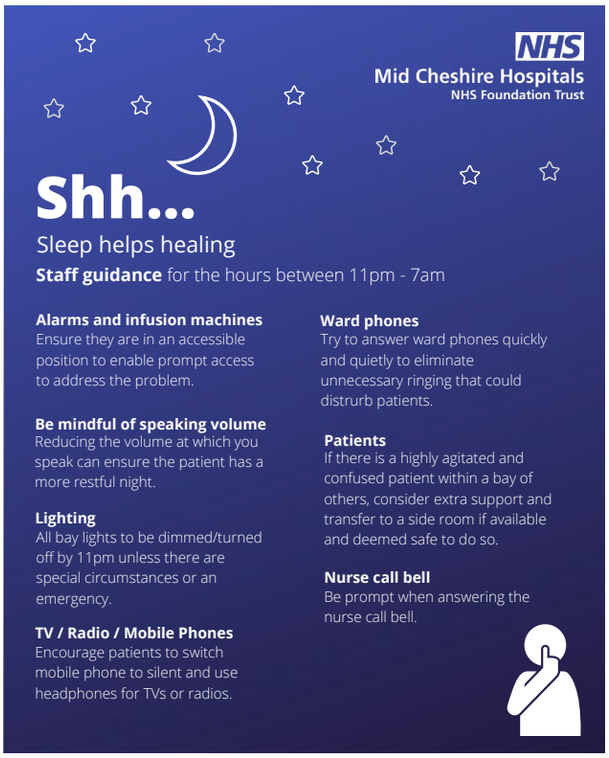
Improving the Patient Experience

The Trust actively seeks feedback from patients and values patient opinion and engagement as a direct means of improving services and providing the best possible experience for patients. A variety of patient feedback methods are available to make the feedback process quick and easy for patients and relatives and encourage co-production work, including the Friends and Family Test (FFT), national and local surveys, NHS.co.uk feedback, social media, representation on Trust groups, patient stories, e-cards and Patient Advice and Liaison and Complaint Services.

The Friends and Family Test (FFT) is just one of the ways that patients can offer their feedback to the Trust

The newly revised FFT which, with nationally standardised questions, aims to make patient feedback simple, easy and accessible to all. The Trust is developing QR codes that will roll out across the organisation to further improve access to the test. During 2020/21, the Trust continued to receive and action FFT data through services, although this had been paused nationally. Of the 49,300 responses received, 93% were either good or very good.

The Trust is eligible for participation in four national patient surveys, two of which reported results in 2020/21. The National Inpatient Survey overall score for 2019/20 data was 72.5%, with no areas of concern from the Trust regulators and improvement seen in length of discharge delays and single sex accommodation for patients. Three key improvement priorities have been agreed and will be taken forward in 2021/22 on trialing magnetic name cards for staff to increase patient awareness of the nurse in charge of their care; an Integrated Discharge Survey to assess all aspects of discharge and develop a targeted improvement plan; the 'Shhh' campaign to reduce noise at night.



A poster for the 'Shh!' campaign, which aims to reduce noise at night and is one of the three key improvement priorities for 2021/22

National Cancer Patient Experience Survey:

99%

of patients said they had good Clinical Nurse Specialist support

All scores in the survey were above or within the national average. The Cancer Services Team are taking this forward through the development of an improvement plan, incorporating education for patients and staff; information sources for patients and staff; improved partnership working with CCGs, GPs and research partners.

Throughout 2020/21, issues have been highlighted through the Customer Care Team which have led to improvements in the Trust, including the implementation of a phlebotomy call centre to address the significant increase in patients requiring blood tests and, therefore, appointment slots, due to this not being undertaken in primary care GP services; implementation of ward-based communication sheets to support communication with patient families, and ward assistants to support the use of electronic devices to enable patient contact with their loved ones; review of the management of patients' property as patients were attending the Trust unaccompanied during the last year and unable to have visitors; increased GP out of hours advanced nurse practitioner services at Victoria Infirmary, Northwich (VIN) with seven day access for the Minor Injuries Unit and a weekend X-ray service; workstations provided on wards to support the discharge process at ward level and speed up the process for discharge medication along with funding secured for further prescribing pharmacists.

"Throughout 2020/21, issues have been highlighted through the Customer Care Team which have led to improvements in the Trust, including the implementation of a phlebotomy call centre to address the significant increase in patients requiring blood tests"

Learning from concerns and complaints

In 2020/21, leadership for the Patient Experience Team was transferred to the Quality Governance Team to reinforce closer links between complaints, patient safety incidents, and claims. This has helped promote improved scrutiny and investigation around concerns and issues involving patient care, and more cohesive lessons learned and actions.

A two-stage quality assurance process and an electronic process for Executive scrutiny and sign off of formal complaints has been implemented to ensure timely responses for complainants. Performance on complaints responses is reported monthly to the Board of Directors through the Integrated Performance Report. In July 2020/21, following the reinstatement of the NHS complaints process nationally, a recovery plan was implemented to improve compliance with an agreed 75% key performance target by December 2020 for complainants receiving formal responses

within 40 working days. This was achieved with compliance recorded as 83% in September 2020. This has since been affected by a local suspension of complaints due to the COVID-19 pandemic.

Compliments received by the Trust in 2020/21 covered a number of areas of the Trust and included, but was not limited to, nurses, doctors, healthcare assistants, midwives, therapists, administration staff and porters. This was a testament to the hard work and dedication of all Trust staff in such difficult times.

How we monitor improvements in the quality of healthcare we provide Care Quality Commission (CQC)

The Trust is required to register with the Care Quality Commission (CQC) under Section 10 of the Health and Social Care Act 2008 and its current registration status is registered without conditions.

The Trust's registration includes the services provided at Leighton Hospital, Victoria Infirmary in Northwich, Elmhurst Intermediate Care Centre in Winsford and the community services within the Central Cheshire Integrated Care Partnership (CCICP). The CQC has not taken any enforcement action against the Trust during the period April 2020 to March 2021.

As detailed within the Statement of Purpose, the Trust is registered to provide the following core services:

- Urgent and emergency services
- Medical care (including older people's care)
- Surgery
- Critical Care
- Maternity
- Services for children and young people
- End of life care
- Outpatients
- Gynaecology and Termination of Pregnancy
- Diagnostic Imaging Service
- Community health services for adults
- Community health services for children, young people and families
- Community health inpatient services
- Community end of life care.

The Trust was inspected by CQC during November and December 2019. During their visit, they undertook unannounced inspections of three core services:

- Urgent and emergency services
- Medical care (including older people's care)
- Community health services for children, young people and families.

During these inspections, the CQC investigated Key Lines of Enquiry using the pre-inspection information the Trust had provided and information CQC gathered from patients, their families and carers, and Trust staff whilst at the Trust. The Trust maintained its overall rating of 'Good' following these inspections.

The Trust developed an improvement plan in response to the 2019 CQC inspection findings. Divided into 'must do' and 'should do' actions, the CQC improvement plan responded to each of the findings and, by October 2020, all of the 'must do' actions had been addressed. The 'should do' action plan will be completed and closed in early 2021/22.

CareQuality Commission

Last rated
14 April 2020

Mid Cheshire Hospitals NHS Foundation Trust

Leighton Hospital

	Safe	Effective	Caring	Responsive	Well led	Overall
Medical care (including older people's care)	Requires improvement	Good	Good	Good	Good	Good
Services for children & young people	Good	Good	Good	Good	Good	Good
Critical care	Requires improvement	Good	Good	Good	Good	Good
End of life care	Good	Good	Good	Good	Good	Good
Outpatients and diagnostic imaging	Good	Not rated	Good	Requires improvement	Good	Good
Surgery	Good	Good	Good	Good	Good	Good
Urgent and emergency services	Requires improvement	Requires improvement	Good	Requires improvement	Requires improvement	Requires improvement
Maternity	Requires improvement	Good	Good	Good	Good	Good

Figure 2: CQC Summary Report

The development and delivery of Quality Improvement Plans relating to regulatory compliance are overseen by the Trust's Quality Summit, chaired by the Director of Nursing & Quality. This met fortnightly during 2020/21 with representation from all divisions, including senior management and clinicians. The Summit reports into the Executive Quality Governance Group with onward reporting to the Quality & Safety Committee. The Committee has delegated authority from the Board to oversee matters relating to quality of care and the maintenance of unconditional registration with the CQC. Divisions provide updates to the Quality Summit on progress with implementing CQC improvement plan actions, including assurances on how changes are being monitored and improvements embedded into practice.

As part of the Trust's quality and safety assurance framework, an annual programme of internal unannounced peer inspection visits was planned for 2020/21 to seek assurance of care and services delivered being safe, effective, responsive, caring and well-led. Due to pressures experienced Trust-wide during the COVID-19 pandemic, fewer inspections were held than originally planned. Where they did take place, they focused on assessing those areas and services identified by the CQC as requiring improvement and aimed to evidence that, where changes have been implemented, these resulted in sustained improvement.

VIN was prioritised in this programme of work and both the Minor Injuries Unit and the Outpatient Department took part in an unannounced visit during October 2020. Changes have been implemented in response to CQC findings, and staff reported that these had made them feel more supported, practice was safer, senior leaders were more visible and seeking advice when needed was much easier.

Patients reported feeling safe whilst in the building, appreciated the accessibility of the services, and commended the staff for their positive attitude and hard work during difficult times. Where actions have resulted from these visits, improvement plans have been developed and delivery is monitored at the appropriate Divisional Board meeting.

As part of the CQC Emergency Support Framework, in July 2020 the Trust was invited to give assurance to the CQC on the IPC Board Assurance Framework which covered all IPC measures during the COVID-19 pandemic. The Trust was assessed as compliant in all areas with the exception of anti-microbial prescribing which is rated as amber as the Commissioning for Quality & Information (CQUIN) targets were suspended during COVID.

"Patients reported feeling safe whilst in the building, appreciated the accessibility of the services, and commended the staff for their positive attitude and hard work during difficult times."

The Trust has maintained its engagement with its designated CQC Relationship Manager throughout the year, with monthly meetings involving Executive Directors and senior leaders. In January 2021, CQC used the meeting to formally inspect the Trust on the Key Lines of Enquiry and the

Trust received positive feedback from the CQC that they were assured on sustained improvements following the 2019 inspection.

The Trust received nine enquiries from the CQC during 2020/21; all responses were returned within the given timeframes.

The Trust has not participated in any special reviews or investigations by the CQC during the reporting period.

Volunteers Services

The Trust's volunteer team has gone through considerable change and evolution during 2020/21. At the start of the first lockdown, the volunteer service suffered a significant depletion of the volunteer workforce, with 90% of the existing volunteers stepping down. The landscape of volunteering changed dramatically at the Trust, with many roles that were traditionally performed by volunteers needing to be suspended and new initiatives explored, to meet the everchanging needs of the Trust.

Through the recruitment of new volunteers from the local community, many of whom had been furloughed, and the return of a number of previous volunteers, the service successfully supported the Trust in a variety of projects. These include:

- Delivery of medications to clinical areas and within the community
- Support to audiology with the priority hearing aid repair service
- Cleaning of touchpoints and replenishing face mask stations
- Delivery of food and drink to staff
- COVID-19 symptom screening in the outpatient entrances, both at Leighton Hospital and Northwich Infirmary
- Support within the vaccination centre
- Lateral flow kit distribution
- Assisting patients with calls to family members.

Many of the new volunteer roles developed during the pandemic have been extremely successful and are likely to continue. For 2021/22, it is hoped the Trust will see more volunteers returning, 'paused roles' restarting and new volunteer opportunities implemented.

"Many of the new volunteer roles developed during the pandemic have been extremely successful and are likely to continue."

Charitable Activities

Mid Cheshire Hospitals Charity is a registered charity which manages all donations made to Mid Cheshire Hospitals NHS Foundation Trust. This includes money donated through fundraising activities, 'in memory of' donations and legacies. The Charity holds a number of funds to enable people to support the area of their choice and works with the Trust to ensure that donated money is used to enhance and improve the care and experience of people treated at the Trust.

Mid Cheshire Hospitals Charity funded tablet devices so that patients could remain in contact with their loved ones during times of restricted visiting

The Charity's plans had to change quickly in April 2020 in response to the ongoing pandemic. The Lost Little Ones appeal was paused, and all fundraising activities were cancelled to enable the Charity team to support the Trust and its workforce through the distribution of donations to staff.

An emergency staff wellbeing online appeal was launched which raised £9,000 through donations and from fundraising within the local community. The Charity was also eligible to apply for several substantial grants from the national emergency appeal, launched by NHS Charities Together.

The Charity funded items to support staff and patient wellbeing including:

- Mobile phones and iPads to enable patients to communicate with loved ones
- 'Boredom Buster' newspapers and colouring pencils for patients
- Additional furniture for, and enhancements to, wellbeing rooms
- Kitchen and staff room items such as microwaves, coffee machines, fridges and toasters
- Upgrades to outside spaces
- Water coolers.

Funding was also provided to:

- Train additional Mental Health First Aiders
- Launch new programmes of support specifically for BAME colleagues
- Provide hot food directly to staff who were unable to take breaks away from their wards
- Purchase hot and cold thermos flasks for community staff.

The Charity was able to re-launch the Lost Little Ones appeal in September 2020 and the target was reached by March 2021. Over the next 12 months, the Charity will continue to support the Trust in providing funding for projects which support the recovery of staff and restoration of services.

In line with the Foundation Trust Accounting Manual, the accounts of the Trust's principal Charity have been consolidated with the Trust's Accounts. The Trust's accounts have been separated out throughout the financial statements with the column headed "group" reflecting the consolidated performance. A summary of the Trust's charitable accounts can be found in note 1.3 of the accounts, which show a net outgoing in year of £132,000, with retained funds at the end of the year of £1,150,000 of which £532,000 is held in cash and £671,000 in investments. The remaining balance is held in debtors and creditor balances.

The Charitable funds balance has increased in year with an increase of £132,000, which is mainly due to the huge public and corporate support for NHS staff shown during the COVID-19 Pandemic.

Remuneration Report

Annual Statement from the Chairman of the Trust's Remuneration Committees

I confirm that I was Chair of both the Trust's Remuneration Committees and present to you the Directors' Remuneration Report for the financial period 2020/21 on behalf of those two committees.

The Nominations and Remuneration Committee is established by the Council of Governors to assess the performance, appointments and remuneration of Non-Executive Directors including the Chairman. The Appointments and Remuneration Committee (RemCo) is established by the Board of Directors and reviews the remuneration, recruitment and terms of service for Executive Directors and any other such senior managers. A summary of Executive performance following annual appraisal is provided to RemCo each year.

The Remuneration Report includes the following:

- The Annual Report on Remuneration including Directors' service contracts details and governance requirements including committee membership, attendance and business conducted during 2020/21
- Senior Managers' Remuneration policy.

Major Decisions on Remuneration in 2020/21

The Trust's Appointments and Remuneration Committees aim to ensure that Executive and Non-Executive Directors' remuneration is set appropriately, taking into account relevant market conditions. Executive Directors should be appropriately rewarded for their performance against goals and objectives linked directly to the Trust's objectives, but not paid more than is needed.

After careful consideration of national guidance and benchmarking, each Committee decides annually what level of increase in remuneration is appropriate. The Committee ensures the increase is fair and reflects benchmarking of pay across the NHS. This shows that the Trust paid its Board members in line with or below the national average.

In 2020/21, the Appointments and Remuneration Committee agreed the annual uplift recommended by NHS Improvement for those on the Very Senior Managers' (VSM) pay framework.

The Committee also reviewed the remuneration for all Executive Directors on the VSM framework and no increases were made with the exception of that for the Chief Executive and the Director of Workforce & OD.

In line with the principles established by the Committee, the Committee approved a salary increase from 1 April 2021 for the Director of Workforce & OD to a level below the upper quartile range and to the median for the Chief Executive.

In 2020/21, the Nominations and Remuneration Committee agreed that the remuneration for the Non-Executive Directors should remain unchanged. The Trust is working to comply with NHS England guidance issued in September 2019 to align remuneration for Non-Executive Directors of NHS Trusts and make changes to levels of remuneration recommended by 2022.

Dennis Dunn MBE JP DL
Chairman of the Trust and Nomination and Remuneration Committee
Date: 27 May 2021

Nominations and Remuneration Committee

The Committee makes recommendations to the Council of Governors on the appointment and remuneration of the Chair and Non-Executive Directors of the Trust and on plans for their succession.

The Nominations and Remuneration Committee of the Council of Governors met four times in 2020/21. Attendance from members was as follows:

Member	Representing	Actual/Possible
Dennis Dunn (Chair)		4/4
Katherine Birch	Public Governor	3/4
Tim Ashcroft	Public Governor	4/4
Rob Platt	Staff Governor	4/4
Janet Roach	Public Governor	4/4
Ray Stafford	Patient & Carer Governor	0/0*
Gary McCourty	Public Governor	3/3**
Maureen Leverington	Patient & Carer Governor	4/4

Table 6: Nominations and Remuneration Committee Member attendance

*Ray Stafford stepped down June 2020.
**Maureen Leverington joined the Committee in December 2020.

The Committee is chaired by the Chairman of the Trust, or the Senior Independent Director when the Chairman's nomination or performance is being considered. The Committee includes the Lead Governor and at least five additional Governors representing the spread of constituencies.

Only members of the Committee are eligible to attend committee meetings. Other individuals can be invited to attend to offer advice and support the workings of the Committee as and when required to receive specialist and/or independent advice on any matter relevant to its roles and functions.

In 2020/21, the Nominations and Remuneration Committee appointed the external executive recruitment agency, Gatenby Sanderson, based on their proposal and previous performance to support the recruitment process for a new Non-Executive Director. The Trust paid £15,250k for this service.

The Director of Workforce and Organisational Development attended meetings of the Committee and provided support and advice during the Non-Executive Director recruitment process. The Committee was responsible for the shortlisting of applications and Committee members were on the final interview panel alongside Board Directors.

During 2020/21 the Council of Governors, on recommendations from the Nominations and Remuneration Committee, had oversight and approved the following:

- Performance appraisal of the Non-Executive Directors, including the Chairman for 2019/20
- Extension to the Chairman's term of office for two further years
- Appointment of Gatenby Sanderson to recruit a new Non-Executive Director following a review of the skills gaps in the Board of Directors and to replace a NED who was retiring
- Appointment of a Non-Executive Director from 1 May 2021.

The Council also noted and agreed the following:

- Appointment of Lesley Massey as Deputy Chair from 1 May 2021
- Appointment of Lorraine Butcher as Senior Independent Director from 1 May 2021.

Appointments and Remuneration Committee

The Committee is responsible for identifying and appointing candidates to fill all the executive director positions on the Board and for determining their remuneration and allowances, and other terms and conditions of office. Membership of this Committee wholly comprises of non-executive directors, who are viewed as independent.

The Committee is chaired by the Trust Chairman with all non-executive directors as members. Committee members have no financial interest in matters to be decided. The Chief Executive and Director of Workforce & OD normally attend committee meetings in an advisory capacity and provide assistance to the Committee as required, except where their own salaries are discussed. The Chief Executive supports the working of the Committee by contributing to discussions about the Board composition, succession planning, remuneration and performance of Executive Directors.

The Committee undertakes periodic reviews of the salary levels of the Executive Directors, including that of the Chief Executive, whilst taking into account the overall performance of the Trust as well as individual performance

of directors and published benchmark information. The Trust has not made any bonus payments in relation to performance in 2020/21 and has not offered an incentivisation programme.

The Committee met on two occasions in 2020/21. Attendance was as follows:

Member	(Actual/Possible)
Dennis Dunn (Chair)	2/2
Trevor Brocklebank	2/2
Lorraine Butcher	2/2
John Church	2/2
Lesley Massey	2/2
Les Philpott	2/2
Andy Vernon	2/2

Table 7: Appointments & Remuneration Committee Member Attendance

Senior Managers' Remuneration Policy

Senior Managers are defined as all those who are a member of the Board of Directors of the Trust, whether voting or non-voting. All Board Directors are subject to Executive Director remuneration processes apart from one who is subject to Agenda for Change terms and conditions.

Executive Directors receive a fixed salary which is established at the beginning of each year and determined by benchmarking against NHS organisations throughout the country with the use of NHS Provider benchmarking information, NHS Improvement guidance on Very Senior Manager's Pay, NHS Annual Reports and Accounts and knowledge of job descriptions, person specifications and market pay. The Committee takes into account the Trust policies which include Equality, Diversity and Inclusion policies as well as the Trust's strategic objectives and plans when considering recruitment and remuneration of senior managers. There are no performance related pay elements or bonuses paid.

Executive Directors are substantive employees and their contracts can be terminated by ether party with six months' notice.

Contracts issued to Executives for employment from 2019/20 allow for an element of earn-back pay by which Executives can be asked to agreed performance objectives to earn back an element of basic pay.

For those senior managers earning above £150,000, the Trust has satisfied itself that these salaries are in line with the median earnings of equivalent posts in the NHS and have advised this to NHS Improvement before making an offer to the Executive. In 2020/21, there were three Executives who was paid over £150,000 when the remuneration is considered on a pro-rata basis for the whole year.

All other permanent employees of the Trust are subject to Agenda for Change terms and conditions and NHS Consultant contracts and consultation takes place with staff organisations on any proposals to change these terms and conditions of employment.

Service Contracts

As described above, all Executive Director contracts contain a six-month notice period. Non-Executive Directors serve for three-year terms and serve up to the recommended six years, subject to satisfactory performance. Non-Executive Directors are not eligible to receive compensation for loss of office.

The Council of Governors considers and sets terms of office for Non-Executive Directors beyond that to meet the needs of the Trust, whilst taking into account NHS Improvement's guidance. Non-Executive Directors' posts can be terminated by a 75% majority of Governors voting at a Council of Governor general meeting. Further details on each of the Non-Executive Directors can be found in the Governance & Organisational Arrangements section within this Annual Report.

Senior Manager Remuneration and Benefits

Pension arrangements for the Senior Managers are in accordance with the NHS Pension Scheme, the Accounting Policies for Pensions and relevant benefits are set out in two following tables:

Senior manager remuneration and benefits – Emoluments (2020/21):

Name	Title	Salaries and Fees (in Bands of £5K)	Expense Payments (total to the Nearest £100)[1]
D Dunn	Chairman	55-60	-
J Church	Deputy Chairman	25-30	-
L Butcher	Non-Executive Director	10-15	-
T Brocklebank	Non-Executive Director	10-15	-
L Massey	Senior Independent Director	15-20[2]	-
L Philpott	Non-Executive Director	15-20	-
A Vernon	Non-Executive Director	10-15	-
J Sumner	Chief Executive Officer	175-180	-
R Favager	Deputy CEO & Director of Finance	150-155	-
H Barnett	Director of Workforce & OD	115-120	-
O Bennett	Chief Operating Officer[3]	80-85	-
A Freeman	Chief Information Officer	95-100	-
D Frodsham	Director of Strategic Partnerships	105-110	-
M Luckas	Medical Director[4]	220-225	-
C Oliver	Chief Operating Officer	35-40	2,800
J Tunney	Director of Nursing & Quality	120-125	-

Table 8: Senior Manager Remuneration 2020/21

[1] The benefit shown as Expenses are lease car benefits which form part of the remuneration package for Executives

[2] The payment for Ms Massey is paid directly to her employer in lieu of time spent at the Trust. Ms Massey does not receive any direct payment for this role

[3] Chris Oliver left the post of Chief Operating Officer in July 2020 and was replaced by Oliver Bennett

[4] An element of the Medical Director's remuneration includes clinical excellence awards

Performance Pay and Bonuses	Long Term Performance Pay and Bonuses	All Pensions related Benefits (in Bands of £2.5K)	Total (Bands of £5K)
-	-	-	55-60
-	-	-	25-30
-	-	-	10-15
-	-	-	10-15
-	-	-	15-20
-	-	-	15-20
-	-	-	10-15
-	-	147.50-150	325-330
-	-	-	150-155
-	-	30-32.5	150-155
-	-	5-7.5	85-90
-	-	50-52.5	145-150
-	-	-	105-110
-	-	-	220-225
-	-	30-32.5	65-70
-	-	92.50-95	215-220

Senior manager remuneration and benefits – Emoluments (2019/20):

Name	Title	Salaries and Fees (in Bands of £5K)	Expense Payments (total to the Nearest £100)[1]
D Dunn	Chairman	55-60	-
J Church	Non-Executive Director	15-20	-
P Bacon	Non-Executive Director[5]	0-5	-
J Barnes	Non-Executive Director[6]	10-15	-
T Brocklebank	Non-Executive Director[7]	0-5	-
L Butcher	Non-Executive Director	10-15	-
M Davis	Non-Executive Director	10-15	-
D Hopewell	Non-Executive Director	15-20	-
L Massey*	Non-Executive Director	10-15	-
L Philpott	Non-Executive Director	0-5	-
T Bullock	Chief Executive Officer	160-165	5,500
P Dodds	Deputy Chief Executive & Medical Director	215-220[8]	-
M Oldham	Director of Finance & Strategic Planning	130-135	7,100
D Frodsham	Director of Strategic Partnerships	95-100	7,100
H Barnett	Director of Workforce & OD	45-50	-
C Oliver	Chief Operating Officer	110-115	10,400
J Tunney	Director of Nursing and Quality	100-105	-

Table 9: Senior Manager Remuneration 2019/20

[5] In post until May 2018

[6] John Barnes and David Hopewell were in post until January 2019

[7] T Brocklebank and Les Philpott were in post from February 2019

[8] An element of Dr P Dodds' remuneration includes clinical excellence awards equating to £20,000

Performance Pay and Bonuses	Long Term Performance Pay and Bonuses	All Pensions related Benefits (in Bands of £2.5K)	Total (Bands of £5K)
-	-	-	55-60
-	-	-	15-20
-	-	-	0-5
-	-	-	10-15
-	-	-	0-5
-	-	-	10-15
-	-	-	10-15
-	-	-	15-20
-	-	-	10-15
-	-	-	0-5
-	-	10-12.5	180-185
-	-	70-72.5	285-290
-	-	150-152.50	290-295
-	-	(42.5)-(45)	55-60
-	-	52.50-55	95-100
-	-	(30)-(32.5)	85-90
-	-	40-42.50	140-145

Salary and pension entitlements of senior managers – Pension benefits:

Name	Title	Real increase in pension at age 60 in Bands of £2.5k	Real increase in lump sum at age 60 in Bands of £2.5k	Total accrued pension at age 60 at 31 March 2021 in Bands of £5k
J Sumner	Chief Executive	7.5-10	12.5-15	45-50
R Favager	Deputy CEO/Director of Finance	0	0	0
H Barnett	Director of Workforce & OD	0-2.5	0-2.5	25-30
O Bennett	Chief Operating Officer (from July 2020)	0-2.5	2.5.-5	20-25
A Freeman	Chief Information Officer	2.5-5	2.5-5	25-30
D Frodsham[9]	Director of Strategic Partnerships	0-2.5	(40-42.5)	45-50
M Luckas	Medical Director	0	0	0
C Oliver	Chief Operating Officer	0-2.5	2.5-5	30-35
J Tunney	Director of Nursing & Quality	2.5-5	12.5-15	50-55

Table 10: Senior Manager Remuneration

[9] D Frodsham Reduction in pension is due to taking retirement

lump sum at age 60 at 31 March 2021 in Bands of £5k	Cash Equivalent Transfer Value at 31 March 2020	Cash Equivalent Transfer Value at 31 March 2021	Real Increase in Cash Equivalent Transfer Value	Employers contribution to Stakeholder Pension in Bands of £5k
95-100	577	714	105	-
0	-	-	-	-
50-55	491	543	28	-
40-45	276	327	22	-
45-50	308	357	31	-
0	1,097	-	-	-
0	-	-	-	-
60-65	366	469	19	-
160-165	1,061	1,210	117	-

Notes to Senior Managers remuneration and Pension benefits

SA 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 benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS Pension Scheme.

They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV – this reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. There are no performance related pay provisions currently in place.

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

NHS Pensions are using pension and lump sum data from their systems without any adjustment for a potential future legal remedy required as a result of the McCloud judgement (this is a legal case concerning age discrimination over the manner in which UK public service pension schemes introduced a CARE benefit design in 2015 for all but the oldest members who retained a Final Salary design). The Trust believes this approach is appropriate given that there is still considerable uncertainty on how the affected benefits within the new NHS 2015 Scheme would be adjusted in future once legal proceedings are completed.

Group and Foundation Trust

	2021 £000	2020 £000	% change
Highest Paid Director gross cost	**252**	249	**1.21**
Median Total earnings	**31**	29	**5.76**
Ratio	**8.09**	8.45	**(4.30)**

Table 11: Multiple Statement

The median total earnings were calculated using the full-time equivalent gross cost of all staff paid through the Trust's payroll in March 2021 which is then annualised.

Governors' Expenses

In accordance with the Trust's Constitution, Governors are eligible to claim expenses for such things as travel at rates determined by the Trust. Out of the total Council of Governor membership of 28, no Governors claimed expenses in 2020/21 or in 2019/20.

Directors' Expenses

Out of the 13 voting Board members (seven Non-Executive Directors including the Chairman and six Executive Directors including the Chief Executive), there was a total of four Directors who claimed non-audited expenses in 2020/21 at a total amount of £272.00. Details of remuneration and benefits in kind are included within the Remuneration tables.

Exit Packages 2020/21

The Trust has offered staff a mutually agreed resignation scheme where the Trust may offer a financial package to a member of staff who wishes to leave their employment on voluntary terms. To be eligible the applicant must be permanently employed by the Trust and have a minimum of two years' continuous service.

Exit Packages 2020/21

Exit Package Cost Band (Including any special payment element)	Number of Compulsory Redundancies	Cost of compulsory Redundancies	Number of Other Departures Agreed	Cost of Other Departures Agreed	**Total Number of Exit Packages**	**Total Cost of Exit Packages**	Number of Departure Where Special Payments Were Made	Cost of Special Payment Element Included in Exit Packages
	Whole Numbers Only	£s	Whole Numbers Only	£s	Whole Numbers Only	£s	Whole Numbers Only	£s
Less than £10,000			13	45,641	13	**45,641**		
>10,001-£25,000			-					
£25,000+			-					
Total	-	-	13	45,641	13	**45,641**	-	-

Table 12: Exit Packages 2020/21

Exit Packages 2019/20

Exit Package Cost Band (Including any special payment element)	Number of Compulsory Redundancies	Cost of compulsory Redundancies	Number of Other Departures Agreed	Cost of Other Departures Agreed
	Whole Numbers Only	£s	Whole Numbers Only	£s
Less than £10,000			16	57,408
>10,001- £25,000			2	27,449
£25,000+			0	
Total	-	-	**16**	**84,857**

Table 13: Exit Packages 2019/20

Exit packages: other (non-compulsory) departure payments:

	2020/21 Payments agreed	**2020/21 Total value of agreements**	**2019/20 Payments agreed**	**2019/20 Payments agreed**
	Number	**£000**	**Number**	**£000**
Contractual payments in lieu of notice	13	46	18	84
Exit payments following Employment Tribunals or court orders	**-**	-	**-**	**-**
Total	13	46	18	84

Table 14: Other Departure Payments 2019/20 – 2020/21

Total Number of Exit Packages	**Total Cost of Exit Packages**	Number of Departure Where Special Payments Were Made	Cost of Special Payment Element Included in Exit Packages
Whole Numbers Only	£s	Whole Numbers Only	£s
16	**57,408**		
2	**27,449**		
18	**84,857**	-	-

James Sumner
Chief Executive & Accounting Officer
Date: 27 May 2021

Staff Report

Staff Analysis

The analysis of staff costs is shown below. All staff are permanent except for the Agency and Contract Staff:

Pay Bands	Female	Male	Total
Executive and Non-Executive	6	8	15
Other Staff (Band 1-7)	3,741	620	4,361
Trust Senior Leaders (Band 8a and above excluding Executives/Non-Executives and Medical Staff)	178	40	218
Grand Total	**3,034**	**674**	**4,608**

Table 15: Gender Breakdown by Pay Band

Pay Bands	Group		Foundation Trust	
	2020/21	2019/20	**2020/21**	2019/20
	£000	£000	**£000**	£000
Salaries and wages	**173,273**	150,755	**173,273**	150,755
Social Security Costs	**14,717**	12,775	**14,717**	12,775
Apprenticeship Levy	**807**	718	**807**	718
Employer contributions to NHS Pensions Scheme	**18,527**	16,684	**18,527**	16,684
Pension cost - employer contributions paid by NHSE on provider's behalf	**8,109**	7,260	**8,109**	7,260
Pension cost - other	**75**	70	**75**	70
Termination Benefits	**-**	-	**-**	-
Temporary Staff - Agency and contract staff	**10,628**	7,839	**10,628**	7,839
NHS Charitable funds staff	**88**	80	**-**	-
Total Gross Staff Costs	**226,224**	196,181	**226,136**	196,101
Of which				
Costs capitalised as part of assets	**453**	371	**453**	371
Total Employee benefits excluding capitalised costs	**225,771**	195,810	**225,683**	195,730

Analysed into Operating Expenses (5.1 Op Ex)

Employee Expenses – Staff and Executive directors	**225,771**	**195,810**	**225,683**	**195,810**
NHS Charitable funds: Employee expenses	**88**	**81**	**88**	**81**
Redundancy		**-**		**-**
Total Employee benefits excluding capitalised costs		**195,810**		**195,810**

Group and Foundation Trust	Total 2020/21 Number	Other permanent employees Number	Directors Number	Other Number	Total 2019/20 Number
Medical & Dental	**395**	381	-	**14**	374
Administration & estates	**1,007**	967	6	**34**	951
Healthcare Assistants & other support staff	**814**	683	-	**131**	712
Nursing, midwifery & health visiting staff	**1,353**	1,207	-	**146**	1,218
Scientific, therapeutic and technical staff	**408**	393	-	**15**	399
Healthcare Science Staff	**316**	308	-	**8**	355
Other	**335**	286	-	**49**	324
Total average numbers	**4,628**	**4,225**	6	**397**	4,332
of which WTE engaged on capital projects	**6**	**6**	**-**	**-**	**7**

Table 16: Average number of persons employed (whole time equivalents)

Workforce Numbers

As an NHS acute provider, the Trust has a range of staff who work for it. The table below provides a breakdown of staff numbers as at 31 March 2021:

Staff Group/Role	Female	Male	Total
Add Prof Scientific and Technic	**134**	**27**	**161**
Staff Group			
Optometrist	5		5
Pharmacist	30	8	38
Physician Associate	13	1	14
Practitioner	41	11	52
Technician	45	7	52
Additional Clinical Services	**908**	**118**	**1026**
Assistant	138	24	162
Assistant Practitioner Nursing	30	5	35
Assistant/Associate Practitioner	2		2
Healthcare Assistant	679	79	758
Healthcare Science Assistant	26	2	28
Healthcare Science Associate	3	5	8
Nursery Nurse	7	1	8
Phlebotomist	2		2
Play Specialist	2		2
Technical Instructor	10	2	12
Technician	1		1
Trainee Healthcare Science Practitioner	1		1
Trainee Nursing Associate	7		7

Administrative and Clerical	**982**	**178**	**1160**
Accountant	19	5	24
Analyst	11	8	19
Chief Executive		1	1
Clerical Worker	553	67	620
Librarian	1	1	2
Manager	39	24	63
Medical Secretary	49	2	51
Non-Executive Director	1	5	6
Officer	189	29	218
Other Executive Director	3	1	4
Personal Assistant	9	1	10
Receptionist	27	1	28
Secretary	27	1	28
Senior Manager	44	20	64
Surveyor		2	2
Technician	10	10	20
Allied Health Professionals	334	69	403
Advanced Practitioner	1	1	2
Chiropodist/Podiatrist	14	4	18
Dietitian	29		29
Dietitian Specialist Practitioner	1		1
Multi Therapist	1		1
Occupational Therapist	53	1	54
Occupational Therapist Manager	2	1	3
Occupational Therapy Specialist Practitioner	2		2
Orthoptist	6	1	7
Physiotherapist	93	43	136
Physiotherapist Manager	2	1	3
Physiotherapist Specialist Practitioner	2		2
Radiographer - Diagnostic	72	13	85
Radiographer - Diagnostic, Manager		1	1
Speech and Language Therapist	47	2	49
Speech and Language Therapist Manager	1	1	2
Speech and Language Therapist Specialist Practitioner	8		8

Estates and Ancillary	**239**	**169**	**408**
Building Officer		2	2
Cook	3	5	8
Engineer		15	15
Gardener/Groundsperson		2	2
Housekeeper	24	1	25
Maintenance Craftsperson	2	23	25
Porter	4	55	59
Supervisor	8	6	14
Support Worker	193	60	253
Telephonist	5		5
Healthcare Scientists	29	5	34
Healthcare Science Practitioner	14		14
Healthcare Scientist	4		4
Manager	2	2	4
Specialist Healthcare Science Practitioner	9	3	12
Medical and Dental	**128**	**163**	**291**
Associate Specialist (Closed to new entrants)		2	2
Consultant	55	97	152
Foundation Year 1	11	7	18
Foundation Year 2	17	7	24
General Medical Practitioner	13	7	20
Medical Director		1	1
Specialty Doctor	15	18	33
Specialty Registrar	14	20	34
Staff Grade (Closed to new entrants)		1	1
Trust Grade Doctor - Foundation Level	3	2	5
Trust Grade Doctor - Specialty Registrar		1	1
Other		2	2
Nursing and Midwifery Registered	**1308**	**107**	**1415**
Advanced Practitioner	12	1	13
Community Nurse	137	3	140
Community Practitioner	45	2	47
Midwife	131		131
Midwife - Specialist Practitioner	4		4
Modern Matron	18		18
Nurse Consultant	2	1	3
Nurse Manager	58	4	62
Sister/Charge Nurse	137	15	152
Specialist Nurse Practitioner	87	4	91
Staff Nurse	677	77	754
Grand Total	**4062**	**839**	**4899**

Table 17: Staff Numbers broken down by gender

Absence information

In a challenging year, at a time when the Trust has been dealing with the global COVID-19 pandemic, significant work has been undertaken to review and expand the Trust's health and wellbeing offer. This offer has been focused on supporting staff during this particularly challenging time, as well as enabling staff to promote better health and wellbeing and prevent sickness absence. Despite increased levels of absence as a result of the pandemic, overall sickness has now started to improve. The Trust is continuing to support initiatives which aim to reduce sickness absence and bring the levels back below the target of 3.9%. The Trust's sickness figures can be compared to the national figures published by NHS Digital via the ESR Data Warehouse which are available at:

https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

Staff Engagement

The Trust's vision to "deliver excellence in healthcare through innovation and collaboration" puts its staff at the heart of delivering good and safe experiences for its patients. The Trust is committed to involving staff in decision-making and keeping them informed of changes and developments across the organisation.

The Trust also uses a range of well-established forums for consulting with and engaging staff and their representatives in decision making, including:

- Regular Executive and Non-Executive Director clinical and non-clinical department visits
- Director and Governor Patient Safety Walkabouts
- Regular formal and informal meetings with Trade Union representatives (Joint Local Negotiating Committee and Joint Consultation & Negotiation Committee)
- Weekly Chief Executive's Briefing
- Monthly 'Team Talk' led by the Chief Executive
- Regular staff briefings, (Coronavirus updates, weekly newsletter and News Now emails)
- Staff Focus Groups and interviews
- All Together magazine.

The Black, Asian and Minority Ethnic (BAME) staff network continues to grow, and its influence felt throughout the Trust. Notably, in terms of how the network helped influence and contribute to the Trust's response to the disproportionate impact that COVID-19 has on BAME colleagues and the wider community. Examples include dialogue around risk assessments for BAME staff and associated reasonable adjustments, conversations around the provision of Vitamin D for BAME colleagues, and how the network members could play a contributing role in encouraging take-up of the COVID-19 vaccine.

As a Foundation Trust, the Trust benefits from having staff Governors who make a valuable contribution to the governance and development of the organisation.

The Trust's All Together magazine, which included a special edition during the coronavirus pandemic, is one of the well-established forums used to keep staff informed of changes and developments

Equality, Diversity and Inclusion 2020/21

Mid Cheshire Hospitals NHS Foundation Trust is committed to creating an environment in which people can feel valued, where people are treated fairly and with dignity and respect.

Strategic Focus

The equality objectives agreed for 2020 are listed below. Unfortunately, much of the anticipated progress in relation to these objectives was placed on hold whilst the Trust prioritised its clinical response to COVID-19.

- To improve disabled and BAME staff representation, experience and employment opportunities
- Take steps to address the uneven distribution of gender composition in the workplace
- To ensure information and services are beneficial and accessible to the people we serve
- To improve the experience of LGBT staff and patients.

In direct response to the first objective, examples of progress during 2020 include the Trust:

- Launching a Black, Asian and Minority Ethnic, (BAME) staff network which has helped engage colleagues in discussions around career progression and vaccine hesitancy

- Working at pace with the support of the Equality Diversity & Inclusion Lead to prioritise risk assessments for staff identifying as BAME as well as colleagues who were also in the higher risk categories on account of underlying health conditions
- Offering priority flu jabs, annual health assessments led by Occupational Health and a three month supply of vitamin D supplements to BAME colleagues as the Trust continually sought to seek opportunities to mitigate what at the time was an emerging picture in terms of the disproportionate impact COVID-19 was having on the BAME community.

In addition, the Trust has progressed broader activities in support of Equality Diversity & Inclusion throughout the year, including:

- All System Operating Procedures devised in response to COVID-19 had a mandatory requirement to have an associated Equality Impact Assessment in place
- Risk assessing the Mosque, Chapel and prayer room in light of COVID-19. The Trust was pleased to be able to keep these open with measures in place to ensure their safe use
- Responding to the measures placed on society in response to COVID-19, specific guidance was produced in support of those suffering from or at risk of domestic abuse. The guidance identified sources of support during COVID-19 and it was agreed that staff at risk/ suffering could use Trust accommodation/ residences during this time if needed.

The Equality, Diversity and Inclusion Policy sets out the Trust's aims and goals. A copy of the policy can be found on the Trust website:

https://www.mcht.nhs.uk/about-us/equality-and-diversity/equality-and-diversity-document-library/strategy-policy-single-equality-scheme-and-related-documents/

Equality Delivery System

The Trust is fully committed to meeting its core requirements as set out in the Equality Act 2010 and the Public Sector Equality Duty. The Equality Delivery System (EDS2) is available to organisations to help assess and grade equality performance and is undertaken on an annual basis.

The most recent review was undertaken in March 2021 with stakeholder groups endorsing the Trust's position as achieving across each of the goals brought forward for review during this cycle.

Goal One, the Trust provides Better Health Outcomes in respect of health services and supporting the diverse health needs of those from all protected characteristics.

Goal Four, the Trust demonstrates inclusive leadership in terms of assurance in respect of Equality Diversity & Inclusion and can evidence commitment to a management ethos which supports staff to work in culturally competent ways.

The summary findings from the annual review of the Equality Delivery System are available on the Trust website:

https://www.mcht.nhs.uk/about-us/equality-and-diversity/equality-and-diversity-document-library/

Gender Pay Gap Report

Gender pay gap legislation was first introduced in April 2017 and requires all organisations with 250 or more employees to publish their gender pay gap annually. The gender pay gap shows the average difference in the average pay between men and women at an organisational level. Guidance and details of Mid Cheshire Hospitals NHS Foundation Trust's Gender Pay Gap can be found on the Cabinet Office website at https://gender-pay-gap.service.gov.uk/Employer/2HQNsOkw/2020

Overall, the Trust report for 2020 has found that pay variances between males and females within the Trust are influenced heavily by the proportion of males occupying senior roles which, by their definition and levels of responsibility, are aligned with a higher earnings capacity. This is in contrast to the demographics of the Trust workforce being predominantly female. It is important to note, however, the different ways men and women participate in the labour market which is also a contributing factor in the demographics at senior levels within the Trust.

The Trust position reflects a median pay gap of 9.9%, equating to an hourly pay difference of £1.47 less for females. An action plan, monitored through the Trust's governance structure, identifies the contributory factors including job design evaluation and accessibility to flexible working arrangements. Establishing female role models and promoting career pathways through to Consultant level positions is one key action which once implemented and established towards the end of 2021 will help close the pay gap. A copy of the latest report is available on the Trust website at https://www.mcht.nhs.uk/about-us/equality-and-diversity/gender-pay-gap/

Workforce Disability Equality Standard

The Workforce Disability Equality Standard (WDES) was introduced in April 2019 and is a set of specific measures that enable NHS organisations to compare the experiences of disabled and non-disabled staff. This information is then used to develop local action plans and enables the Trust to demonstrate progress against the indicators of disability equality. The report is available on the Trust website:https://www.mcht.nhs.uk/about-us/equality-and-diversity/workforce-disability-equality-standard-wdes/

Workforce Race Equality Standard

The Workforce Race Equality Standard (WRES) assesses the workforce data to address the under-representation of Black, Asian and minority ethnic employees and ensure equal access to career opportunities and fair treatment in the workplace. NHS Trusts are expected to show progress against a number of indicators of workforce equality which include recruitment opportunities,

likelihood of entering the disciplinary process and accessing non-mandatory training. The Trust has undertaken the WRES since 2015. The most recent WRES report was completed in 2020 and the findings are available on the Trust website: https://www.mcht.nhs.uk/about-us/equality-and-diversity/wres/

Accessible Information Standard

The Trust has implemented the Accessible Information Standard. A standard operating procedure (SOP) and policy have been developed to ensure staff identify and record information and communication needs for patients, service users and carers where those needs relate to a disability, impairment or sensory loss. The guide also assists staff in finding and providing accessible information for patients and their relatives on attending the Trust for community outpatient visits or inpatient stays.

Staff policies and actions applied during the financial year in respect of applicants or existing staff with disabilities

Recognised as a Disability Confident Employer, the Trust operates in line with the guaranteed interview scheme for any candidate identifying as disabled and who meets the minimum criteria for the role. Adopting such an approach enables the Trust to give full and fair consideration to applications for employment made by disabled persons. Monitoring of all applicants is undertaken to help evaluate Trust performance. Owing to a switch in reporting systems mid-year, the data for 2020/21 is broken into two sections but can be summarised as follows:

January – November 2020

516 applications were received from disabled candidates, equating to 3.2% of applicants across all vacancies. 196 were shortlisted, equating to 4.5% of all shortlisted candidates. In total, 40 disabled candidates were appointed to work in the Trust during this period, equating to 3.4% of all appointments.

November 2020 – February 2021

A further 108 applications from disabled candidates were received, equating to 4.3% of applicants across all vacancies, of which 55 were shortlisted (3.7%), 10 conditional offers made resulting in one appointment.

In addition, existing colleagues who have or have acquired a disability throughout the year have been supported through reasonable adjustments being made both to their role and, in some cases, working patterns. Examples included relocating ergonomic desk equipment to an employee's home address or a risk assessment to support redeploying individuals to roles where risk of exposure to COVID-19 could be minimised.

Training and career development opportunities across the Trust are accessible to all employees irrespective of disability and, in a similar way to the Trust commitment in respect of recruitment, reasonable adjustments will always be made available to support disabled colleagues in gaining access to and, where appropriate, competing for such opportunities on an equal footing with non-disabled peers.

Diversity & Inclusion policies, initiatives and longer-term ambitions

The COVID-19 pandemic has understandably halted many of the proactive initiatives ordinarily undertaken face-to-face to help drive education, understanding and participation in relation to Equality Diversity & Inclusion activity across the Trust.

However, despite these challenges, a number of activities were undertaken remotely or with COVID-19 measures and risk assessments in place, including:

- Board Development session (September 2020) used storyboards acted out to creatively engage senior leaders in getting comfortable being uncomfortable talking about race
- International Women's Day was celebrated across the Trust with staff sharing stories around women who have influenced them both personally and professionally.

Equality & Diversity Annual Report

The Trust is committed to providing excellent services for the community and to be an excellent employer. This is only possible if the Trust takes full account of the diversity of the local population and workforce. The Trust's annual report for Equality & Diversity can be viewed on the Trust website: https://www.mcht.nhs.uk/about-us/equality-and-diversity/equality-and-diversity-document-library/equality-and-diversity-annual-reports/

International Women's Day 2021

Wall of Courage

Encouraging staff to share names of those Women who have inspired them and shown everyday courage. The theme was in line with the national NHS messaging for the day.

Demographics

The Trust is committed to not only ensuring the make-up of the Trust workforce is reflective of the community it serves but, more importantly, embraces the diverse thinking and contributions which can be derived when colleagues feel they can bring their whole selves and their true identity to work.

Encouraging education in respect of intersectionality, which recognises that individuals can identify with one or more protected characteristics, is important and is being incorporated into staff inductions.

Tables 18 - 21 reflect the makeup of the workforce and key observations include:

- Headcount has remained relatively static on prior year at 4,898, as has the overall gender split at 83% female, 17% male
- An increase in the proportion of the workforce identifying as being of mixed cultural heritage now accounts for 1.4% of the workforce as opposed to 0.3% in 2020. This suggests that, although staff headcount has remained fairly static year on year, employees feel comfortable editing their data through employee self-service in order to ensure their ethnicity is accurately reflected
- Self- declarations in respect of employees identifying as disabled have also increased by 19% on the prior year, with an additional nine staff disclosing that they do not have a disability
- This change in declarations in respect of both ethnicity and disability suggests that colleagues are responding to the inclusive culture being embedded at the Trust, and is evidence of a culture whereby staff are comfortable sharing this personal information.

Age Band	Headcount	%
<=20 Years	37	0.76%
21-25	286	5.84%
26-30	528	10.78%
31-35	639	13.05%
36-40	571	11.66%
41-45	530	10.82%
46-50	602	12.29%
51-55	670	13.68%
56-60	631	12.88%
61-65	311	6.35%
66-70	72	1.47%
>=71 Years	21	0.43%

Table 18: Staff Demographics - Age

Ethnic Group	Headcount	%
White - British & Irish	4,159	84.9%
White - Other	150	3.1%
Not specified	142	2.9%
Mixed	70	1.4%
Chinese	14	0.3%
Black	100	2.00%
Asian	227	4.6%
Any other Ethnic Group	36	0.7%
Total	**4892**	**100%**

Table 19: Staff Demographics – Ethnicity

Age Band	Headcount	%
Female	4,063	83%
Male	835	17%
Total	**4,898**	**100%**

Table 18: Staff Demographics - Age

Disabled	Headcount	%
No	4,001	81.7%
Yes	155	3.2%
Not Declared	76	14.9%
Prefer Not to Answer	5	0.1%
Unspecified	8	0.2%
Total	**4,898**	**100%**

Table 21: Staff Demographics - Disability

National NHS Staff Survey 2020

2,033 staff at Mid Cheshire Hospitals NHS FT took part in the 2020 national NHS Staff Survey out of a census of 4,672. An overview of the 2020 results can be found on the following pages.

The overall engagement score of 7.2 out of 10 in 2020 (the best score achieved by an acute or combined acute and community trust was 7.6). This is very positive and demonstrates that most staff feel engaged or highly engaged.

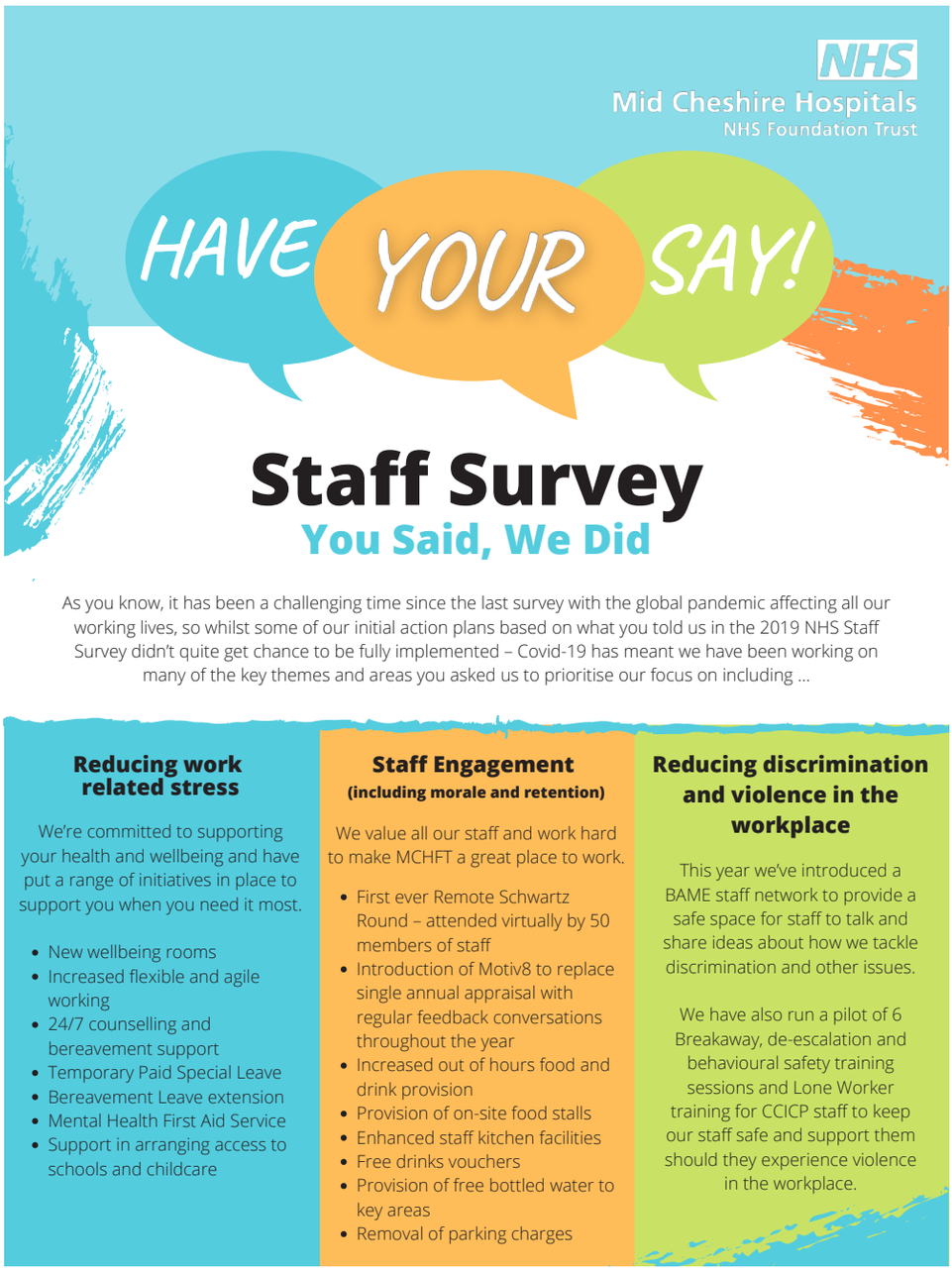
The Trust attributes its good engagement score in this area to the open and honest approach that the Board and senior leadership team take in ensuring staff are informed about the Trust's performance and key decisions being made, as well as giving staff the opportunity to put forward any views or suggestions about how the Trust can improve the experience of patients, service users and staff.

	2019/20		2020/21		Trust improved/deterioration
	Trust	National Average	Trust	National Average	
Response rate	28%	46%	44%	4%	Trust improved by 16% from previous year which is just below average for acute or combined acute and community trusts in England

Table 22: Staff Survey Response Rate

The NHS Staff Survey is conducted annually. From 2018 onwards, the results from questions are grouped to give scores in ten indicators. The indicator scores are based on a score out of ten for certain questions with the indicator score being the average of those.

For the 2019 survey, an additional theme 'Team Working' was included. The 2020 survey was amended to remove the Summary Indicator of 'Quality of Appraisals'. Scores for each indicator together with that of the survey benchmarking group (Acute or Combined Acute and Community Trusts) are presented in Table 23.



Posters were produced to highlight some of the changes or improvements that have been made following NHS Staff Survey feedback

Theme	2020 (Scores out of 10)	Acute or Combined Acute and Community Trust Average (2020)	Trust Performance (when compared with all acute or combined acute and community trusts in 2020)	2019 (Scores out of 10)	2018 (Scores out of 10)
Equality, Diversity and Inclusion	9.4	9.1	Above average	9.3	9.4
Health and Wellbeing	6.2	6.1	Above average	6.0	6.1
Immediate Managers	6.9	6.8	Above average	7.1	6.8
Morale	6.4	6.2	Above average	6.4	6.5
Quality of Appraisals	No data	No data	n/a	5.7	5.6
Quality of Care	7.6	7.5	Above average	7.5	7.6
Safe Environment – Bullying and Harassment	8.3	8.1	Above average	8.3	8.3
Safe Environment – Violence	9.4	9.5	Below average	9.5	9.6
Safety Culture	7.1	6.8	Above average	6.9	6.9
Staff Engagement	7.2	7.0	Above average	7.2	7.2
Team Working	6.5	6.5	Average	6.7	6.6

Table 23: Staff Survey Results by Theme

The Trust is pleased to be able to report that most staff feel engaged, that their role makes a difference to patients and the safety and quality of care is a top priority for the Trust. Staff would also recommend the organisation as a place to work.

Future Priorities and Targets

It is clear the Trust must focus on those areas where it sits at or very close to the national average for acute or combined acute and community trusts, to ensure those issues are addressed.

The Trust is mindful that there is some work to do to ensure staff always feel safe, protected and cared for in their workplace and this will be a significant focus for the organisation over the coming year. The Trust has, therefore, set out the following objectives for 2021/22:

- Reduce work related stress
- Reduce violence in the workplace
- Improve team working.

Trade Union Facility Time

Trade Unions play an important role in the workplace and there are considerable benefits to both employers and employees when organisations and unions work well together. In line with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the Trust publishes its facility time report annually. Facility time is agreed time off from an individual's job to carry out a trade union role.

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number in the organisation
41 (32.9 FTE)	4161.21

Table 24: Relevant union officials

The pay bill for the relevant period consists of the gross amount spent on wages, pension contributions and national insurance contributions paid by the employer in respect of its employees during the period.

Percentage of time	Number of employees
0%	26
1-50%	15
51%-99%	0
100%	0

Table 25: Percentage of time spent on facility time

Provide the total cost of facility time	£22,583.41
Provide the total pay bill	£144,731433.50
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.0156%

Table 26: Percentage of pay bill spent on facility time

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	34.85%

Table 27: Paid trade union activities

Occupational Health

The Cheshire Occupational Health Service is an accredited service hosted by Mid Cheshire Hospitals NHS Foundation Trust and is delivered in partnership with East Cheshire NHS Trust. In addition, occupational health services are delivered to staff at The Christie NHS Foundation Trust, NHS Cheshire Clinical Commissioning Group, the GP Alliance Board and a number of small to medium-sized organisations.

The challenges presented over the year during the global pandemic presented significant pressures on the service whilst still needing to continue to provide much needed support and guidance for staff. During this period, the Occupational Health Service became a central point of reference both in terms of supporting the Trust prepare its response to COVID-19 and in terms of protecting and advising staff. From the outset, Occupational Health worked as part of multi-disciplinary teams to advise on areas such as personal protective equipment, shielding, social distancing and the development of individualised risk assessments for staff.

Established relationships with other NHS Occupational Health services proved invaluable during these uncertain and unsettled months. The sharing of good practice and interpretation of government guidance provided support and reassurance at both a Trust and service level, whilst close collaboration enabled a seven days a week COVID telephone helpline for staff to be established. This was delivered against a background of increased referrals into the service due to heightened levels of anxiety and poor mental health associated with the pandemic.

As the pandemic unfolded, the Occupational Health Service established the standard operating procedure for the staff test and trace programme. Working closely with colleagues in Information Technology, an efficient process was developed that ensured timely notification of staff testing positive for the COVID-19 virus. In turn, the tracing enabled immediate advice and action ensuring potential harm was minimised.

Between October and December 2020, the Occupational Health Service led on the delivery of the influenza campaign for Mid Cheshire Hospitals NHS Foundation Trust, whilst also supporting delivery of the influenza programme in both partner and customer organisations. In line with national targets set by Public Health England, the service succeeded in vaccinating 91% of front-line staff in the Trust.

The Trust's vaccination centre celebrates after administering 40,000 doses of the Covid-19 vaccine

The Occupational Health Service also played an important role in planning, developing and implementing the COVID-19 vaccination programme at Leighton Hospital to help protect staff, patients and local communities. The year ahead will be an opportunity for the service to review staffing and skill mix to ensure it continues to be well placed to support the ongoing needs of staff and their fitness to work. This will entail continuing to work collaboratively with neighbouring NHS Trusts.

Health and Safety

In 2020/21, there were 16 staff incidents reportable to the Health and Safety Executive (HSE) as required by the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR). This compared to 19 reported RIDDOR incidents in 2019/20. There were three patient incidents reported under RIDDOR in 2020/21 compared to one in the previous year.

The number of health and safety incidents relating to staff reported in 2020/21 decreased by 9.1% compared to the previous year (from 1,623 to 1,488). There was an approximate 12.6% decrease in the number of 'No Harm' incidents reported for the Trust compared to the previous year (from 1,266 to 1,107). The rate of non-patient 'Harm' incidents reported increased by approximately 3.2% compared to the previous year (from 369 to 381).

In September 2020, the Health and Safety team moved to the Estates and Facilities team. The Health and Safety Group now reports to the Executive Safe and Sustainable Environment Group which is chaired by the Deputy Chief Executive/ Director of Finance.

During 2020/21, the Health and Safety team within the Trust flexed to support the frontline in practical ways in response to the COVID-19 pandemic. This included the development of a risk assessment to enable food donations from the local community and businesses to reach staff during the early stages of the pandemic.

COVID-19 compliance was incorporated into the Trust's Workplace Inspection Risk Assessment for completion Trust-wide. There was approximately 94% compliance with the completion of these across the Trust. A Social Distancing Workstream fed into Silver Command meetings on the implementation of controls required to be maintained in line with national guidelines.

Patient Handling training was adapted to enable COVID-19 'safe' training. This required additional external resourcing and increased numbers of training sessions to meet Trust demands. The Trust replaced 20 hoists in March 2021 to ensure the ongoing suitability and safety of patient lifting equipment.

The Trust Fire Risk Assessment and drill programme was kept on track with the support of external resources. Cheshire Fire Authority undertook their annual audits of Leighton Hospital and Victoria Infirmary, Northwich and made no recommendations for improvement.

A Control of Substances Hazardous to Health (COSHH) audit undertaken in October 2020 showed a compliance rate of 98%. The Trust also started to investigate options for improving the management and efficiency of the COSHH system for managing assessments.

The Trust's focus on staff wellbeing was a prominent feature in 2020/21. The Health and Safety team worked as part of the Health and Wellbeing Group to support significant improvements in provision.

Members of the Health and Safety Team join other colleagues to accept a donation of furniture for new staff wellbeing rooms

Trust's policy on off-payroll arrangements

The Trust limits its use of off-payroll arrangements for highly paid staff. Executive Director approval is required. Staff engaged off-payroll for a duration of longer than six months during 2019/20 can be found in the table below.

Off-payroll engagements as of 31 Mar 2021 of which:	**2020/21**
Number that have existed for less than one year at the time of reporting	0
Number that have existed for between one and two years at the time of reporting	0
Number that have existed for between two and three years at the time of reporting	0
Number that have existed for between three and four years at the time of reporting	0
Number that have existed for four or more years at the time of reporting	0

Table 28: Off-payroll worker engagements

Number of off-payroll workers engaged during the year ended 31 March 2021 of which:	**2020/21 Number**
Number assessed as within the scope of IR35	0
Number assessed as not within the scope of IR35	-
Number of engagements reassessed for consistency/ assurance purposes during the year	-
Of which:	
Number of engagements that saw a change to IR35 status following review	-
Number of engagements where the status was disputed under provisions in the off-payroll legislation	-
Of which: number of engagements that saw a change to IR35 status following review	-

Table 29: Off-payroll worker engaged at any point during the year 2020-21

For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 Apr 2020 and 31 Mar 2021	**2020/21 Number**
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". This figure must include both off-payroll and on-payroll engagements.	15

Table 30: Off-payroll worker engagements for Board or senior officials

Counter Fraud

Mid Cheshire Hospitals NHS Foundation Trust has established an Anti-Fraud Service provided by Mersey Internal Audit Agency (MIAA). The Trust's local fraud, bribery and corruption work is in line with the Government Functional Standard for Counter Fraud.

MIAA employs accredited Local Counter Fraud Specialists (LCFS) who lead on delivering both proactive and reactive work. The counter fraud team prepares a risk-based plan each year based on risks identified locally, nationally and those arising out of the NHS Counter Fraud Authority quality assessment process. Work completed by the Internal Audit team (also provided by Mersey Internal Audit Agency) provides assurance over key financial controls and highlights any areas where the Trust may be exposed to the risk of fraud, bribery and corruption.

Sian Axon, the Trust's Freedom to Speak Up Guardian, has worked with the Local Counter Fraud Specialist on a new joint-working protocol

The following provides a summary of the key anti-fraud activities undertaken during the 2020/21 year:

- The Trust has completed an ongoing programme of work to raise awareness of fraud, bribery and corruption and to embed a counter fraud, bribery and corruption culture across the organisation, including publication of articles and newsletters, circulation of a fraud, bribery and corruption awareness video and promotion of International Fraud Awareness Week, which took place from 15-21 November 2020
- The Trust's Anti-Fraud, Bribery and Corruption Policy has been reviewed and updated in line with the NHS Counter Fraud Authority's template Local Counter Fraud and Corruption Policy
- The Trust has circulated forty-three local fraud alerts, including a series of Coronavirus special edition information alerts, bank mandate fraud and phishing alerts
- The Trust has received and actioned eight fraud prevention notices and two intelligence bulletin alerts issued by the NHS Counter Fraud Authority (NHSCFA), focusing on a range of fraud risks
- The Trust's Freedom to Speak Up Guardian has agreed a new joint-working protocol with the Local Counter Fraud Specialist
- The Trust has engaged with an ongoing programme of work to review policies and procedures to ensure that appropriate counter fraud, bribery and corruption measures are included. Policies which have been reviewed include the junior doctor annual leave carry forward form,

the Risk Management Policy and the Freedom to Speak Up Raising Concerns (Whistleblowing) Policy and Procedure

- The Trust has participated in the National Fraud Initiative data matching exercise
- The Trust's fraud, bribery and corruption risks have been reviewed in line with its risk management policy and procedures.
- The Trust has engaged with a Fraud Prevention Guidance Impact Assessment to measure the impact of NHSCFA fraud prevention guidance issued in 2019-20
- The Trust has nominated Duncan Goff, Deputy Director of Finance, as its first ever Fraud Champion.

An example of one of the many fraud awareness communications that has been issued during 2020/21

3

Governance & Organisational Arrangements

Governance & Organisational Arrangements

Corporate governance is the system of rules, practices and processes by which an organisation is directed or controlled. It provides the infrastructure to improve the quality of the decisions made by those who manage the organisation. Good governance carries a specific responsibility to maximise the chance of the organisation's aims being achieved while, at the same time, having duties towards all of that organisation's stakeholders. This section details the organisational arrangements in place to deliver good corporate governance.

NHS Foundation Trust Code of Governance

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

The Board confirms that the Trust complies with all provisions of the Code of Governance with the following exceptions, where an explanation is provided as to why the Trust does not comply in this area:

A.5.6 Council of Governors - *The Council should establish a policy for engagement with the Board of Directors for those circumstances when they have concerns.*

The Board recognises that there is no defined policy but there are strong working processes in place for Governors to raise concerns through a variety of ways - regular meetings with Non-Executive Directors; meetings with the Chairman on an individual basis; private Governor meetings chaired by the Lead Governor; the Council of Governor's meetings; the Senior Independent Director; any Director of the Trust or by contacting the Company Secretary. These ways for raising concerns are detailed in the Corporate Governance Framework Manual and in the Governor Handbook which is provided to each Governor as part of their induction.

B.1.2 Board of Directors - *At least half of the Board, excluding the chairperson, should comprise Non-Executive Directors determined to be independent.*

It is good practice that Non-Executive Directors serve no more than six years in order to maintain their independence. This judgement of independence is assessed annually for all Non-Executive Directors through the appraisal process which is overseen by the Governor Nominations and Remuneration Committee. In December 2020, the Council of Governors confirmed the appointment of the Chairman for a further two years due to requiring stability in the Board leadership to support the Trust during the pandemic and in the recovery period. As a result, the Chairman will have served 9 years in total when his term of office ends in June 2023. All Non-Executive Directors at the Trust have been judged to be independent.

D.2.3 – Council of Governors Nomination and Remuneration Committee - *The council should consult external professional advisers to market-test the remuneration levels of the chairperson and other non-executives at least once every three years and when they intend to make a material change to the remuneration of a non-executive.*

The Nominations and Remuneration Committee normally reviews the remuneration annually of the Non-Executive Directors including the Chairman. This did not take place in 2020/21 due to COVID but will be reviewed in May 2021. The process used by the Trust involves benchmarking with NHS Provider remuneration survey results, peer data and NHS Improvement reports to ensure that the Trust is paying its Non-Executives in line with peers and at a suitable level for their time commitment and responsibilities. The review is co-ordinated by the Company Secretary using the same resources that an external professional adviser would use.

Council of Governors

The Trust's relationship with its Governors, and through them with its Members, is constructive and useful. It provides valuable public accountability for the work of the Trust. The Council of Governors and the Board of Directors have a clear understanding of the roles and responsibilities of each party in accordance with the Trust's Constitution. The Board manages the business of the Trust and the Council represents the interests of public and staff members, and local partner organisations in the governance of the Trust.

The Council of Governors is responsible for the following statutory duties:

- To hold the Non-Executive Directors individually and collectively to account for the performance of the Board of Directors
- To appoint, agree the remuneration of and, if appropriate, remove, the Chair and other Non- Executive Directors
- To approve the appointment of the Chief Executive
- To appoint and if appropriate, remove the Trust Auditors
- To receive the Trust's annual accounts
- To approve any significant transaction, merger, acquisition, separation or dissolution of the Trust
- To approve any amendments to the Trust's Constitution.

The Council of Governors has collective responsibility to support the Trust to consider and canvas the views of its Members when developing services, strategies and the Trust's annual plan. They discharge this duty by attending membership events which have previously included 'Meet Your Governor', local health fairs and public events . They represent Members within their local constituent areas to ensure Members' views and observations are being received by the Board of Directors. Governors feed their views and that of the Membership back to the Board through Council of Governors meetings and other sessions set up to explore and contribute to specific areas of business, e.g. Trust strategy.

The Trust's Constitution details the process to be adopted should any dispute arise between the Council of Governors and the Board of Directors and how this should be resolved. Concerns can also be raised at any time through any Director of the Trust, including the Senior Independent Director, or through the Company Secretary who maintains a log of Governor enquiries to the Trust.

At each Council of Governor's meeting, details on the key issues facing the Trust

are presented by the Chief Executive or his Deputy. Other relevant information is provided to the Council on the performance of the Trust and strategic developments - this provides Governors with the opportunity to seek further advice and clarification if required. The Lead Governor provides a report to each of the formal Council meetings, detailing the key activities undertaken by Governors during the period in question.

At each Board meeting, the Chairman reports on Governor issues and any key matters arising from the Council's discussions at its formal meetings.

The Lead Governor's statement in the Quality Account (available on the Trust website, www.mcht.nhs.uk/qualityaccount) outlines governor activity and involvement during the year in support of the Trust's quality improvements.

Each year, the Governors and Members are presented with the Annual Report and Accounts and the annual plan at the Annual Members' Meeting.

In addition to the formal meetings, there are regular opportunities for Governors to meet with Directors, through Non-Executive Director and Governor meetings and on a collective or individual basis with either the Chairman or the Senior Independent Director. Governors meet informally as a body four times a year.

"The Trust's relationship with its Governors, and through them with its Members, is constructive and useful. It provides valuable public accountability for the work of the Trust."

Governors regularly attend the formal Board meetings held in public as observers. The Lead Governor attends all Board meetings including any private Board meetings that are held.

Governor Elections

The Council of Governors consists of 28 members; two represent Congleton, four represent Crewe and Nantwich, five represent Vale Royal constituent areas, six represent patient and carers of the Trust, five represent staff, one represents the Trust's volunteers and there are four appointed Governors who represent the views from the Trust's partner organisations.

All elected Governors have a three-year term of office. The last elections for appointment as an elected governor were undertaken during January to March 2020 with the nine successful candidates taking up office from 1 April 2020 – three of these Governors were elected to their first term of office; Councillor Hazel Faddes was appointed by Cheshire East Council in February 2020 and started in her role in April 2020.

The elections were administered by Electoral Reform Services in accordance with the model election rules in the Trust's Constitution.

Constituency	Candidates	Eligible Voters	Turnout (%)	Successful Candidates	Term of Office
Public - Vale Royal	3	1,229	11.64%	Yvonne Banks	1
				Tim Ashcroft	2
Public - Congleton	3	714	12.04%	Judith Wright	1
				Janet Ollier	3
Public - Crewe and Nantwich	10	1,588	16.31%	Glynda Alasadi	2
				Dr Robert Pugh	1
				Barbara Beadle	3
				Janet Roach	3
Staff - Volunteers	2	138	13.77%	Helen Piddock-Jones	2

Table 31: Council of Governor Elections March 2021

Governor Development

All new Governors took part in an induction programme during the first six months of their office. This explained the duties and responsibilities of the Trust and provided an introduction to the Trust.

A Governor attended each of the following events which were provided by the NHS Providers Governor network 'Governwell':

- NHS Providers update – July 2021 (two Governors attended)
- Core Skills – July 2021
- National Governor Conference – 3 November 2021 (two Governors attended)
- Accountability and Holding to Account – 16 March 2021
- Member and Public Engagement – 2 February 2021.

In addition, the Trust ran two sessions in-house which focused on performance measures and risk management.

Governor	Constituency	Terms Served	Term Commenced	Term Expires	Meeting Attendance
Elected (Public) Governors					
Barbara Beadle	Crewe and Nantwich	3	01/4/2020	31/3/2022	5/5
Jan Roach	Crewe and Nantwich	3	01/4/2020	31/3/2023	2/5
Glynda Alasadi	Crewe and Nantwich	2	01/4/2020	31/3/2023	5/5
Bob Pugh	Crewe and Nantwich	1	01/4/2020	31/3/2023	4/5
Janet Ollier	Congleton	3	01/4/2020	31/3/2023	4/5
Judith Wright	Congleton	1	01/4/2020	31/3/2023	5/5
Katherine Birch	Vale Royal	2	10/9/2018	09/9/2021	3/5
Tim Ashcroft	Vale Royal	2	01/4/2020	31/3/2023	5/5
Yvonne Banks	Vale Royal	1	01/4/2020	01/3/2021	0/5
Mark Perry	Vale Royal	2	22/3/2021	31/3/2023	0/5
Gary McCourty	Vale Royal	1	10/9/2018	09/9/2021	3/5
Pat Psaila	Patient and Carer Governor	2	10/9/2018	09/9/2021	5/5
Ray Stafford	Patient and Carer Governor	2	10/9/2018	18/6/2021	0/0
Mitch Long	Patient and Carer Governor	1	24/1/2019	09/9/2021	0/5
Maureen Leverington	Patient and Carer Governor	2	01/4/2020	31/3/2023	4/5
John Pritchard	Patient and Carer Governor	2	01/4/2020	31/3/2023	4/5
Valerie Pickford	Patient and Carer Governor	1	16/9/2019	15/9/2022	5/5
Staff and Volunteer Governors (Elected)					
Caroline Birch	Trade Unions and Staff Organisations	3	01/4/2020	31/3/2023	4/5
Lynn Evans	Clinical Support	1	10/9/2018	09/9/2021	1/5
Helen Piddock-Jones	Registered Volunteers	2	01/4/2020	31/3/2023	5/5
Nicholas Boyce Cam	Medical and Dental Practitioner	2	01/4/2020	31/3/2023	3/5
Jenny Newman	Qualified Nursing & Midwifery	1	16/9/2019	15/9/2022	4/5
Robert Platt	Non-Clinical Support	2	10/9/2018	09/9/2021	3/5
Staff and Volunteer Governors (Elected)					
Paul Colman, South Cheshire Chamber of Commerce and Warrington Chamber of Commerce and Industry					0/0
Madeleine Abbey, South Cheshire, Congleton and Warrington Chambers of Commerce					0/5
Councillor Gina Lewis, Cheshire West and Chester Council					5/5
Councillor Hazel Faddes, Cheshire East Council					5/5

Table 32: Composition and Attendance of the Council of Governors 2020/21

2020/21 Council of Governors Meetings

- Thursday 30 April 2020 (cancelled due to COVID-19)
- Thursday 23 July 2020
- Thursday 29 October 2020
- Thursday 14 January 2021.

At times, to discuss urgent matters of business, the Council of Governors may need to meet in extraordinary session and this happened twice in 2020/21 to approve the extension of the Chairman's term and to approve changes to the Constitution.

- Monday 21 December 2020
- Tuesday 2 March 2021.

Lead Governor

Dr Katherine Birch continued as Lead Governor through 2020/21 in the second year of her three-year term, subject to her re-election as a Governor in 2021. In her role as Lead Governor, Dr Birch attended Board of Director meetings, met with Governors in private and was part of the recruitment panel for Non-Executive Director recruitment. Dr Birch meets regularly with the Chairman and can seek a meeting with the Chairman at any time to raise any issues of concern or seek clarity on any agenda items discussed.

The Council of Governors has two Committees - Membership and Communications, and Nominations and Remuneration. Further details on the workings of the Nominations and Remuneration Committee can be found within the Remuneration Report.

Membership Activity

The Trust holds regular events for Members at Leighton Hospital which provide a behind-the-scenes focus on particular areas of interest. This year these were suspended initially when social distancing measures for COVID-19 were introduced; later in the year, the Trust trialed two events – one on the Macmillan Cancer Information and Support Service and the other on Community Services. Both were livestreamed and were well received by Members as they were more convenient and could be recorded, shared with other Members and watched at a later date. The Trust is exploring ways in which Members can choose to attend in person or via the internet in next year's programme.

Social distancing restrictions prevented the Membership team from getting out and about to meet the public and the Youth Ambassador programme was put on hold for 12 months. In September 2020, all Members were invited to the virtual Annual Members' Meeting to hear about the Trust's performance during the year and receive the Annual Report and Accounts. This meeting was also livestreamed and shared with those Members who have provided the Trust with an email address. The Trust intends to continue this in 2021/22.

The Trust stayed in touch with Members virtually through the introduction of a regular e-bulletin to complement the hard copy 'All Together' magazine which was only issued once during the year. Members were also asked to respond to surveys on their membership and on the Annual Members' Meeting.

The Trust communicates and engages with Members, patients, carers and the public regularly and uses a variety of channels to do so.

These include:

- Membership and staff newsletter (All Together)
- Mid Cheshire Hospitals NHS Foundation Trust website
- Membership events
- E-communications
- Social Media – Twitter, Facebook, Instagram (introduced in 2020 by the Recruitment team)
- Local newspapers
- 'Meet your Governor' events
- Recruitment fairs
- Market stalls at stakeholder events
- Careers fairs
- Chief Executive briefings
- Annual Members' Meeting.

The Trust also works closely with partnership organisations such as NHS Cheshire Clinical Commissioning Group, Cheshire East Council, Cheshire West and Chester Council, Congleton Chamber of Commerce, South Cheshire Chamber of Commerce and Warrington Chamber of Commerce and Industry.

Membership Figures

Mid Cheshire Hospitals NHS Foundation Trust Membership consists of public, patients, carers, staff and volunteers. The following tables provide a breakdown of the current and estimated membership figures across a number of indicators to highlight areas of Member representation.

Constituency	Actual 2020/21	Target 2021/2022
Public	3,551	4,699
Patient and Carers	1,048	-
Staff and Volunteers	4,971	4,900
Total	**9,570**	**9,599**

Table 33: Membership Breakdown by Constituencies

Public Constituency (by Geography)

Public Constituency Breakdown	Actual 31 March 2021
Congleton	700
Crewe and Nantwich	1,589
Vale Royal	1,208
Out of Area	55

Table 34: Public Constituency Breakdown

Public Constituency	Actual 2020/21	Target 2021/2022
At year start (1 April)	3,601	3,522
New members	13	100
Members leaving	62	50
Members joining from Patient and Carer Constituency	n/a	1,048
At year end (31 March)	3,552	4,620

Table 35: Change in Public Constituency Numbers in 2020/21

Patient and Carer Constituency

There is one patient and carer Member constituency. To be eligible to be a member of this constituency, people have to be over 16 years of age, have received care or treatment from the Trust or have been a principal carer of a patient in the past five years.

Public Constituency	Actual 2020/21	Target 2021/2022
At year start (1 April)	1,070	0
New members	1	0
Members leaving	23	-
Members moving constituency	n/a	1,048
At year end (31 March)	1,048	0

Table 36: Change in Patient and Carers' Constituency Numbers in 2020/21

In March 2021, the Council of Governors and Board of Directors approved constitutional changes which would remove the distinction between publicly elected Governors in either geographical or patient and carer constituencies. From 1 April 2021, all public Governors will be elected on a geographical basis only and would be expected to represent the interests of all Members.

Staff Constituency

Staff who join the Trust are invited to become a Member. Those who are registered to undertake individual voluntary work at the Trust are eligible to become a Member within this constituency after twelve months.

The staff constituency is split into the following classes:

Staff and Volunteer Classes	Actual 1 April 2021
Qualified Nursing and Midwifery Staff	1,208
Medical Practitioners and Dental Staff	331
Other Professionally Qualified Clinical Staff	454
Clinical Support Staff	1,334
Non-clinical Support Staff	1,395
Recognised Representative of Trade Unions and Staff Organisations	17
Volunteers	138
Unspecified	94
Total	**4,971**

Table 37: Staff Constituency Classes

Staff Constituency	Actual 2020/21	Target 2021/2022
At year start (1 April)	4,869	4,971
New members	175	231
Members leaving	73	230
At year end (31 March)	4,971	4,972

Table 38: Change in Staff Constituency Numbers in 2020/21

Public Membership Demographics

Staff Constituency	Actual 2020/21	Target 2021/2022
Age (years)		
0-16	7	137,612
17-21	93	35,745
22+	3,286	522,188
Gender		
Male	1,425	345,217
Female	2,002	371,256
No stated gender	125	n/a

Table 38: Membership Breakdown (Age/Gender)

Public membership (Ethnicity)	Number of Members 31 March 2021	Eligible Membership
White	2,982	678,965
Mixed	16	6,923
Asian or Asian British	32	10,157
Black or Black British	19	2,310
Other	9	1,380
Not stated	n/a	n/a

Table 39: Membership breakdown (ethnicity)

Further information on Membership and how to contact Governors can be found on the Trust's website: www.mcht.nhs.uk/members

Contacting Governors

Governors can be contacted via the Corporate Governance team by emailing foundation.trust@mcht.nhs.uk or by completing an online contact form on the Trust's website, www.mcht.nhs.uk/members/our-council-of-governors

Governors can also be reached by post c/o Membership Office, Leighton Hospital, Middlewich Road, CW1 4QJ or by ringing 01270 612453.

Membership and Communications Committee

This Committee's purpose is:

- To establish and monitor programmes for the recruitment, development and retention of Members of the Foundation Trust
- To maintain the Membership of approximately 9,500 Members and ensure that this matches the demographics of the constituent areas
- To establish and develop effective forms of communication with Members
- To establish and develop efficient communication channels and plans for Governor engagement with Members and the local community.

The Committee met three times during 2020/21 with Committee attendance during the year as follows:

Governor	Representing	Attendance
Barbara Beadle (Chair)	Public Governor	3/3
Janet Roach	Public Governor	2/3
Helen Piddock-Jones	Staff Governor (volunteers)	2/3
Valerie Pickford	Patient & Carer Governor	1/1
Pat Psaila	Patient & Carer Governor	3/3
Mitch Long	Public Governor	0/3

Table 40: Membership and Communications Committee Attendance

Board of Directors

The general duty of the Board of Directors is to promote the success of Mid Cheshire Hospitals NHS Foundation Trust to maximise the benefits for the public. To make sure the care that the Trust provides is safe, effective, caring and responsive for patients, Trust Boards must be founded on and supported by a strong governance structure.

The Board of Directors is a unitary Board with collective responsibility for all areas of performance of the Trust such as clinical and operational performance, financial performance, governance and management. The Board is legally accountable for the services it provides at the Trust and operates to the highest of corporate governance standards.

The Board comprises seven Non-Executive Directors, including the Chairman, and six Executive Directors, including the Chief Executive. The Board has overall responsibility for strategic development, approving policy and monitoring performance. This includes ensuring the delivery of effective financial stewardship, high standards of clinical and corporate governance and promoting effective relations with the local community served by the Trust.

The Board has a formal schedule of matters reserved for Board decisions but delegates some of its powers to its committees of Directors and these matters are clearly set out within the Trust's Corporate Governance Framework Manual which includes the Scheme of Delegation, and in the Committees' terms of reference which are reviewed regularly by the Board.

The Board has the following committees in place:

- Audit
- Appointments and Remuneration
- Quality & Safety
- Workforce & Digital Transformation
- Corporate Trustees.

Further details on the workings of the Appointments and Remuneration Committee can be found in within the Remuneration Report (Page 49). Details of the Audit Committee are provided on page 112 in this section.

The Board undertook a review of its governance structure in 2020/21, following recommendations by Mersey Internal Audit Agency in 2019 to this effect. The revised governance structure ensured that information flows were appropriate to aid timely and effective decision-making and that risk management became central to the focus of all groups within that structure. The structure also ensures services are well-led in line with NHS Improvement's Well Led Framework, focusing on integrated quality, operational and financial governance.

All Directors have full and timely access to relevant information to enable them to discharge their responsibilities.

The Board of Directors meets monthly and at each formal meeting reviews the Trust's key performance information which includes quality and safety, patient care and experience, operational activity, financial position; it also reviews and discusses strategic matters.

The Board of Directors monitors compliance with the Trust's objectives and is responsible for approving major capital investment and borrowing. It meets with the Trust's Council of Governors, senior clinicians and managers, and uses external advisors to facilitate strategic discussion.

The Board of Directors considers that its composition is appropriate with a balanced spread of expertise to fulfil its function and terms of authorisation, with the Chairman and Non-Executive Directors meeting the independence criteria laid down in the NHS Foundation Trust Code of Governance. The Trust continued to ensure that all Board Directors met the criteria of the Fit & Proper Persons Test.

The collective performance of the Board is assessed through annual Board evaluation, Board Development Days and the Board of Directors meetings. A review of each Board meeting was undertaken at the end of each Board meeting.

All Board members undergo annual performance appraisals. The Chairman carries out the appraisals for the Non-Executive Directors, liaising with Governors to seek their views; the Senior Independent Director carries out the appraisal for the Chairman by meeting collectively with Non-Executive Directors and then separately with the Lead Governor and Chief Executive before reaching a conclusion. The outcomes of both the Chairman's and the Non-Executive Directors' appraisals are reviewed at the Governors' Nominations and Remuneration Committee which makes a recommendation to the Council of Governors.

The Chief Executive carries out the annual performance appraisal for the Executive Directors. Summary outcomes are submitted to the Appointments and Remuneration Committee.

"The Board of Directors meets monthly and at each formal meeting reviews the Trust's key performance information which includes quality and safety, patient care and experience, operational activity, financial position; it also reviews and discusses strategic matters."

The Trust has a formal, rigorous and transparent process for appointment of directors, both non-executive and executive. Appointments are made on merit, based on objective criteria. Assurances are sought from non-executive director candidates that they have sufficient time to fulfil their duties. Appointments among non-executive directors are reviewed annually and their terms of office are staggered over three years to ensure an orderly succession to the Board. Non-Executive Director appointments may

be terminated on performance grounds or for contravention of the qualification criteria set out in the Trust Constitution, with the approval of three-quarters of the members of the Council of Governors, or by mutual consent for other reasons. The Trust uses an external agency in relation to board appointments. The appointment or removal of the Company Secretary is a matter for the Board as a whole.

The Trust's Executive Team provides organisational leadership and takes appropriate action to ensure that the Trust delivers its strategic and operational objectives. It maintains arrangements for effective governance throughout the organisation, monitors performance in the delivery of planned results and ensures that corrective action is taken where necessary. The Executive Risk & Assurance Group, chaired by the Chief Executive and with a membership of senior managers and clinicians, supports the provision of assurance to both the Board Committees and the Board on the direction and operational management of the Trust, including the mitigation of risks to delivery of its strategic objectives through a focus on clinical quality, performance and delivery.

Board Leadership and Development

The performance of the Board Committees was kept under review throughout the year through the submission of the Committee Chair's Assurance Report to each formal Board meeting. An annual review of the Committees' effectiveness was undertaken, with both the process and outcome of the review monitored by the Audit Committee on behalf of the Board. During the course of the year, the Board held a number of development sessions, including externally facilitated sessions on Equality, Diversity & Inclusion, Risk Appetite, and Effective Boards. The Board also undertook a self-assessment of its own performance which was also externally facilitated. The Board commissioned a review of the Trust's Risk Management Framework in 2020/21 – this was undertaken with external expert support and with the active engagement of the Trust's Audit Committee.

The Board's engagement programme, which included Director Walk Rounds, was disrupted by the pandemic in 2020/21. It is anticipated this will be revised and re-introduced in 2021/22 when it is appropriate to do so.

Directors may seek individual professional advice or training at the Trust's expense in the furtherance of their duties. The Board has direct access to the Company Secretary who advises on compliance with relevant regulations and ensures that Board and Committee procedures are followed appropriately. The proceedings at all Board and Committee meetings, including any concerns, are fully recorded via formal minutes.

There is a clear division of responsibilities between the Chairman and Chief Executive. The Chairman is responsible for the leadership of the Board of Directors and the Council of Governors, ensuring their effectiveness individually, collectively and mutually.

The Chairman is also responsible for ensuring that members of the Board of Directors and the Council of Governors receive accurate, timely and clear information appropriate for their respective duties and for effective communication with patients, Members, clients, staff and other stakeholders. It is the Chairman's role to facilitate the effective communication of all directors, ensuring that constructive relationships exist between them and Governors.

The Chief Executive is responsible for the performance of the Executive Directors, the day-to-day operational running of the Trust and implementing approved strategy and policy.

Board of Director's relationship with the Council of Governors and Members

The Board works closely with the Trust's Council of Governors and Governors regularly observe Board meetings held in public.

Although the Executive is not required to attend every Council of Governor's meeting, the Chief Executive and other Executive Directors strive to attend all meetings to provide information to Governors on the performance of the Trust and strategic developments and to answer any concerns that the Governors may wish to raise. The Chairman works closely with the Lead Governor to review all relevant matters and the Non-Executive Directors attend each Council of Governors meeting and take part in open discussions.

At each Board meeting there is a standing item that enables the Chairman to report on Governor issues and formally report on the workings of the Council of Governors.

If any dispute should arise between the Council of Governors and the Board of Directors, a disputes resolution process as described in the Trust Constitution would be followed. This process has never been required. Concerns can also be raised at any time through any Director of the Trust or through the Company Secretary who maintains a log of Governor enquiries into the Trust.

There are regular opportunities for Governors to meet with Directors, formally through Non-Executive Director and Governor meetings and informally on a collective or individual basis with either the Chairman or the Senior Independent Director. Governors also meet informally as a body four times a year.

Independence of Non-Executive Directors

The Board of Directors determines annually whether each Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could affect Directors' judgement. Further details on directors' independence can be found within the Code of Governance section of this report.

Board of Directors - Biographical Information

Dennis Dunn MBE JP DL – Chairman

Dennis is former Pro Vice Chancellor International of the Manchester Metropolitan University and Dean of MMU in Cheshire. A specialist in Business Information Systems, he has advised commercial organisations and universities around the world and is former Chairman of BITWorld. Dennis has served as Expert Advisor to a European Commission funded initiative on lean organisations and has held a number of international visiting professorships. In the UK, Dennis serves on the Boards of a number of organisations and is a member of the Cheshire Business Leaders. He is national Trustee the British Red Cross appointed to the Board in 2019 and he is also a Deputy Lieutenant of Cheshire. Dennis was made an MBE by Her Majesty the Queen and awarded Honorary Fellowship of the Manchester Metropolitan University. A former Governor of the Trust before joining the Board of Directors, Dennis was appointed Chairman in July 2014. In 2017 the Council of Governors appointed Dennis to a second term of office until 30 June 2023.

James Sumner – Chief Executive

James joined the Trust as Chief Executive in July 2019, twenty years after joining the NHS. James initially worked in Primary Care before taking on several regional quality improvement roles. He moved into the acute sector in 2005 and has held a number of operational and strategic roles since, including Deputy Chief Executive at Stockport NHS Foundation Trust and Chief Accountable Officer at Salford Royal NHS Foundation Trust.

Heather Barnett – Director of Workforce and Organisational Development

Heather began her NHS career in Wales in 2002 where she worked for almost ten years in a variety of HR positions. During this time, she gained a Masters' degree in Human Resource Management and a Postgraduate Diploma in Employment Law. In 2012, Heather moved to the Clatterbridge Cancer Centre NHS Foundation Trust as the Director of Workforce and OD, until joining Mid Cheshire as Director of Workforce & OD in 2018. Heather holds a second Masters' degree in Executive Coaching and is passionate about the personal and organisational benefits that coaching can deliver for the benefit of patient care. She is a member of the NHS Leadership Academy's coaching register, Chair of the Cheshire and Merseyside HR Directors network from 2019 and is Vice President of the North West Health People Management Association (HPMA).

Oliver Bennett – Chief Operating Officer

Oliver joined the Trust as Chief Operating Officer in July 2020 and has over 15 years' experience in the NHS. The majority of Oliver's career has been in the acute sector and he has managed large Clinical Divisions, including Director of Medicine and Urgent Care at University Hospitals of North Midlands, Managing Director for the Greater Manchester Neurosciences Centre and Divisional Director of Operations and Performance for Surgery and Neurosciences at Salford Royal NHS Foundation Trust. Before then he managed several large directorates, including vascular surgery, trauma and orthopedics, transplantation, ophthalmology and dental services at Manchester Foundation Trust.

Trevor Brocklebank – Non-Executive Director

Trevor is an experienced CEO, Non-Executive Director and Chair. He has co-founded three Cheshire-based businesses: Home Instead, which he grew into a £100m UK-wide organisation and was awarded the Queens Award for Innovation in 2016 for their unique approach in supporting older people with dementia at home, Mezenet, an IT Business Intelligence Consultancy which provided services to global organisations including Unilever, BBC and Novartis and InHabit, which provides housing, particularly to charities, across the UK. He is also a Non-Executive Director of WorkBuzz, a leading provider of Employee Satisfaction Surveys. A previous Chair of the United Kingdom Homecare Association (UKHCA) and British Franchise Association (BFA), Trevor is currently Deputy Chair of Cheshire and Warrington LEP (Local Enterprise Partnership), Chair of Marketing Cheshire and a Governor at The Grange School in Hartford. He joined the Trust on 1 February 2019 for a three-year term to January 2022.

Lorraine Butcher – Non-Executive Director

Prior to joining MCHFT in 2018, Lorraine was a joint appointee across the NHS and Local Government for the City of Manchester and was responsible for the development of the strategy to integrate health and social care within the context of the devolution of health and care in Greater Manchester. Formerly, Lorraine has held senior roles across a number of Local Authorities in the North West, in the statutory roles of Director of Children and Adults Services. Lorraine lives near Northwich, has a strong commitment to public service and the values of the Trust. She is an experienced leader and brings the wider experience of working within adult and children's services in Local Government, and the development of integrated health and care systems to the Board. Lorraine will become Senior Independent Director from May 2021.

John Church – Deputy Chair

Following a successful food industry career with blue chip companies (Spillers, Rank Hovis McDougall and Northern Foods) John joined the NHS as Chair of NHS Western Cheshire (Primary Care Trust) and helped lead the recovery from an inherited £42 million deficit to become the Primary Care Organisation of the year in 2010. He was also Vice Chair of NHS Cheshire, Warrington and Wirral until 2013. In 2012 John became a Trustee of Save the Family and progressed to become the Chairman in 2016. At the same time John was elected Chair of The Port Grocery that channels food, that otherwise would go to waste, to people in Ellesmere Port and John also became a trustee of St Bridget's Trust becoming the Chairman in 2020. John was appointed as a Non-Executive Director at the Trust on 1 May 2015 and was appointed Deputy Chairman for the Trust from 1 April 2018.

Russell Favager – Deputy Chief Executive and Director of Finance

Russ has more than 27 years' experience in the NHS. He joined the Board of Directors in 2019 from Betsi Cadwaladr University Health Board, where he was the Executive Director of Finance for the largest health organisation in Wales. Russ was appointed Deputy Chief Executive at Mid Cheshire in March 2020. He previously worked at the Cheshire, Warrington and Wirral Area Team of NHS England where his responsibilities included commissioning £1.9bn of specialised services for the whole of the North West. Russ is the Executive lead for Finance, Estates & Facilities, Procurement and Contracting. He is also the Senior Information Risk Owner (SIRO) for the Trust and is a member of the Chartered Institute of Public Finance Accountants (CIPFA).

Murray Luckas – Medical Director

Murray is a Consultant Obstetrician and Gynaecologist with more than 30 years' experience in the medical profession. Twenty of these years have been spent at Mid Cheshire Hospitals NHS Foundation Trust, taking on roles of increasing responsibility, including Clinical Lead for Obstetrics and Gynaecology, Deputy Medical Director, Interim Medical Director and, since October 2019, the Trust's Medical Director.

Lesley Massey – Senior Independent Director

Lesley is the Chief Executive of Advancing Quality Alliance (AQuA), an NHS health and care improvement organisation based in the North West. Lesley's experience and focus is working in partnership with health and care organisations to build capability and organisational systems for improvement, co-creating the quality strategy and designing the improvement infrastructure to achieve high quality health and care for everyone. Lesley started her NHS career as an Occupational Therapist and held several senior operational leadership positions within acute hospital provider organisations. As a senior Improvement Advisor, and a qualified Executive Coach, Lesley is committed to supporting organisations to embed strategies which deliver high quality care and regulatory excellence, continuous improvement and innovation-led change. Lesley joined the Trust Board on 1 May 2018 and was Senior Independent Director in 2020. She has been appointed to serve a second three year term commencing May 2021, when she will serve as Deputy Chair.

Les Philpott – Chair of the Audit Committee

Les has been a Trust Non-Executive Director and its Audit Chair since February 2019. He is a Chartered Accountant by profession, with a background in public leadership and management at senior executive levels. He formerly held the role of CEO at the Office for Nuclear Regulation and had previously held senior roles in the Health and Safety Executive. In addition to the NHS, his non-executive experience includes the private healthcare and education sectors, and central government.

Chris Oliver – Chief Operating Officer

Chris joined the Trust in May 2017 as Chief Operating Officer having worked for the NHS for more than 14 years. Chris previously worked at the Trust as a Divisional Accountant and Service Manager between 2005 and 2008. Chris has held a number of senior positions that have enabled him to successfully lead healthcare staff in a variety of challenging roles. Chris left the Trust in July 2020.

Julie Tunney – Director of Nursing & Quality

Julie has more than 35 years' experience in the NHS and has been Director of Nursing and Quality at Mid Cheshire since January 2018. She was previously Deputy Chief Nurse and Interim Chief Nurse at Birmingham's Heart of England NHS Foundation Trust. Julie qualified as a Registered Nurse in 1987 and has since held a variety of senior nursing roles and gained a Masters' degree in Management and the Health Service. In 2014, Julie graduated as a Florence Nightingale Leadership Scholar with a project that recognised staff for going the extra mile for their patients and was a finalist in the Kate Granger Compassion Awards in 2015. In 2016, Julie completed the Aspiring Directors Course led by NHSI and London South Bank University where she completed a variety of experiential and academic learning at board level which helped her to prepare for her current role. Since joining the Trust, Julie has led on various developments including the introduction of an evidence-based Ward Accreditation System and the introduction of Compassion Awards. In 2019, Julie was awarded an Honorary Professor role at the University of Chester in recognition of her commitment to the development of pre-registered nursing. This work has continued throughout the pandemic.

Andy Vernon – Non-Executive Director

Andy brings over 35 years of practitioner experience of digital strategy, change management, and business transformation to the Trust. He has experience across the full public sector including health, but also in financial services, manufacturing and energy. Following a degree in mathematics at the University of Cambridge, Andy's early career was leading software engineering programmes and business units in the UK and Europe. Andy then started a 20-year career in management consultancy in a major consulting firm. After leaving full time consulting, Andy was interim Director of IT at Sheffield Teaching Hospitals where he led improvements in delivery, service performance, and staff engagement. In addition to his role as a Non-Executive Director at the Trust, which started in February 2020, Andy still regularly works as a strategic advisor on digital healthcare and provides voluntary services in the charity and university sectors.

Non-Voting Directors

In addition to the Executive Directors, there are two further Directors who attend the Board but have a non-voting role:

Denise Frodsham – Director of Strategic Partnerships

Denise has a long-standing history of working within the NHS, from pathology management to Chief Operating Officer and more recently working on integration programmes between health providers. Denise has both clinical qualifications as a Chartered Scientist with a Fellowship in Microbiology as well as an MBA. Her role is focused on the long-term development of the Cheshire East Integrated Care Partnership (ICP) across Cheshire East Place and her experience and special interest of service development and organisational change supports this. Denise will be starting a 12-month secondment as Director of the ICP in 2021/22.

Amy Freeman – Chief Information Officer

Amy joined the Board in October 2019. Prior to this she was Associate Director for IT at the Trust. Amy has worked in the field of IT support and digital since 1998, joining the NHS in 2002. She has held senior IT leadership roles at NHS Connecting for Health (now NHS Digital) and the NHS Commissioning Board (now NHS England). In 2013, Amy moved to work for NHS provider organisations to be closer to frontline care (community and acute). This has included the delivery of a range of clinical systems. Amy chairs the Cheshire East Partnership Digital Group and is the regional STP Digital Workstream Representative.

Director Attendance

Member	Title	Board of Directors 2020/21	Audit Committee	Performance and Finance Committee	Quality and Safety Committee
Dennis Dunn	Chairman	8/11			
James Sumner	Chief Executive	11/11	1/1		
Heather Barnett	Director of Workforce and OD	10/11			
Oliver Bennett	Chief Operating Officer[21]	7/7		7/8	
Trevor Brocklebank	Non-Executive Director	11/11		11/11	
Lorraine Butcher	Non-Executive Director	11/11			
John Church	Deputy Chair	11/11	6/6		10/11
Russell Favager	Deputy Chief Executive and Director of Finance	11/11	6/6	10/11	
Amy Freeman	Chief Information Officer	10/11			
Denise Frodsham	Director of Strategic Partnerships	10/11			
Murray Luckas	Medical Director	10/11			9/11
Lesley Massey	Senior Independent Director	11/11			10/11
Chris Oliver	Chief Operating Officer[22]	3/3		1/3	
Les Philpott	Chair of Audit Committee	11/11	6/6	11/11	
Julie Tunney	Director of Nursing and Quality	10/11			8/11
Andy Vernon	Non-Executive Director	11/11	6/6		

Table 31: Board Directors' Meeting Attendance

[20] Two meetings were extra ordinary meetings and Board were not invited to attend both meetings
[21] Oliver Bennett joined the Trust in July 2020
[22] Chris Oliver left the Trust in July 2020

Workforce and Digital Transformation Committee	Remuneration Committee	Corporate Trustees	Council of Governors 2020/21	Annual Members Meeting 2020
	2/2	1/2	3/5	1/1
	2/2	2/2	2/5	1/1
10/11	1/2	1/2	3/5	1/1
5/7		1/1	2/5	1/1
	2/2	2/2	4/5	1/1
11/11	2/2	2/2	3/5	1/1
	2/2	2/2	5/5	1/1
		2/2	3/5	
11/11		2/2	1/5	1/1
		2/2	n/a	
		1/2	3/5	
		2/2	4/5	
2/3		1/1	0/1	
	2/2	2/2	4/5	1/1
		2/2	2/5	
11/11	2/2	1/1	3/3	1/1

Audit Committee

The role of the Audit Committee is to provide to the Board of Directors an independent and objective review of the establishment and maintenance of effective systems of integrated governance, risk management and internal control across the whole of the organisation's activities (both clinical and non-clinical). It also provides assurance on the independence and effectiveness of both external and internal audit and ensures that standards are set and compliance with these is monitored in the non-financial and non-clinical areas of the Trust that fall within the remit of the Committee. The Audit Committee is significantly instrumental in reviewing the integrity of the Annual Accounts, and related External Auditor's Reports. In addition, it reviews the Annual Governance Statement prepared by the Chief Executive in his role as the Accounting Officer along with related internal audit reports. The Audit Committee takes a risk-based approach to its work with a continued focus on the Board Assurance Framework.

Composition of the Audit Committee

The Audit Committee operates in accordance with the Terms of Reference agreed by the Board Committees. It has met on six occasions during the last financial year and details of each member's attendance at meetings are provided below. The Committee membership comprises at least three Non-Executive Directors, including one with "recent and relevant financial experience". The Chair of Audit Committee is a qualified accountant.

Member	Actual/Possible
Les Philpott (Chair)	6/6
John Church	6/6
Andy Vernon	6/6

Table 32: Audit Committee Member Attendance

In addition to the above members, standing invitations are extended to the Deputy Chief Executive/Director of Finance, Company Secretary, the Chief Executive (for specific items), Internal Auditors, External Auditors, Local Counter Fraud Specialist and Deputy Director of Finance, Financial Services. Other officers of the Trust may be invited to the Committee to answer any points which may arise.

An Assurance Report from the Chair of the Committee is considered at the Board of Director's meetings following each Audit Committee meeting with the Committee Chair bringing any significant matters to the attention of the Board.

Audit Committee Activities

In discharging its duties, the Committee meets its responsibilities through utilising the work of Internal Audit, External Audit and other assurance functions, along with assurances from Trust officers (where required) and directing and receiving reports from the auditors and fraud specialists. The Committee members also meet with the internal and external auditors, without Executive Directors or managers of the Trust, once in the year.

Financial

The Audit Committee plays a key role in endorsing the accounting policies in operation at the Trust and in reviewing both the annual accounts and the external audit review of the accounts.

The Audit Committee reviewed the accounting policies for 2019/20 in March 2020. It will review the policies for 2020/21 in April 2021. It reviewed the 2019/20 annual accounts at its meeting on 21 May 2020 and subsequently recommended their adoption to the Board of Directors.

Quality Account

Whilst the Audit Committee is responsible for monitoring the process for production of the Quality Account, its content is the remit of the Quality & Safety Committee. To that end, at its meeting on 15 April 2021, the Audit Committee noted the process undertaken by the Trust to comply with the statutory requirements for the 2020/21 Quality Account.

General Data Protection Regulations (GDPR) and Information Governance

The process to ensure that the Audit Committee is aware of progress against the National Data Guardian's 10 data security standards is incorporated into the Data Security & Protection Toolkit. All mandatory assertions were completed resulting in the status of "Standard Met" being achieved in all 10 by the time of the submission to NHS Digital.

Cyber Security

The Committee continued to focus on the Trust's IT security systems to maintain and enhance its cyber security systems and processes. The Committee received two updates during the year on 13 July 2020 and 14 January 2021.

Clinical Audit

The Committee reviewed the Trust's Clinical Audit activity at the meeting of 13 July 2020 and noted that it has participated in 93% of National Clinical Audit projects.

Corporate Governance

The Audit Committee has gained assurance on all areas within its remit by reviewing:

- The Annual Governance Statement
- The process for revising the Risk Management and Assurance Framework and updating the Board Assurance Framework
- The Corporate Governance Framework Manual (including the Scheme of Delegation, Standing Orders and the Standing Financial Instructions)
- Regular reports from both Internal and External Audit in relation to the adequacy of the systems of internal control.

The Board of Directors receives confirmation that all aspects of the Audit Committee's terms of reference have been fulfilled through the Board Committee annual effectiveness evaluation. As part of this process, the Audit Committee and internal and external auditors undertook a self-assessment of Committee effectiveness and function which raised no significant issues.

Internal Audit

The Internal Audit Service is provided by Mersey Internal Audit Agency (MIAA). Their role is to provide an independent and objective internal audit service, providing an opinion to the Accounting Officer, the Board of Directors and the Audit Committee on the degree to which risk management, control and governance support the achievement of the organisation's agreed purpose.

The Internal Audit Plan was driven from the risks set out in the Trust's BAF, as well as areas specifically identified by the Executive Directors for audit review and was approved by the Audit Committee in March 2020.

During the course of the year, the Committee ensured that regular progress reports were received on the delivery of the Internal Audit Plan. The Audit Committee agreed the audits that would be conducted, with an understanding of the key challenges and opportunities facing the Trust. One Audit was deferred to 2021/22, with the approval of the Audit Committee, due to operational pressures in early 2021 during the second peak of the pandemic. The Audit Committee was assured that all audits would consider the impact of key developments in the sector and take account of the national audit requirements set out in NHS Improvement's Audit Code and associated guidance as well as comply with the International Standards on Auditing (ISA). This process will be repeated in April 2021 for the 2021/22 programme.

The Audit Committee considered the reports of both its internal and external auditors through the year and there were no significant issues during 2020/21.

Fraud

As with the Internal Audit Service, MIAA is the service provider for the Local Counter Fraud Specialist (LCFS). The Committee is fully supportive of counter fraud work within the Trust and regularly reviews the risk of fraud and work completed. The Committee receives and approves an annual proactive work plan, regular progress reports against the work plan and a final annual report detailing all proactive and reactive work undertaken by the LCFS. Further detail on the Trust's anti-fraud work is covered in the Anti-Fraud section of this report on page 84.

External Audit

The provision of external audit services is currently delivered by KPMG who were appointed by the Council of Governors in November 2019 for a period of three years. Their work focused on the audit and opinion on the financial statements. In January 2021, the Committee approved an External Audit Plan for the year to 31 March 2021 and received regular updates on the progress of work. In addition, reports and briefings have been received from KPMG as appropriate in accordance with the requirements of the Audit Code. The external audit fee for the year was £77,000 + VAT which included the Charity Accounts.

Other Work of Audit Committee

The Audit Committee reviews arrangements annually that allow staff of the Trust, and other individuals where relevant, to raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters.

There were no conflicts of interest that needed to be addressed by the auditor or the Audit Committee during the year and the Committee received a report on the Trust's compliance with NHS England conflicts of interest guidance and approved a new Gifts, Donations and Hospitality Policy.

The Committee contributed significantly to the review of the Trust's Risk Management Framework and the development of a revised BAF. This work has evolved over 2020/21 and facilitated a robust review of the BAF risks for 2021/22, aligned with the approval of the new five-year Trust Strategy.

Les Philpott
Chair, Audit Committee
15 April 2021

Head of Internal Audit Opinion

In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion should contribute to the organisation's annual governance statement.

For the 12 months ended 31 March 2020, the Head of Internal Audit Opinion for Mid Cheshire Hospitals NHS Foundation Trust is as follows:

"Substantial Assurance can be given that that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently."

The opinion is achieved through a risk-based plan of work, agreed with management and approved by the Audit Committee, which can provide assurance, subject to inherent limitations.

During the course of the year, we have issued the following:

Assurance Framework - the organisation's Assurance Framework is structured to meet the NHS requirements.

Two high assurance opinions:	Financial Systems Key Controls Cyber (Follow-Up of 2019/20 Review)
Two substantial assurance opinions:	Incident Management & Reporting The E-Referral System
Two limited assurance opinions:	Medical Devices - Operating Controls Medical Devices - Technical Controls
One Level 4 – Risk Managed opinion:	Risk Maturity Review
A review without an assurance rating:	Data Security & Protection Toolkit – Progress Review

We have undertaken follow up reviews and can conclude that the organisation has made good progress with regards to the implementation of recommendations. We will continue to track and follow up any outstanding actions aligned to the Trust's internal tracker record and internal monitoring processes

We have raised 26 recommendations as part of the reviews undertaken during 2020/21. All recommendations raised by MIAA have been accepted by management.

Of these recommendations: None were critical; we made 6 high risk recommendations in relation to the reviews of Medical Devices – Operational Controls (3 recommendations) and Medical Devices – Technical Controls (3 recommendations).

Statement of the Chief Executive's responsibilities as the Accounting Officer of Mid Cheshire Hospitals 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 Mid Cheshire Hospitals 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 Mid Cheshire Hospitals NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year

In preparing the accounts and overseeing the use of public funds, the Accounting Officer is required to comply with the requirements of the Department of Health 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 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
- Prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for 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.

James Sumner
Chief Executive & Accounting Officer
Date: 27 May 2021

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 Mid Cheshire Hospitals 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 Mid Cheshire Hospitals NHS Foundation Trust for the year ended 31 March 2021 and up to the date of approval of the Annual Report and Accounts.

Capacity to handle risk

The Trust's Risk Management Strategy sets out the role and responsibilities of the Chief Executive, Executive Directors and managerial roles key to the co-ordination of risk management throughout the Trust. The Strategy clearly states that all staff have a responsibility for risk management. Its key elements include a description of individual and collective responsibilities of the Board of Directors, its committees and other groups within the Trust that are concerned with risk management. The Strategy was revised in 2020 and approved by the Board of Directors, following review by the Audit Committee. It is reinforced by the Assurance & Escalation Framework which provides further assurance of the risk management processes in place in the Trust.

Following an external review in 2019/20 of the Trust's governance processes, the Trust took forward the recommendations and, in July 2020, introduced a revised governance structure which supports the process of risk escalation and management and enables us to learn from good practice. The Board has a committee structure with risk managed and monitored through the following Board Committees – Audit, Quality & Safety, Performance & Finance and Workforce & Digital Transformation. Further assurance is provided through taking a risk-based approach to performance management and monitoring risk, performance and improvement actions at the Executive-led Groups with subsequent scrutiny of risk at the Executive Risk & Assurance Group, chaired by the Chief Executive. Monitoring of progress takes place in the relevant Board Committees for assurance purposes.

Staff are trained to identify and manage risk in a way that is appropriate to their authority. This focuses on ensuring they have the awareness, knowledge and guidance to carry out their duties safely and effectively and adhere to relevant standard operating procedures.

Key aspects relating to the application of controls are including during induction and incorporated within the mandatory training programme, monitored by the Executive Workforce Assurance Group. Both induction and mandatory training programmes are aligned to statutory requirements, best practice and Trust policy, and includes the comprehensive induction of all junior doctors on key policies, standards and practice prior to commencement in clinical areas. Training programmes are also available to volunteers who work for the Trust, appropriate to the roles they take on.

Risk management process training is provided for managers both on a formal and on an ad-hoc basis. This includes training on risk identification, risk assessment and risk treatment. The Board has undertaken bespoke risk management training and development in 2020/21, aligned to the review and subsequent revision of the Risk Management Framework and the BAF.

The Trust also trains its staff on the use of investigation techniques to review serious incidents, health and safety incidents as well as complaints investigations. It also covers the use of human factors techniques and other investigation tools. This ensures that there is a clear focus on learning from incidents across the organisation in order to review and enhance the control environment.

"Staff are trained to identify and manage risk in a way that is appropriate to their authority. This focuses on ensuring they have the awareness, knowledge and guidance to carry out their duties safely and effectively and adhere to relevant standard operating procedures."

Incident reporting is actively promoted and further embedded by the management of incident investigations. Patient Safety Summit meetings are held weekly and chaired by the Medical Director. A Safety Matters newsletter is disseminated across the Trust to share key messages and learning when this is identified at the summit meeting. Serious incidents undergo a detailed investigation and an Executive Director-led root cause analysis, the results of which are shared with the patient and with relatives and carers at the patient's request.

An externally facilitated workshop, first delivered in early 2020 and due to be

repeated in April 2021, provided Root Cause Analysis training to senior clinical leaders and governance managers to support effective incident investigation within the Trust, including involvement of patients and their families in the investigation process. The weekly Triangulation Meeting reviews incidents, complaints and claims and ensures against silo working within any one governance process. Lessons learned from this meeting, together with examples of good practice, are disseminated throughout the Trust so that learning can be truly Trust wide.

The Trust continues to monitor the system for managing its policies and procedural documents to ensure appropriate guidance is available for all staff. Staff have access to all approved Trust policies, procedures and guidance in one location on the intranet. Trust policies are also cascaded to all staff via Trust communications and other reporting mechanisms.

The Trust aims to minimise adverse outcomes to the organisation, staff, estate and, particularly, the patients who use its services, through adequate supervision and training, appropriate delegation, continuous review of processes and the sharing of lessons learned and best practice via Trust wide and divisional governance systems.

Good practice and lessons learned from a variety of local and national sources on incidents, complaints, concerns, claims and audits are shared through a range of methods, including newsletters, service improvement work, education and training programmes, and through the divisional governance arrangements. Lessons and shared learning are also identified through, for example, the Patient Experience and Complaints & Concerns Reports which are considered through the governance structure. In addition, the Trust continues to be a member of the Advancing Quality Alliance (AQuA) and has been actively involved in sharing their collaborative work and participating in specific programmes e.g. the North West Mortality Reviews and clinical pathways, namely Alcoholic liver disease; Diabetes; Pneumonia; Sepsis; Hip replacement. This pathway work involves the Trust working to a set of clinical standards with data from AQuA to enable a Quality Improvement approach to be adopted. We also access training provided by AQuA as part of the Trust's subscription.

"Good practice and lessons learned from a variety of local and national sources on incidents, complaints, concerns, claims and audits are shared through a range of methods"

The Risk and Control Framework

The Trust's Risk Management Strategy, Risk Management Process Guide and operational risk management processes are embedded throughout the organisation. In 2020/21, the Trust commissioned its internal auditors, Mersey Internal Audit Agency, to review the Trust's risk maturity and they reported to the Audit Committee in April 2021 that they had assessed the Trust as having a risk maturity of Level 4 – Risk Managed (i.e. Enterprise approach to risk management developed and communicated).

The Trust has a strategic vision and agreed objectives to achieve that. The Trust's principal risks are identified in the context of the strategic objectives and the Board monitors these principally through the Board Assurance Framework (BAF), enabling it to assess the organisation's capacity to achieve its strategy, and to ensure it has appropriate oversight of the Trust's risk profile and risk management arrangements. The BAF provides an effective focus on strategic and reputational risk rather than operational

issues, and highlights and gaps in controls or assurances. It provides the Board of Directors with confidence that systems and processes in place are operating in a way that is safe and effective. It is a dynamic tool which is regularly reviewed throughout the year by the Board Committees and the Board of Directors and supports me in making an assessment of the Trust's risk and control environment.

The Audit Committee has oversight of the risk management and assurance framework, including the BAF, and has a cycle of business that requires attendance by members of the senior management team to provide assurance in relation to the development of local systems of control.

In 2020/21, the Audit Committee led the review of the Risk Management Framework, including the BAF. The new arrangements provide clear alignment between strategic objectives, principal risks, key controls and assurance evidence; a robust and systematic process using technology to manage the data and facilitate reporting; clarity about roles, responsibilities and accountability; and improved reporting on risk that aligns the strategic risks to Board Committees and facilitates focused discussion at Board meetings.

The new reporting format, presented to the Board in January 2021, now includes a BAF heatmap with current scores for the Trust's principal risks; integrated risk dashboards with the high scoring operational risks mapped to the principal risks and strategic objectives; detail of the controls, assurances and actions mapped to the principal risks.

Less significant risks are addressed through divisional management and assurance arrangements. This includes appropriate identification and escalation of risks to the Executive Groups and the Executive Risk & Assurance Group, and the maintenance of Divisional Risk Registers. Through the year, the Board received regular reports on the key risks to compliance with the Trust's licence and the action taken with regard to the most significant risks identified on the Trust Risk Register.

The Board has assessed its risk appetite and a revised statement will be incorporated in the Risk Management Strategy in 2021/22. This has been considered in the context of the refresh of the Trust's strategy and is determined in relation to key risk categories. The Board's risk appetite acts as a point of reference for decision-making and for informing target risk levels.

The Trust provides information and assurance to the public on its performance against its principal risks and objectives in a number of different ways, including:

- Trust Members are represented by a Council of Governors that includes public, staff and stakeholder governors
- The Council of Governors receives regular updates on the status of the Board objectives and uses these and other information such as CQC ratings, to hold the Non-Executive Directors to account for the performance of the Board

- Consultation with the public is undertaken when developing new services and where key changes are proposed to existing services which may impact on them
- The Council of Governors has been kept informed of the review of the Risk Management Framework and took part in a bespoke session in 2021 to ensure that Governors were fully up to speed with developments and able to provide input on behalf of their Members
- The Trust has an agreed process to advise and engage with overview and scrutiny committees when there are proposed changes that might impact on service users
- Healthwatch is represented on the Trust's Patient & Public Experience Group.

Quality drives the Trust's strategy and annual plan and the Board of Directors is aware of potential risks to quality via the process outlined above. The Trust's Quality & Improvement Strategy aims to improve on the quality of care provided for patients and reduce avoidable harm and is informed through the concerns and risks identified through the Care Quality Commission (CQC) inspection in 2019, reported 'never events', intelligence data and consultation with patients, staff and key stakeholders. The Board of Directors is assured on progress on delivery of the Strategy through quarterly reports to the Quality & Safety Committee. In February 2021, as a result of the impact of the COVID-19 pandemic, the Board, through the Quality & Safety Committee, agreed to extend the 2020/21 strategy to 2021/22 to allow for further progress and achievement against the four focus areas (i.e. preventing deterioration and sepsis; medicines safety; maternal and neonatal safety; and end of life care).

The Data Security Protection Toolkit (DSPT) is a national data security standard set by NHS Digital which all NHS organisations are required to meet. The DSPT currently provides assurances in 181 areas of data security including those related to the GDPR and Cyber Security standards. In 2021/22, the DSPT will include requirements from the Cyber Essential Plus certification which will provide enhanced assurance in this area.

The DSPT consists of an annual online self-certification based on the 10 NHS Data Security Standards, as well as an external audit of several pre-defined key areas.

The Trust's DSPT status is published by NHS Digital and is shared with the CQC, as well as being made available for commissioners, partner organisations and the public. In 2019/20, the Trust reached the standards required and was able to make a satisfactory submission with data security training being reported at its highest completion rate in the Trust's history.

The DSPT submission is usually made by 31 March each year; however, due to the impact of COVID-19, the deadline for the 2020/21 submission has been extended to 30 June 2021. The Trust is currently on track to meet this deadline with a second satisfactory submission. The DSPT is a Trust-wide responsibility with every member of staff and department having a part to play in the Trust meeting the standard. Progress on the DSPT is monitored through the Trust's governance structure

Data quality and data security risks are managed and controlled via the risk management system (4Risk). Risks to data quality and data security are continuously assessed and added to the relevant section of the Risk Register and reviewed by the Information Governance Operational Group with key updates provided to the Executive Digital Technology and Information Services

Executive Group.

The Audit Committee continued to focus on the Trust's cyber security arrangements and received two reports in year. The Committee received assurance that appropriate security arrangements were in place within the IT systems and processes to minimise the level of risk placed on the Trust. The Trust is due to refresh its training on cybersecurity in 2021/22 and this has been included in the Board Development Programme.

Controls are in place to ensure that all the Trust's staff have the appropriate skills and expertise to perform their duties. This includes the provision of appropriate training and knowledge of the relevant policies and guidance which ensure that the data used to assess the quality of the Trust's performance is reliably collected and prepared by staff. The Data Quality Group supports the management and improvement of clinical data quality across Trust-wide clinical systems. In addition, an ongoing programme of work through Internal Audit systematically reviews the underlying data quality.

The Trust's Workforce and Organisational Development Strategy ('Our Workforce Matters') provides short, medium and long term measures to ensure that the right staff, with the right skills and behaviours, are in the right place at the right time, in line with the national NHS People Plan priorities.

The Board of Directors reviews workforce metrics on a monthly basis and receives assurance from the Director of Nursing and Quality twice a year on safe staffing levels, based on evidence-based tools, professional judgement and outcome data. Regular monthly oversight of safe staffing levels is maintained and assured through the Executive Quality Governance Group.

"Controls are in place to ensure that all the Trust's staff have the appropriate skills and expertise to perform their duties."

The Workforce & Digital Transformation (WDT) Committee reviews workforce metrics on a monthly basis through the Integrated Performance Report, which is also submitted to the Board of Directors. These metrics are informed and escalated firstly through divisional level reporting to the Executive Workforce Assurance Group. It also receives the Annual Workforce Plan which is developed by multi-professional service heads, with the support of the Workforce and Organisational Development function.

All workforce transformation programmes are reported to the WDT Committee with change plans quality impact assessed in relation to safe staffing and areas of significant change escalated to the Board of Directors accordingly.

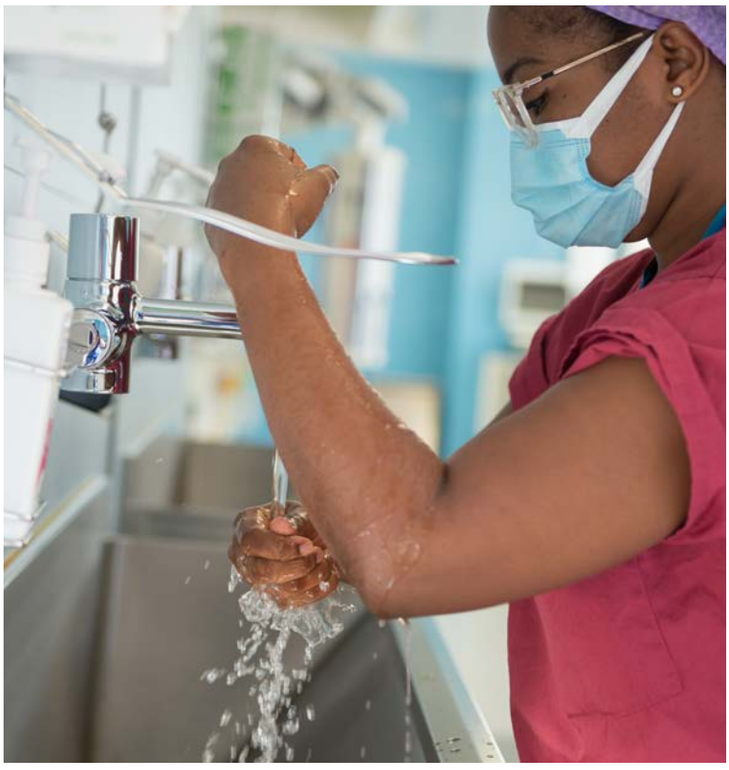
The national NHS Staff Survey results are reported to the Board of Directors annually. Key themes for improvement are driven through the sub-groups to the Executive Workforce Assurance Group and by the divisions, with oversight from the Workforce & Digital Transformation Committee.

Workforce policies and procedures are reviewed in accordance with best practice and are approved through the Trust's committee structure and to the Board of Directors where appropriate. Employment cases are reviewed monthly at the Executive Workforce Assurance Group to monitor themes around grievance, sickness, disciplinary and bullying and harassment concerns. Actions to address concerns are identified through the Freedom to Speak

Guardian and reported to the Board of Directors.

On a day-to-day basis, staffing levels are risk assessed, with Standard Operating Procedures in place to describe the minimum staffing levels within clinical areas. This is reported at the daily bed management meetings, with risks being escalated up to the Executive Directors as appropriate. Electronic staff records and e-roster are used to deploy staff as effectively as possibly, utilising Bank staff to fill gaps where necessary. Agency usage is monitored on a weekly basis, with monthly reporting via the committees up to the Board of Directors.

All staff undergo an annual appraisal which includes compliance with mandatory training, personal and team performance, delivery of objectives and personal development needs.



Major Risks

The Trust's major risks are highlighted below. Controls and assurances which describe how the Trust manages and mitigates these risks to the achievement of its strategic objectives and how outcomes will be assessed are monitored through the BAF which is scrutinised at least quarterly by the Board and the Board Committees.

During 2020/21, the major risks related to:

- **Inadequate arrangements to ensure safe management of pandemic against national guidance** - the Trust will manage the unprecedented impact of the COVID-19 pandemic and ensure a safe reset of the organisation post pandemic by using the established control structure. The Trust will incorporate learning and innovation from crisis response to optimise organisational reset.
- **Failure to deliver outstanding care and patient experience** - we will focus on staffing, particularly nurse staffing, standardisation and digitalisation. The programme of recruitment of international nurses will continue in 2020/21 as it has been demonstrated to be a successful and effective approach for the Trust, whilst providing a significant opportunity for the individuals involved. The Trust will seek national approval for an Electronic Patient Record to improve safety to its desired standard.
- **Failure to deliver the most effective care to achieve best possible outcomes** - the Trust will ensure capacity is right, embrace the latest learning, arising from robust clinical audit, and use data to drive decision making and improve health outcomes.
- **Failure to make Mid Cheshire Hospitals the best place to work** - the Trust's staff are its most important resource. The Trust wants to ensure it recruits the best and meet their needs better than anywhere else.

- **Failure to provide modern, efficient, sustainable estate, infrastructure and equipment** - the Trust's aim is to provide sustainable, safe healthcare to its population by ensuring its estate, infrastructure and plans are all focused on the long term, supported by effective business and clinical systems and managing data and information assets efficiently and securely, including protecting the organisation from cyber threats.

  The Trust will ensure effective financial management and delivery of planned efficiencies that enables provision of sustainable services. Equally, the Trust will collaborate to deliver system-wide efficiencies, otherwise its financial position will be undermined and it may not be a financially sustainable organisation.

- **Failure to provide strong system leadership** - the Trust intends to continue working together as a Cheshire East Place and across the Cheshire & Merseyside system. The Trust will leverage the potential benefits of partnership working to improve healthcare systems across the geography. The Trust will build on the new ways of working that have arisen during the COVID-19 crisis and ensure that it maintains and enhance the new and stronger relationships it has developed.

- **Failure to be well-governed and clinically led** - the Trust will be guided by expertise and have clear and robust governance systems and processes in place. The Trust will also ensure it has capable leaders and will develop leadership capacity and capability throughout the organisation.

Major Risks 2021/22

The Board has undertaken a refresh of its principal risks for 2021/22 and these include:

Patient Experience & Quality of Services

While the Trust adapts to the 'new normal', demand may exceed operational capacity, resulting in ineffective service restoration and a negative impact on patient care, outcomes and experience. It is critical that we manage this and ensure the wellbeing and resilience of the workforce as, if the Trust does not, it will compromise the capacity to restore services and the ability to adapt to future challenges.

The Trust also need to have a robust and consistent focus on the quality of care – without this, patient safety, outcomes and experience may be negatively impacted. Moreover, if a significant health and safety incident were to occur within the Trust, this could result in harm to individuals with the Trust potentially subject to legal and regulatory investigation.

New Ways of Working

The Trust is mindful of the impending change to legislation with the implementation of the Integrated Care System (ICS). If the Trust does not establish formal place-based partnerships with good governance and assurance, it is unlikely to deliver new ways of working across the health and social care system. Also, if the Trust does not achieve a sufficient level of influence within the ICS, commissioning decisions may prevent the Trust from achieving its strategic aims as would a lack of an agreed financial control total.

Optimising the Operating Model

The Trust needs to optimise its shaping of leadership and organisational culture to realise its strategic ambitions.

The Trust must have the capacity and capability required to deliver a consistent

and co-ordinated continuous improvement methodology, otherwise it will not deliver itsr strategic ambitions. The Trust must also be able to harness data to understand the needs of its population and inform its decisions, so it does not fail to improve healthcare outcomes and address health inequalities.

Build for the Future

If the Trust's estate, infrastructure and equipment are not fit for the future, it will fail to achieve its strategic ambitions. This includes the risk of a major incident occurring as a result of RAAC plank failure which might cause people to be harmed and the Trust could be subject to legal and regulatory investigation.

The Trust needs to deliver the technological and people aspects required to implement the Digital Clinical System; if its does not, the intended benefits for patients may not be realised and the financial investment would be wasted.

The Trust also needs to ensure that its workforce plans are aligned with the future operating model to avoid increased costs and workforce gaps that might affect standards of care.

The risks to compliance with the conditions of the Provider Licence are monitored through the BAF. This includes compliance with the NHS Foundation Trust Condition 4 (FT Governance). The Board assessed compliance at its meeting in May 2020 and believes that effective systems and processes are in place to maintain and monitor the following conditions:

- The effectiveness of governance structures including a robust governance meeting structure, with fully constituted terms of reference and escalation processes
- The responsibilities of Directors and Board Committees
- Reporting lines and accountabilities between the Board of Directors, its Committees groups and the Executive team
- The submission of timely and accurate information to assess risks to compliance with the Trust's licence
- The degree and rigour of oversight the Board of Directors 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.

Care Quality Commission (CQC) Registration

The Trust is required to register with the CQC and its current registration status is registered without conditions for the Health and Social Care Act 2008. The Foundation Trust is fully compliant with the registration requirements of the CQC. It monitors this compliance through its governance structure. Actions arising from the recent CQC inspection of the Trust have formed the basis of an improvement plan agreed by the Board and monitored by the Quality & Safety Committee, with regular updates submitted to the CQC.

The Chief Executive and the Director of Nursing and Quality meet with the Care Quality Commission on a quarterly basis.

The Trust continues to ensure that the requirements set out within the Health & Social Care Act (regulated activities) Regulations 2015 are being met and assurance on these is provided to the Quality & Safety Committee.

The Trust maintains a strong focus on integrated quality, operational and financial governance, the requirements for which is identified in NHS ImprovementI's well-led framework. We recognise that this provides the necessary structure for its services to be well-led and to be able to demonstrate strong leadership, system working and quality improvement within a positive culture focused on patient safety.

Employer Obligations

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.

The Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance.

Equality, Diversity and Human Rights

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

The Trust is committed to promoting equality, diversity and human rights through its focus on four key strategic areas to positively influence and encourage diverse contributions to decision-making across the Trust:

- Hearing and responding to employee voice
- Reducing health inequalities throughout the local population
- Promoting civility in the workplace
- Demonstrating inclusive recruitment and selection practices.

These areas will ensure equality of opportunity is embedded within employment policies, working practices and patient services whilst, in turn, contributing to the sense of belonging employees feel within the Trust. We will continue to develop these objectives throughout 2021 to incorporate agreed national priorities relating to diversity, equality and inclusion which have a specific focus on encouraging greater representation of Black, Asian and Minority Ethnic (BAME) colleagues at all levels across the NHS.

We identified a gender median pay gap in 2020/21 of 9.9%. We have put in place an action plan, monitored by the Equality Diversity & Inclusion (ED&I) Group, to enable us to understand the contributory factors including evaluating job design and accessibility to flexible working arrangements.

Sustainability

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.

The Trust has been developing ambitious plans during 2020/21 to upgrade and re-build its estate. This will provide a roadmap to achieving Net Carbon Zero by 2040 and the Strategic Outline Case for the proposed investment will be presented to NHS England and NHS Improvement later in 2021.

Review of economy, efficiency and effectiveness of the use of resources

The Trust's Financial Plan is approved by the Board of Directors and submitted to NHS England and Improvement. The plan, including forward projections, is monitored in detail by the Performance and Finance Committee on a monthly basis, with key performance indicators and metrics reviewed by the Board of Directors through the Integrated Performance Report. The Trust's resources are managed within the framework set out in the Corporate Governance Framework Manual which includes the scheme of delegation and standing financial instructions.

Financial governance arrangements are supported by internal and external audit to ensure economic, efficient and effective use of resources. Divisional and corporate departments are responsible for the delivery of financial and other performance targets via a Performance Management and Oversight Framework. This framework includes service reviews with the Executive Team.

Information Governance

In 2020/21, three information governance incidents were reported to the Information Commissioner's Office (ICO). The ICO issued a 'no further action required response to each of the incidents outlined below:

- An email which included a spreadsheet containing sensitive patient data was sent by a member of staff to their personal email address. The individual was taken through the Trust's disciplinary process but accounted for the incident as an oversight as they did not see the spreadsheet contained patient data. As part of the root cause analysis (RCA), it was identified that the member of staff may have lacked basic ICT training. In response to this, revisions were made to the training programme, ensuring that the oversights that led to this incident are included
- Correspondence on HR matters relating to one member of staff sent to the wrong address. The RCA highlighted that the incident was caused by an old letter being overtyped. The HR team was advised of the need to ensure that correspondence is sent to the correct address
- A disciplinary letter to a member of staff was sent to the wrong address. The RCA highlighted that the incident was caused

by an error in the address. The member of staff concerned was informed about this incident. Several actions were taken including enhanced IG training for the HR team and process changes to ensure that addresses are checked on ESR before correspondence containing sensitive information is sent to staff.

IG breaches are reported through the governance structure. The Senior Information Risk Owner also receives relevant reports, advising the Board as required.

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, the Executive Directors and the Divisional Senior Management teams within Mid Cheshire Hospitals NHS Foundation Trust, who have responsibility for the development and maintenance of the internal control framework. I have drawn on performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and the Quality & Safety Committee. A plan to address weaknesses and ensure continuous improvement of the system is in place.

The Trust's Board Assurance Framework and Operational Risk Register are reviewed quarterly by the Board Committees reporting to the Board of Directors and provide me and the Board of Directors with evidence of the effectiveness of controls in place to manage the risks to achieving the Trust's principal objectives.

Internal Audit provides the Board of Directors with an opinion about the effectiveness of the assurance framework and the internal controls reviewed as part of the Internal Audit Plan. Work undertaken by Internal Audit is reviewed by the Audit Committee with reports also considered by other Board Committees as relevant. The Quality & Safety Committee is also responsible for receiving assurance on clinical audit to ensure that the Trust is delivering effective evidence-based clinical care. My review is also informed by

External Audit opinion, inspections carried out by the Care Quality Commission, NHS Resolution risk management accreditation 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:

- Board review of the Board Assurance Framework, the review of key performance indicators and the receiving of escalations from committees and groups
- Audit Committee scrutiny of systems and controls in place
- Review of serious incidents and learning by the Quality & Safety Committee and Executive Quality Governance Group
- Review of progress in meeting the CQC essential standards
- Internal audit review of the effectiveness of systems of internal control.

The overall opinion from the Head of Internal Audit for the period 1 April 2020 to 31 March 2021 provides substantial assurance that the Trust has a good system of internal control designed to meet the organisation's objectives and that controls are generally being applied consistently. Where recommendations were made as part of the reviews undertaken during 2020/21, most notably in relation to Medical Devices - the IT control environment and operating effectiveness of the management processes - the Trust has made good progress in implementing these.

The Audit Committee sought and gained assurance that management actions to address these weaknesses would be progressed. It also received updates on further assurance from Executive Leads on audits giving 'partial assurance' and overdue actions through the recommendation tracking process within the Trust.

The Trust faced a number of challenges in 2020/21, not least the management of services during the COVID-19 pandemic. In response to this, various changes were made to Standing Financial Instructions which were approved by the Board in recognition that the Trust might have to enter into arrangements at short notice. If any transactions were entered into which did not comply with normal procurement arrangements, I am satisfied that these were necessary as a response to urgent requirements and that, if the Trust deviated from normal practice, this was driven by clinical need and was appropriate in the circumstances prevailing at the time. I am satisfied that Board members were sighted on the increased risks that may be involved in these transactions and received information on a regular basis concerning significant transactions.

Conclusion

My review confirms that Mid Cheshire Hospitals NHS Foundation Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives. There were no significant control issues identified in 2020/21 and where weaknesses were noted, the Trust developed and implemented appropriate action plans to deliver the required improvements.

James Sumner
Chief Executive & Accounting Officer
Date: 27 May 2021

1. Auditor's Statement

Independent Auditor's Report to The Council of Governors of Mid Cheshire Hospitals NHS Foundation Trust

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Mid Cheshire Hospitals NHS Foundation Trust ("the Trust") for the year ended 31 March 2021 which comprise the Group and Trust Statement of Comprehensive Income, Group and Trust Statements of Financial Position, Group and Trust Statements of Changes in Taxpayers Equity and Group and Trust Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- Give a true and fair view of the state of the Group's and Trust's affairs as at 31 March 2021 and of the Group's and Trust's income and expenditure for the year then ended; and
- Have been properly prepared in accordance with the Accounts Direction issued under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006 and the Department of Health and Social Care Group Accounting Manual 2020/21.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of, the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they have not been informed by the relevant national body of the intention to dissolve the Group and Trust without the transfer of its services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Trust's business model and analysed how those risks might affect the Group's and Trust's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- We consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate

- We have not identified, and concur with the Directors' assessment that there is not a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Trust's ability to continue as a going concern for the going concern period.

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 Group and Trust will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management, the Audit Committee and internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud
- Assessing the incentives for management to manipulate reported financial performance as a result of the need to meet external expectations
- Reading Board and Audit Committee minutes
- Using analytical procedures to identify any usual or unexpected relationships
- Reviewing the Group's accounting policies.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet financial improvement trajectory targets, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as asset valuations and impairments. On this audit we do not believe there is a fraud risk related to revenue recognition due to the temporary NHS funding arrangements that have been in place throughout the financial year and we don't believe there to be an incentive to manipulate other operating income streams that are material.

In line with the guidance set out in Practice Note 10 Audit of Financial Statements of Public Sector Bodies in the United Kingdom we also recognised a fraud risk related to expenditure recognition, particularly in relation to year-end accruals.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of Trust-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included entries made to unrelated accounts linked to the recognition of expenditure and other unusual journal characteristics
- Assessing significant estimates for bias
- Assessing the completeness of disclosed related party transactions and verifying they had been accurately recorded within the financial statements
- Assessing the existence and accuracy of recorded expenditure through specific testing over accruals from period 11 onwards.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- We have not identified material misstatements in the other information; and
- In our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements.

Annual Governance Statement

We are required to report to you if the Annual Governance Statement has not been prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2020/21. We have nothing to report in this respect.

Remuneration and Staff Reports

In our opinion the parts of the Remuneration and Staff Reports subject to audit have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2020/21.

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 92, the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Group and Trust without the transfer of their services to another public sector entity.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Report on other legal and regulatory matters

Report on the 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 if we identify any significant weaknesses in the arrangements that have been made by the Trust to secure economy, efficiency and effectiveness in its use of resources.

We have nothing to report in this respect.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

The Trust is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources.

Under Section 62(1) and paragraph 1(d) of Schedule 10 of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources.

We are not required to consider, nor have we considered, whether all aspects of the

Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice and related statutory guidance having regard to whether the Trust had proper arrangements in place to ensure financial sustainability, proper governance and the use of information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

Statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice to report to you if:

- any reports to the Regulator have been made under paragraph 6 of Schedule 10 of the National Health Service Act 2006.
- any matters have been reported in the public interest under paragraph 3 of Schedule 10 of the National Health Service Act 2006 in the course of, or at the end of the audit.

We have nothing to report in these respects.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006 and the terms of our engagement by the Trust. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Trust, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

Certificate of completion of the audit

We certify that we have completed the audit of the accounts of Mid Cheshire Hospitals NHS Foundation Trust for the year ended 31 March 2021 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice.

Timothy Cutler
for and on behalf of KPMG LLP
Chartered Accountants
1 St Peter's Square,
Manchester
M2 3AE
14 June 20

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Annual Accounts

Foreword to the accounts

These accounts, for the year ended 31 March 2021, have been prepared by Mid Cheshire Hospitals NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 within the National Health Service Act 2006.

James Sumner
Chief Executive & Accounting Officer
Date: 27 May 2021

Statement of comprehensive income for the year ended 31 March 2021

		Group		Foundation Trust	
	Note	2020/21 £'000s	2019/20 £'000s	2020/21 £'000s	2019/20 £'000s
Operating Income from patient care activities	3	**274,585**	245,851	**274,585**	245,851
Other operating income	4	**49,372**	35,470	**48,533**	34,982
Operating expenses	5	**(334,817)**	(278,463)	**(334,016)**	(278,184)
OPERATING SURPLUS /(DEFICIT)		**(10,860)**	2,858	**(10,898)**	2,649
Finance Income/(Costs):					
Finance Income	8	**27**	147	**15**	134
Finance expense	9.1	**(176)**	(366)	**(176)**	(366)
PDC Dividends paid	28	**(2,160)**	(2,010)	**(2,160)**	(2,010)
NET FINANCE COSTS		**(2,309)**	(2,229)	**(2,321)**	(2,242)
Other Gains		**51**	5	**-**	-
SURPLUS/(DEFICIT) FOR THE YEAR		**(13,118)**	634	**(13,219)**	407
Other comprehensive income					
Impairments on property, plant and equipment	23	**(3,690)**	(303)	**(3,690)**	(303)
Revaluations gains on property, plant and equipment	23	**20**	4,202	**20**	4,202
Other reserve movements		**-**	1	**-**	1
Fair Value (losses)/gains on Available-for-sale financial investments		**30**	(55)	**-**	-
Total Other comprehensive income		**(3,640)**	3,845	**(3,670)**	3,900
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(16,758)**	4,479	**(16,889)**	4,307

The notes on pages 154-228 form part of these accounts.

All income and expenditure is derived from continuing operations.

Group statement of financial position as at 31 March 2021

	Note	31 March 2021 £000	31 March 2020 £000
Non-current assets			
Property, plant and equipment	10	**3,078**	2,479
Other Investments	11	**100,097**	100,740
Trade and other receivables	12	**671**	582
Operating expenses	15	**480**	1,181
Total non-current assets		**104,326**	104,982
Current assets			
Inventories	14	**4,748**	3,863
Trade and other receivables	15	**10,568**	14,926
Cash and cash equivalents	24	**33,603**	14,464
Non-current assets held for sale	13	**-**	76
PDC Dividends paid	13	**48,919**	33,329
Total current assets		**48,919**	33,329
Current liabilities			
Trade and other payables	18	**(34,261)**	(22,305)
Borrowings	20	**(1,673)**	(15,120)
Provisions	22	**(549)**	(283)
Other liabilities	19	**(3,942)**	(2,013)
Total current liabilities		**(40,425)**	(39,721)
Total assets less current liabilities		**112,820**	98,590
Non-current liabilities			
Trade and other payables	18	**-**	-
Borrowings	20	**(5,491)**	(6,707)
Provisions	22	**(1,469)**	(1,948)
Total non-current liabilities		**(6,960)**	(8,655)
Total assets employed		**105,860**	89,935
Financed by taxpayers' equity			
Public dividend capital		**115,832**	83,149
Revaluation reserve	23	**12,090**	17,285
Income and expenditure reserve		**(23,213)**	(11,519)
Others' equity		**(34,261)**	(22,305)
Charitable Fund Reserve		**1,151**	1,020
Total taxpayers' and others' equity		**105,860**	89,935

The financial statements on pages 144-153 were approved and authorised for issue by the Board and signed on its behalf on 27 May 2021.

Chief Executive

Group statement of financial position as at 31 March 2021

	Note	31 March 2021 £000	31 March 2020 £000
Non-current assets			
Intangible assets	10	**3,078**	2,479
Property, plant and equipment	11	**100,097**	100,740
Other Investments	12	**671**	582
Trade and other receivables	15	**480**	1,181
Total non-current assets		**103,655**	104,400
Current assets			
Inventories	14	**4,748**	3,863
Trade and other receivables	15	**10,620**	14,932
Cash and cash equivalents	24	**33,071**	14,016
Non-current assets held for sale	13	**-**	76
Total current assets		**48,439**	32,887
Current liabilities			
Trade and other payables	18	**(34,261)**	(22,301)
Borrowings	20	**(1,673)**	(15,120)
Provisions	22	**(549)**	(283)
Other liabilities	19	**(3,942)**	(2,013)
Total current liabilities		**(40,425)**	(39,717)
Total assets less current liabilities		**111,669**	97,570
Non-current liabilities			
Trade and other payables	18	**-**	-
Borrowings	20	**(5,491)**	(6,707)
Provisions	22	**(1,469)**	(1,948)
Total non-current liabilities		**(6,960)**	(8,655)
Total assets employed		**104,709**	88,915
Financed by taxpayers' equity			
Public dividend capital		**115,832**	83,149
Revaluation reserve	23	**12,090**	17,285
Income and expenditure reserve		**(23,213)**	(11,519)
Total taxpayers' and others' equity		**104,709**	88,915

Statement of changes in taxpayers' and others' equity for the year ended 31 March 2021 - Group

	Note	Public dividend capital (PDC) £000	Retained Earnings £000	Revaluation Reserve £000	Foundation Trust Total £000	NHS Charitable Fund Reserve £000	Group Total £000
Taxpayers' and Others' Equity at 1 April 2020		**83,149**	**(11,519)**	**17,285**	**88,915**	**1,020**	**89,935**
Retained Surplus for the year		-	(13,321)	-	(13,321)	**203**	**(13,118)**
Transfer between reserves	**23**	-	1,497	(1,497)	**-**	-	**-**
Fair value loss on Available for sale financial investments	**12**	-	-	-	**-**	-	**-**
Net Impairments	**23**	-	-	(3,690)	**(3,690)**	-	**(3,690)**
Revaluations	**23**	-	-	20	**20**	-	**20**
Public Dividend Capital Received		32,683	-	-	**32,683**	-	**32,683**
Fair value gains/(losses) on financial assets mandated at FV through OCI		-	-	-	**-**	30	**30**
Transfer to retained earnings on disposal of assets		-	**28**	**(28)**	**-**	-	**-**
Other reserve movement – charitable funds consolidation adjustment		-	**102**	**-**	**102**	(102)	**-**
Taxpayers' and Others' Equity at 31 March 2021		115,832	(23,213)	12,090	**104,709**	1,151	**105,860**

Statement of changes in taxpayers' equity for the year ended 31 March 2021 – Foundation Trust

	Note	Public dividend capital (PDC) £000	Retained Earnings £000	Revaluation Reserve £000	Foundation Trust Total £000
Taxpayers' Equity at 1 April 2020		**83,149**	**(11,519)**	**17,285**	**88,915**
Retained deficit for the year		-	(13,219)	-	**(13,219)**
Transfer between reserves	**23**		1,497	(1,497)	**-**
Impairments	**23**	-	-	**(3,690)**	**(3,690)**
Revaluations	**23**			20	**20**
Public Dividend Capital Received		32,683	-	-	**32,683**
Transfer to retained earnings on disposal of assets			28	(28)	**-**
Taxpayers' equity at 31 March 2021		**115,832**	**(23,213)**	**12,090**	**104,709**

Statement of changes in taxpayers' and others' equity for the year ended 31 March 2020 - Group

	Note	Public dividend capital (PDC) £000	Retained Earnings £000	Revaluation Reserve £000	Foundation Trust Total £000	NHS Charitable Fund Reserve £000	Group Total £000
Taxpayers' and Others' Equity at 1 April 2020		**77,508**	**(11,955)**	**13,414**	**78,967**	**848**	**79,815**
Retained Surplus for the year		-	396	-	396	**238**	**634**
Transfer between reserves	**23**	-	28	(28)	**-**	-	**-**
Fair value loss on Available for sale financial investments	**12**	-	-	-	**-**	(55)	**(55)**
Net Impairments	**23**	-	-	(303)	**(303)**	-	**(303)**
Revaluations	**23**			4,202	**4,202**	-	**4,202**
Public Dividend Capital Received		5,641	-	-	**5,641**	-	**5,641**
Other reserve movements		-	1	-	**1**	-	**1**
Other reserve movement – charitable funds consolidation adjustment		-	**11**	**-**	**11**	(11)	**-**
Taxpayers' and Others' Equity at 31 March 2021		83,149	(11,519)	17,285	**88,915**	1,020	**89,935**

Statement of changes in taxpayers' equity for the year ended 31 March 2021 – Foundation Trust

	Note	Public dividend capital (PDC) £000	Retained Earnings £000	Revaluation Reserve £000	Foundation Trust Total £000
Taxpayers' Equity at 1 April 2019		**77,508**	**(11,955)**	**13,414**	**78,967**
Retained deficit for the year		-	407	-	**407**
Transfer between reserves	**23**	-	28	(28)	**-**
Impairments	**23**	-	-	**(303)**	**(303)**
Revaluations	**23**	-	-	4,202	**4,202**
Public Dividend Capital Received		5,641	-	-	**5,641**
Other reserve movements		-	1	-	**1**
Taxpayers' equity at 31 March 2020		**83,149**	**(11,519)**	**17,285**	**88,915**

Statement of cash flows for the year ended 31 March 2021

		Group		Foundation Trust	
	Note	2020/21 £'000s	2019/20 £'000s	2020/21 £'000s	2019/20 £'000s
Cash flows from operating activities					
Operating (Deficit)/Surplus		**(10,860)**	2,858	**(10,898)**	2,649
Non-Cash income and expense					
Depreciation and amortisation	5.1	**6,259**	4,848	**6,259**	4,848
Impairments and Reversals	9.2	**9,777**	(209)	**9,777**	(209)
Income recognised in respect of capital donations (cash and non-cash)		**(328)**	(26)	**(413)**	(26)
Decrease/(Increase) in trade and other receivables	**15**	**5,079**	(2,823)	**5,013**	(2,797)
(Increase) in Inventories	14	**(885)**	(32)	**(885)**	(32)
Increase in trade and other payables	**18.1**	**5,031**	2,030	**5,031**	2,030
Increase in other current liabilities	19	**1,929**	363	**1,929**	363
(Decrease)/Increase in provisions	22	**(198)**	491	**(198)**	491
NHS Charitable Funds – movements in Charitable Fund working capital		**(24)**	259	**-**	-
Other movements in operating cash flows		**(10)**	(3)	**(10)**	(3)
Net cash generated from operations		**15,770**	7,756	**15,605**	7,314
Cash flows from investing activities					
Interest received	**8**	**15**	134	**15**	134
Payments for intangible assets		**(1,227)**	(1,423)	**(1,227)**	(1,423)
Payments for property, plant and equipment		**(10,680)**	(8,905)	**(10,680)**	(8,905)
Proceeds from sales of property, plant and equipment and investment property		**192**	-	**192**	-
Receipt of cash donations to purchase capital assets		**-**	26	**85**	26
NHS Charitable funds - net cash flows from investing activities		**4**	3	**-**	-
Net cash (used in)/from investing activities		**(11,696)**	(10,165)	**(11,615)**	(10,168)

	Note	Group 2020/21 £'000s	Group 2019/20 £'000s	Foundation Trust 2020/21 £'000s	Foundation Trust 2019/20 £'000s
Cash flows from financing activities					
Public dividend capital received		**32,683**	5,641	**32,683**	5,641
Loans received from the Department of Health		**-**	4,138	**-**	4,138
Other Loans received		**-**	-	**-**	-
Loans repaid to the Department of Health		**(13,533)**	(522)	**(13,533)**	(522)
Other loans repaid		**-**	(56)	**-**	(56)
Capital element of finance lease rental payments		**(1,686)**	(1,418)	**(1,686)**	(1,418)
Interest Paid	9.1	**(95)**	(234)	**(95)**	(234)
Interest element of finance lease	9.1	**(123)**	(135)	**(123)**	(135)
Public Dividend Capital Dividend paid	28	**(2,181)**	(1,792)	**(2,181)**	(1,792)
Net cash used in financing activities		**15,065**	5,621	**15,065**	5,621
Increase in cash and cash equivalents	24	**19,139**	3,212	**19,055**	2,767
Cash and Cash equivalents at 1 April		**14,464**	11,252	**14,016**	11,249
Cash and Cash equivalents at 31 March		**33,603**	14,464	**33,071**	14,016

Notes to the Accounts

1. Accounting policies and other information

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of NHS Foundation Trusts 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 2020/21, 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 NHS Foundation Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

1.1. Going Concern

Mid Cheshire Hospitals NHS 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.

The Trust Board has taken assurances throughout the year through the Performance and Finance Committee that plans are robust and deliverable.

In 2020/21, in response to the COVID-19 pandemic, all detailed financial planning was suspended. In addition, the requirement for Trusts to agree contracts with its commissioners was removed. Instead, Trusts are receiving regular monthly 'block' payments together with top-up payments designed to ensure that there are sufficient funds available to adequately deal with the crisis. Currently the Trust is unclear what form of contracting and payment mechanism will replace this approach, which is currently confirmed only until the end of September 2021.

Providers have been told by DHSC to 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. As with any Trust placing reliance on the DHSC for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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 inventories and certain financial assets and financial liabilities.

1.3. Consolidation

Charitable Funds

The NHS Foundation Trust is the corporate trustee to Mid Cheshire NHS Charitable Fund. Mid Cheshire Hospitals NHS 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 have been 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 Mid Cheshire Hospitals NHS Foundation Trust's accounting policies; and
- Eliminate intra-group transactions, balances, gains and losses.

Charity accounting policies

Incoming Resources

All income is recognised once the charity has entitlement to the income. It is probable that the income will be received and the amount of income receivable can be measured reliably.

Donations are recognised when the Trust has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case by case basis where the evidence of entitlement exists, when the charity has sufficient evidence that a gift has been left to it and the executor is satisfied that the gift in question will not be required to be required to satisfy claims in the estate. The recognition of the gift is also affected by the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Therefore a receipt of a legacy is recognised when it is probable that it will be received. Receipt is normally probable when:

- There has been a grant of probate;
- The executors have established that there are sufficient assets in the estate, after settling any liabilities, to pay the legacy; and
- Any conditions attached to the legacy are either within control of the charity or have been met.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by the Trust's investment advisor of the dividend yield of the investment portfolio.

Resources Expended

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. The financial statements are prepared in accordance with the accruals concept. A liability (and consequently, expenditure) is recognised in the accounts when there is a legal or constructive obligation, capable of reliable measurement, arising from a past event.

Resources expended are split into two main categories being the costs of generating funds and the actual costs of charitable activities.

Costs of activities in the furtherance of charitable activities are expenditure incurred on the provision of services or goods. Support costs are an integral and material part of the costs of activities in the furtherance of charitable activities and/or expenditure incurred in paying grants.

All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings.

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs.

A grant is any payment which is made voluntarily to any institution or to an individual in order to further the charity's objectives, without receiving goods or services in return.

Where VAT is irrecoverable on purchases, the gross cost is charged to the funds.

Investment Fixed Assets

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of comprehensive income includes the net gains and losses arising on revaluation and disposals throughout the year.

The Trust does not acquire put options, derivatives or other complex financial instruments. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Realised gains and losses

All gains and losses are taken to the statement of comprehensive income as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year.

Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the statement of comprehensive income.

Contingent liabilities

A contingent liability is identified and disclosed for those transactions resulting from:

- A possible obligation which will only be confirmed by the occurrence of one or more uncertain future events not wholly within the trustees' control; or
- A present obligation following a transactions offer where settlement is either not considered probable; or
- The amount has not been communicated in the transactions offer and that amount cannot be estimated reliably.

Structure of Funds

Where there is a legal restriction on the purposes to which a fund may be put, the fund is classified in the accounts as a restricted fund.

Funds where the capital is held to generate income for charitable purposes and cannot itself be spent are accounted for as endowment funds. Mid Cheshire Hospitals Charity holds no endowment funds. Other funds are classified as unrestricted funds. Unrestricted funds comprise those funds which the Trustee is free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the donor has made known their non-binding wishes or where the Trustee at its discretion has created a fund for a specific purpose.

The Trustee involves each division, ward, department, and where appropriate staff representatives, in fundraising and decisions regarding expenditure of charitable monies. A Committee of the Trust Board meets regularly and approves all expenditure. Please see Note 34.

Pooling Scheme

Any official pooling scheme is operated for investments relating to all Mid Cheshire Hospitals NHS Foundation Trust Charitable Funds. This was registered with the Charity Commission on 8 April 1998.

1.4. Critical accounting judgements and key sources of estimation uncertainty

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

1.4.1. Critical judgements in applying accounting policies

There are no critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

1.4.2. Critical accounting judgements and key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Valuation of Property, Plant and Equipment

Management has estimated the asset values and useful economic lives of land and buildings using guidance given by the District Valuation Office. The values are determined using a Modern Equivalent Asset (MEA) alternative site and/or accommodation basis. This considers the likely position and design of the hospitals if they were constructed now. The valuer considered the differing internal space requirements taking into account; space, efficiencies and changes in technology, as opposed to what is currently physically occupied. The valuation assumed that the sites should have the same service potential as the existing assets. In addition, the site of the MEA may not be necessarily in the same location as the existing assets and therefore alternative sites have been considered.

In determining the fair value for non-specialised operational assets Existing Use Value has been used and for specialised operational assets as there is no market based evidence, Depreciated Replacement Cost has been used. The District Valuer has taken into account such factors as deterioration and technical obsolescence when determining the Modern Equivalent Asset valuation. Any deviation in these estimations could significantly impact on depreciation, impairments and the Public Dividend Capital Dividend.

The valuation exercise was carried out in January 2021 with a valuation date of 31 March 2021. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has not declared a 'material valuation uncertainty' in the valuation report, due to the uncertainties in markets caused by COVID-19.

The District Valuers opinion on the potential impact on the various asset categories is as follows:

a) Specialised In Use (Operational) assets - buildings valued using depreciated replacement cost

There has been no diminution identified in the public sector's ongoing requirement for these operational assets nor reduction in their ongoing remaining economic service potential as a result of the incidence of COVID-19. Regarding the BCIS cost indices, BCIS have stated that they consider new construction output is likely to fall in 2020 as a result of the COVID-19 outbreak, as it affects labour availability on sites and delays or leads to cancellation of projects in the pipeline.

b) Non – Specialised In Use (Operational) assets including the land element of the depreciated replacement cost valuation of specialised assets

For those properties where there is market-based evidence to support the use of EUV to arrive at Current Value (e.g. a residence, office or industrial property) the comparative method of valuation has been adopted.

Where a non-specialised property has been valued using the comparative method of valuation, the total value has been

apportioned between its residual amount (the land) and depreciable amount (the remainder, effectively the building). Remaining life information has also been provided for the building. It is emphasised that these are informal apportionments produced solely for the purposes of depreciation accounting and do not represent formal valuations of the land and building elements. They should not be relied upon for any other purpose (UK VPGA 1.10 para 27).

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement, and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied to varying degrees and to reflect further "waves" of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, the valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

1.5. Transfer of Functions to other NHS Bodies

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

On 1 December Mid Cheshire Pathology Service transferred to the University Hospitals of North Midlands NHS Trust (UHNM). A small number of Non-current assets totally £35,518 were purchased by UHNM. In addition, £256,464 of stock was purchased by UHNM.

1.6. Revenue from contracts with customers

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

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

the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS Contracts

The accounting policies for revenue recognition and the application of IFRS 15 are consistently applied. The contracting arrangements in the NHS changed between 2019/20 and 2020/21 affecting the application of the accounting policy under IFRS 15. This difference in application is explained below.

2020/21

The main source of income for the Trust is contracts with commissioners for health care services. In 2020/21, the majority of the Trust's income from NHS commissioners was in the form of block contract arrangements. During the first half of the year the Trust received block funding from its commissioners. For the second half of the year, block contract arrangements were agreed at a [Integrated Care System/ Sustainability and Transformation Partnership] level. The related performance obligation is the delivery of healthcare and related services during the period, with the Trust's entitlement to consideration not varying based on the levels of activity performed.

The Trust has received additional income outside of the block and system envelopes to reimburse specific costs incurred and other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

Comparative period (2019/20)

In the comparative period (2019/20), the Trust's contracts with NHS commissioners included those where the Trust's entitlement to income varied according to services delivered. A performance obligation relating to delivery of a spell of health care was generally satisfied over time as healthcare was received and consumed simultaneously by the customer as the Trust performed it. The customer in such a contract was the commissioner, but the customer benefited as services were provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligned with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that were substantially the same and have a similar pattern of transfer. At the year end, the Trust accrued income relating to activity delivered in that year, where a patient care spell was incomplete. This accrual was disclosed as a contract receivable as entitlement to payment for work completed was usually only dependent on the passage of time.

In 2019/20, the Provider Sustainability Fund and Financial Recovery Fund enabled 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.

Mid Cheshire Hospitals NHS 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. Mid Cheshire Hospitals NHS Foundation Trust recognises the income when performance obligations are satisfied. In practical terms this means that treatment has been given, it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

The Trust sells a small volume of goods to a few organisations. The income is recognised when the goods have been received by the purchasing organisation. The payment terms for these goods are 30 days from date of invoice.

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.

Health Education England commissions a broad range of education and training services from the Trust to ensure that the staff of the Trust have the relevant qualifications and the necessary skills, aptitudes and experience to do their job effectively, efficiently and in the best interests of patients. Payments are made in accordance with agreed education and training volumes, e.g. commissioned trainee and placement numbers, and the pricing schedule.

Interest income is accrued on a time basis, by reference to the principal outstanding and interest rate applicable.

Apprenticeship service income is 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.

Other sources of significant income are Staff Accommodation, Catering Income, Staff & Visitors car parking fees which are recognised over time.

1.7. Expenditure on Employee Benefits

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 annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Pension Costs

NHS Pension Scheme

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 Mid Cheshire Hospitals NHS 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 Mid Cheshire Hospitals NHS 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.

Employers pension cost contributions are charged to operating expenses as and when they become due.

1.8. Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

1.9. Property, plant and equipment

Capitalisation

Property, plant and equipment is capitalised if they are capable of being used for a period which exceeds one year and they:

- Individually have a cost of at least £5,000; or
- Collectively have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are and its under single managerial control; or
- Form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost;
- It is held for use in delivering services or for administrative purposes;
- It is probable that future economic benefits will flow to, or service potential be provided to, the Trust; and
- The cost of the item can be measured reliably.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

Valuation

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

Assets are measured subsequently at valuation. Land and buildings are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the Statement of Financial Position date. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost, modern equivalent asset basis (MEA).

The Trust uses the District Valuation Office as independent valuers to complete an assessment of the valuation of land and buildings. The Trust last had a full revaluation of the buildings was as at 31 March 2020. The Trust, in this valuation as at 31 March 2021, used a MEA alternative site and/or accommodation basis. This considers the likely position and design of the hospitals if they were constructed now. The valuer considered the differing internal space requirements taking into account; space, efficiencies and changes in technology, as opposed to what is currently physically occupied. The valuation assumed that the sites should have the same service potential as the existing assets. In addition, the site of the MEA may not be necessarily in the same location as the existing assets and therefore alternative sites have been considered.

It is the opinion of the qualified external valuer that the value for existing use of the property has been primarily derived using the depreciated replacement cost approach because of the specialised nature of the asset means that there are no market transactions of this type of asset except as part of the business or entity.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Until 31 March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. From 1 April 2008 indexation has ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value. An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued a fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to

replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case it is credited to expenditure to the extent of the decrease previously charged there.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

1.10. Intangible fixed assets

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

Intangible assets are capitalised when they have a cost of at least £5,000. Intangible assets acquired separately are initially recognised at cost.

Internally generated goodwill, brands, mastheads, publishing titles,

customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

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

- The project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- The Trust intends to complete the asset and sell or use it;
- The Trust has the ability to sell or use the asset;

- How the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- Adequate financial, technical and other resources are available to the trust to complete the development and sell or use the asset; and
- The Trust can measure reliably the expenses attributable to the asset during development.

There was no such expenditure requiring capitalisation at the Statement of Financial Position date. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. NHS Foundation Trusts disclose the total amount of research and development expenditure charged in the Statement of Comprehensive Income separately.

However, where research and development activity cannot be separated from patient care activity it cannot be identified and is therefore not separately disclosed.

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

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.

1.11. Depreciation, amortisation and impairments

Land and assets under construction are not depreciated.

Otherwise, depreciation and amortisation are charged on a straight line basis to write off the costs or valuation of tangible and intangible non-current assets, less any residual value, over their estimated useful lives. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. The 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 their estimated useful lives or, where shorter, the lease term.

At each Statement of Financial Position date, the Trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, 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.

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

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

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

Buildings and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by the NHS Foundation Trust's Professional Valuers.

The estimated life of buildings ranges between 5 to 90 years.

Plant and Equipment are depreciated evenly over the estimated life of the asset, as follows:

- Plant and Equipment – 5 to 15 years
- Information Technology – 2 to 10 years
- Furniture & Fittings – 10 to 15 years.

1.12 De-recognition

Assets intended for disposal are reclassified as 'held for sale' once the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their "fair value less costs to sell". Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as "Held for Sale" and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

1.13. Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.14. Donated, government grant and other grant funded assets

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.

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.

In 2020/21 this includes assets donated to the trust by the Department of Health and Social Care as part of the response to the Coronavirus pandemic. As defined in the GAM, the trust applies the principle of donated asset accounting to assets that the trust controls and is obtaining economic benefits from at the year end.

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

1.15. 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.

The Trust as lessee

Amounts held under finance leases are initially recognised as an asset at the inception of the lease at fair value or, if lower, at the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The asset is recorded as property, plant and equipment with a matching liability for the lease obligation to the lessor at the commencement pf the lease. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are charged directly to the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Operating 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 component is separated from the building component and the classification for each is assessed separately.

The Trust as lessor

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

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

1.16. Private Finance Initiative (PFI) transactions

The Trust has not entered into any PFI transactions.

1.17. Inventories

Inventories are valued at the lower of cost and net realisable value using the first-in first-out cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

In 2020/21, the Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

1.18. 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 Mid Cheshire Hospitals NHS Foundation Trust cash management. Cash, bank and overdraft balances are recorded at current values.

Interest earned on bank accounts and interest charged on overdrafts is recorded as, respectively, "interest receivable" and "interest payable" in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

1.19. Provisions

The Foundation Trust recognises a provision where it has a present legal or constructive obligation as a result of a past event, of uncertain timing or amount; for which it is probable that there will be a future outflow

of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury which are a negative 0.95% for 2020/21 (negative 0.50% for 2018/19).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the Trust has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

1.20. Clinical Negligence Costs

The NHS Resolution operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to the NHS Resolution which in return settles all clinical negligence claims. Although the NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHS Resolution on behalf of the Trust is disclosed at Note 22 but is not recognised in the Trust's accounts.

Since financial responsibility for clinical negligence cases transferred to the NHS Resolution at 1 April 2002, the only charge to operating expenditure in relation to clinical negligence in 2020/21 relates to the Trust's contribution to the Clinical Negligence Scheme for Trusts.

1.21. Non-clinical risk pooling

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

1.22. Contingencies

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 Mid Cheshire Hospitals NHS 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 Mid Cheshire Hospitals NHS 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.

Contingent assets and liabilities are not recognised but are disclosed in Note 27.

1.23. Financial assets

Financial assets are recognised when the 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 entity] 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.

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.

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.

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.

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

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that does not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to the statement of comprehensive income on de-recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable

payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the net carrying amount of the financial asset.

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).

Expected credit losses are the probability weighted losses expected from credit loss events occurring within a defined period. The defined period is the previous year end as at the 31 March 2020, in this instance the invoices raised in 2018/19. For each transaction it is assessed how much of the invoice were was paid within twelve months and categorised in the following way:

- 100 percent
- Between 75 and 100 percent
- Between 50 and 75 percent
- Between 25 and 50 percent
- Between 0 and 25 percent
- Zero percent.

A weighted average of these is then applied to all relevant outstanding invoices as at the end of 31 March 2021.

The Trust has made a separate impairment for expected credit losses for overseas visitors. The Trust has provided for 50% of the outstanding balance.

The Trust has identified a number of invoices which are due to be sent for write-off. The Trust has provided an impairment for credit losses of 100% of the outstanding balance.

When estimating lifetime expected credit losses in relation to ICR receivables, the GAM instructs NHS providers to include an amount within the credit loss allowances for contract receivables to reflect income that is not expected to be recoverable. Each year, the Compensation Recovery Unit (CRU) advises a percentage probability of not receiving the income. The updated figure for 2020-21 is If it is material, of accrued ICR revenue should be used to calculate expected credit losses

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 entity] 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.

1.24. 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.

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.

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 net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.25. Value Added Tax

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

1.26. Corporation Tax

The Mid Cheshire Hospitals NHS Foundation Trust is a Health Service body within the meaning of s519A ICTA 1988 and accordingly

is exempt from taxation in respect of income and capital gains within categories covered by this. There is a power for the Treasury to disapply the 17 exemption in relation to the specified activities of a Foundation Trust (s519A (3) to (8) ICTA 1988). Accordingly, the Trust is potentially within the scope of Corporation Tax in respect of activities which are not related to, or ancillary to, the provision of healthcare, and where the profits exceed £50,000pa. Her Majesty's Revenue and Customs have for some time been considering how best to implement the requirement for Foundation Trusts to pay corporation tax on the profits of certain non-healthcare related activities. A consultation document was issued in August 2008 which put forward the suggestion that the profits from all non-healthcare activities should be aggregated and corporation tax paid thereon. The decision for payment of corporation tax has not been approved and thus there is no tax liability arising in respect of the current financial year.

1.27. Foreign exchange

The functional and presentational currencies of the Trust are pounds sterling.

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

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

- Monetary items (other than financial instruments measured at "fair value through income and expenditure") are translated at the spot exchange rate on 31 March;
- Non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
- Non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

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

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

1.28. Third Party Assets

Assets belonging to third parties are not recognised in the accounts if, in the opinion of the directors,

a) The Trust has no beneficial interest in them;

b) They are of significant value and therefore justify the administrative costs of maintaining separate bank accounts. In all other cases, third party assets are incorporated within the Trust's other asset and a corresponding liability is included in Creditors.

Details of third party assets are given in Note 31 to the accounts.

1.29. Public Dividend Capital (PDC) and PDC Dividend

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated

at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined in the PDC dividend policy issued by the Department of Health and Social Care. This policy is available at

https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.

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.

1.30. 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 each individual case is handled.

Losses and Special Payments are charged to the relevant functional headings on a cash basis, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, Note 33 is compiled directly from the losses and compensation register which reports on an accrual basis with the exception of provisions for future losses.

1.31. Operating Segments

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

1.32. 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.

1.33. Accounting Standards that have been issued but have not yet been adopted

IFRS 16

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 2022. 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 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 2022, the 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 trust's incremental borrowing rate. The Trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.91% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. No adjustments will be made on 1 April 2022 for existing finance leases.

For leases commencing in 2022/23, the 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 implementation date for IFRS 16 in the UK public sector/NHS was revised to 1 April 2022 on 19 March in November 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2022 and beyond, a quantification of the expected impact of applying the standard in 2022/23 is currently impracticable. However, the Trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

1.34. Accounting standards, amendments and interpretations issued that have been adopted early

The Trust has not early adopted any new accounting standards, amendments or interpretations

1.35. Acquisitions and discontinued operations

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

2. Segmental Reporting

The Trust considers the Board of Directors to be the Chief Operating Decision Maker. The Audit Committee has assessed the Trust's position against IFRS 8 and concluded that two operating segments Healthcare and Community are reported to the Board of Directors; however the segments are only shown at the Income Statement level.

	Group			Foundation Trust		
	Total 2020/21 £0	**Community 2020/21 £0**	**Healthcare 2020/21 £0**	**Total 2020/21 £0**	**Community 2020/21 £0**	**Healthcare 2020/21 £0**
Operating Income						
Block Contract/system Envelope Income	218,365		218,365	218,365		218,365
High Cost Drugs Income from Commissioner	11,732		11,732	11,732		11,732
Other NHS Clinical Income	33,185	33,153	32	33,185	33,153	32
Income from Activities (Before Private Patient Income)	**263,282**	**33,153**	**230,129**	**263,282**	**33,153**	**230,129**
Other Non-Protected Clinical Income	3,078		3,078	3,078		3,078
Additional Pension Contribution Central Funding	8,109		8,109	8,109		8,109
Private Patient Income	116		116	116		116
Total Activity Income	**274,585**	**33,153**	**241,432**	**274,585**	**33,153**	**241,432**
Other Operating Income	49,372	2,588	46,784	48,533	2,588	45,945
Inter trust income						
Total Operating Income	**323,957**	**35,741**	**288,216**	**323,118**	**35,741**	**287,377**
Operating Expenses						
Employee expenses - Staff	(225,934)	(26,522)	(199,412)	(225,846)	(26,522)	(199,324)
Non Pay	(108,884)	(8,101)	(100,783)	(108,170)	(8,101)	(100,069)
Inter Trust Charges	0	(736)	736	0	(736)	736
Total Operating expenses	**(334,818)**	**(35,359)**	**(299,459)**	**(334,016)**	**(35,359)**	**(298,657)**
Total Operating Surplus/ (Deficit)	**(10,861)**	**382**	**(11,243)**	**(10,898)**	**382**	**(11,280)**

	Group			Foundation Trust		
Finance Costs:						
Finance Income	27	0	27	15	0	15
Finance expense – financial liabilities	(176)	0	(176)	(176)	0	(176)
PDC Dividends paid	(2,160)	0	(2,160)	(2,160)	0	(2,160)
NET FINANCE COSTS	**(2,309)**	**0**	**(2,309)**	**(2,321)**	**0**	**(2,321)**
Other Gains & Losses	51	0	51	0	0	0
DEFICIT FOR THE YEAR	**(13,118)**	**382**	**(13,501)**	**(13,219)**	**382**	**(13,601)**

	Group			Foundation Trust		
	Total 2020/21 £0	**Community 2020/21 £0**	**Healthcare 2020/21 £0**	**Total 2020/21 £0**	**Community 2020/21 £0**	**Healthcare 2020/21 £0**
Operating Income						
Block Contract/system Envelope Income	191,543	0	191,543	191,543	0	191,543
High Cost Drugs Income from Commissioner	11,703	0	11,703	11,703	0	11,703
Other NHS Clinical Income	32,999	30,193	2,806	32,999	30,193	2,806
Income from Activities (Before Private Patient Income)	**236,245**	**30,193**	**206,052**	**263,282**	**33,153**	**230,129**
Other Non-Protected Clinical Income	1,147	0	1,147	1,147	0	1,147
Additional Pension Contribution Central Funding	7,260	0	7,260	7,260	0	7,260
Private Patient Income	1,199	0	1,199	1,199	0	1,199
Total Activity Income	**245,851**	**30,193**	**215,658**	**245,851**	**30,193**	**215,658**
Other Operating Income	35,470	1,644	33,826	34,982	1,644	33,338
Inter trust income	0	0	-	0	0	-
Total Operating Income	**281,321**	**31,837**	**249,484**	**280,833**	**31,837**	**248,996**
Operating Expenses						
Employee expenses - Staff	(195,962)	(23,427)	(172,535)	(195,882)	(23,427)	(172,455)
Non Pay	(82,501)	(6,901)	(75,600)	(82,302)	(6,901)	(75,401)
Inter Trust Charges	0	(708)	708	0	(708)	708
Total Operating expenses	**(278,463)**	**(31,036)**	**(247,427)**	**(278,184)**	**(31,036)**	**(247,148)**

	Group			Foundation Trust		
Total Operating Surplus/ (Deficit)	**2,858**	**801**	**2,057**	**2,649**	**801**	**1,848**
Finance Costs:						
Finance Income	147	-	147	134	-	134
Finance expense – financial liabilities	(358)	-	(358)	(358)	-	(358)
Finance expense – unwinding of discount on provisions	(8)	-	(8)	(8)	-	(8)
PDC Dividends paid	(2,010)	-	(2,010)	(2,010)	-	(2,010)
NET FINANCE COSTS	**(2,229)**	**0**	**(2,229)**	**(2,242)**	**0**	**(2,242)**
Other Gains & Losses	5	0	5	0	0	0
DEFICIT FOR THE YEAR	**634**	**801**	**(167)**	**407**	**801**	**(394)**

3. Income From Activities

3.1. Operating income from patient care activities by nature comprises:

Group and Foundation Trust	2020/21 £000	2019/2020 £000
Block Contract/system envelope income	**218,365**	**191,543**
High cost drugs income from Commissioner	**11,732**	**11,703**
Other NHS Clinical Income	**32**	**2,806**
Community Services	**33,153**	**30,193**
Income from activities (before private patient income)	**263,282**	**236,245**
Other non-protected clinical income	**3,078**	**1,147**
Additional pension contribution central funding	**8,109**	**7,260**
Private patient income	**116**	**1,199**
Total Activity Income	**274,585**	**245,851**

The main source of income for the Trust is contracts with commissioners for health care services. In 2020/21, the majority of the Trust's income from NHS commissioners was in the form of block contract arrangements. During the first half of the year the trust received block funding from its commissioners. For the second half of the year, block contract arrangements were agreed at a Integrated Care System/ Sustainability and Transformation Partnership level. The related performance obligation is the delivery of healthcare and related services during the period, with the Trust's entitlement to consideration not varying based on the levels of activity performed.

In previous years the elective and non-elective income included the levels of incomplete spells as at 31 March. In addition, the Ante-natal pathway income has in previous years had an adjustment to reflect incomplete pathways as at 31 March, where the Trust has been paid in full for the complete pathway up front. However as there has been a move away from cost & volume (PbR) contracting arrangements means there is no longer an accounting justification for year-end debtors/ creditors relating to partially completed spells and maternity prepayments.

Included in Other NHS Clinical Income is direct access income for Pathology and Radiology, high cost drugs income and income for screening programmes.

Injury Cost Recovery income is included in 'Other non-protected clinical income'. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual. Injury Cost Recovery income is subject to a provision for doubtful debts of 22.43% (2019/20: 21.79%) to reflect expected rates of collection.

The revaluation of public sector pensions schemes resulted in a 6.3% increase (14.38% to 20.68% incl. admin levy) in the employer contribution rate for the NHS Pensions Scheme. A transitional approach was agreed whereby an employer rate of 20.68% will apply from 1 April 2019, however in 2020/21 (as in 2019/20) the NHS Business Service Authority ('BSA') will only collect 14.38% from employers. Central payments have been made by NHS England and the Department of Health and Social Care (DHSC) for their respective proportions of the outstanding 6.3% on local employers' behalf.

All of the income from activities before private income shown above has arisen from Commissioner requested Services as set out in the foundation trusts provider licence.

3.2. Income from patient care by source comprises:

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

	2020/21 £000	2019/2020 £000
NHS England	**25,739**	**17,393**
Clinical Commissioning Groups	**248,020**	**225,954**
NHS Foundation Trusts	**18**	**85**
NHS Trusts	**14**	**-**
Department of Health and Social Care	**-**	**-**
NHS other (including Public Health England)	**-**	**73**
Non NHS: private patients	**67**	**1,199**
Non NHS: overseas patients (non-reciprocal, chargeable to patient)	**49**	**101**
Injury cost recovery scheme	**678**	**1,046**
Non NHS: other	**-**	**-**
Total income from patient care activities	**274,585**	**245,851**

3.3. Overseas visitors (relating to patients charged directly by the Foundation Trust)

	2020/21 £000	2019/2020 £000
Income recognised this year	**49**	**101**
Cash payments received in-year (relating to invoices raised in current and previous years)	**58**	**38**
Amounts added to provision for impairment of receivables (relating to invoices raised in current and prior years)	**13**	**50**
Amounts written off in-year (relating to invoices raised in current and previous years)	**45**	**-**

4. Other Operating Income

	Group		Foundation Trust	
	2020/21 £0	**2019/20 £0**	**2020/21 £0**	**2019/20 £0**
Other Operating Income recognised in accordance with IFRS 15:				
Education and training	**7,005**	6,909	**7,005**	6,909
Non-patient care services to other bodies	**9,931**	12,558	**9,931**	12,558
Provider sustainability fund / Financial recovery fund / Marginal rate emergency tariff funding (PSF/FRF/MRET)	-	10,264	-	10,264
Reimbursement and top up funding	22,131	-	22,131	-
Other	**2,339**	3,993	**2,339**	3,993
Staff Recharges	**316**	303	**316**	303
Other operating income recognised in accordance with other standards:				
Education and training - notional income from apprenticeship fund	**474**	318	**474**	318
Received from NHS charities: Cash donations / grants for the purchase of capital assets	**-**	-	**85**	-
Received from NHS charities: Other charitable and other contributions to expenditure	**-**	-	**17**	11
Donated equipment from DHSC for COVID response (non-cash)	**328**		**328**	-
Received from other bodies: Cash donations / grants for the purchase of capital assets	**-**	26	**-**	26
Received from other bodies: Other charitable and other contributions to expenditure	**249**	226	**249**	226
Contributions to expenditure - receipt of equipment donated from DHSC for COVID response below capitalisation threshold	**87**	-	**87**	-
Contributions to expenditure - consumables (inventory) donated from DHSC group bodies for COVID response	**5,292**		**5,292**	-
Rental Revenue from operating leases	**279**	374	**279**	374
NHS Charitable Funds: Incoming Resources excluding investment income	**941**	499	**-**	-
Total other operating income	**49,372**	**35,470**	**48,533**	**34,982**

The Trust has received additional income outside of the block and system envelopes to reimburse specific costs incurred and other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

Included in the Reimbursement and top up funding includes a Block projected payment for April to September of £8,762,000, a retrospective top up for April to September of £9,665,000, Reimbursement top up of £596,000 for months October to March. In addition, £3,200,000 for months October to March for the reduction in Non-NHS Income due to the pandemic.

Since the start of the pandemic, DHSC has centrally procured personal protective equipment and these items has been provided to the trust free of charge. The Trust takes ownership of the inventory items upon receipt and, in accounting terms, they are utilised "in the production process", i.e. the treatment of patients. The Trust has received £5,292,000 contributions to expenditure - consumables (inventory) donated from DHSC group bodies for COVID response.

Other income includes Staff Accommodation, Catering Income, Staff & Visitors car parking fees, Occupational Health Income and Vending Income.

4.2. Operating lease income

Group and Foundation Trust	2020/21 £000	2019/2020 £000
Operating Lease Income		
Rents recognised in the period	279	374
Total	279	374

Future minimum lease payments due	**2020/21 £000**	**2019/2020 £000**
On leases of Land expiring		
Not later than one year;	**-**	-
Later than one year but not later than five years;	**-**	-
Later than five years.	**-**	-
Sub Total	**-**	-
On leases of Land expiring		
Not later than one year;	**161**	358
Later than one year but not later than five years;	**145**	415
Later than five years.	**-**	-
Sub Total	**306**	773
Total	**306**	773

The Trust generates income from a small number of non-cancellable operating leases relating to the short-term lease of accommodation and the lease of land to non-NHS bodies.

5. Operating Expenses

5.1. Group operating expenses comprise:

	Group		Foundation Trust	
	2020/21 £000	**2019/20 £000**	**2020/21 £000**	**2019/20 £000**
Employee expenses – Staff and Executive Directors'	**225,771**	195,810	**225,683**	195,730
Employee expenses - Non-Executives' Costs	**163**	152	**163**	152
Supplies and services - clinical	**14,243**	17,503	**14,243**	17,503
Supplies and services – clinical: utilisation of consumables donated from DHSC group bodies for COVID response	**4,353**	-	**4,353**	-
Supplies and services - general: notional cost of equipment donated from DHSC for COVID response below capitalisation threshold	**87**	-	**87**	-
Depreciation on property, plant and equipment	**5,688**	4,455	**5,688**	4,455
Amortisation of intangible assets	**571**	393	**571**	393
Impairments net of (reversals)	**9,777**	(209)	**9,777**	(209)
Premises - business rates payable to local authorities	**1,138**	1,047	**1,138**	1,047
Premises	**17,176**	11,448	**17,176**	11,448
Inventories written down	**487**	80	**487**	80
Inventories written down (consumables donated from DHSC group bodies for COVID response)	**94**	-	**94**	-
Drug Costs (non-inventory costs)	**150**	222	**150**	222
Drug Costs (inventories consumed)	**17,570**	18,613	**17,570**	18,613
Clinical negligence	**8,377**	6,746	**8,377**	6,746
Other	**2,894**	1,397	**2,894**	1,397
NHS Charitable funds: Other resources expended	**709**	195	**-**	-
Consultancy services	**350**	189	**350**	189
Supplies and services – general	**6,264**	4,269	**6,264**	4,269
Printing, stationery, travel & recruitment advertising	**2,082**	2,062	**2,082**	2,062
Services from NHS bodies	**7,312**	3,923	**7,312**	3,923
Transport (business travel only)	**474**	735	**474**	735

	Group		Foundation Trust	
Transport (other including Patient Travel)	**1,069**	957	**1,069**	957
Rentals under operating lease	**1,767**	1,664	**1,767**	1,664
Auditor's remuneration	**73**	62	**73**	62
Audit-related assurance services	**-**	4	**-**	4
Charitable Fund Audit	**4**	4	**-**	-
Internal Audit	**102**	86	**102**	86
Purchase of healthcare from non-NHS bodies	**4,225**	4,772	**4,225**	4,772
Provision for impairment of receivables (including provision against Road Traffic income)	**351**	412	**351**	412
Legal Fees	**68**	171	**68**	171
Hospitality	**12**	11	**12**	11
Redundancies	**-**	-	**-**	-
Training Courses and Conferences	**502**	583	**502**	583
Education and training - notional expenditure funded from apprenticeship fund	**474**	318	**474**	318
Insurances	**226**	147	**226**	147
Other services	**135**	107	**135**	107
Change in provisions discount rate(s)	**61**	118	**61**	118
Losses, ex gratia and special payments	**18**	17	**18**	17
Total	**334,817**	278,463	**334,016**	278,184

5.2. Auditor's Remuneration

The analysis of auditor's remuneration is as follows:

	Group		Foundation Trust	
	2020/21 £000	**2019/20 £000**	**2020/21 £000**	**2019/20 £000**
Fees payable to the auditor for the audit of the Trust's annual accounts	**73**	62	**73**	62
Audit-related assurance services	**-**	4	**-**	4
Charitable Fund Audit	**4**	4	**-**	-
Total	**77**	70	**73**	66

Audit-related assurance services relates to the audit of the Quality Accounts.

5.3. Operating lease payments and commitments

5.3.1. Operating lease payments

Group and Foundation Trust	**2020/21 Buildings £000**	**2020/21 Plant and Machinery £000**	**2020/21 Other £000**	**2020/21 Total £000**
Lease payments	-	979	788	**1,767**
Total	**-**	**979**	**788**	**1,767**

Group and Foundation Trust	**2019/20 Buildings £000**	**2019/20 Plant and Machinery £000**	**2019/20 Other £000**	**2019/20 Total £000**
Lease payments	-	899	765	**1,664**
Total	**-**	**899**	**765**	**1,664**

There are no significant leasing arrangements included in the above. The increase in other is due to the Foundation Trust entering into leasing arrangements for the supply of personal computers.

5.3.2. Operating lease – future minimum lease receipts due:

Group and Foundation Trust	2020/21 Buildings £000	2020/21 Plant and Machinery £000	2020/21 Other £000	2020/21 Total £000
Future non-cancellable minimum lease payments due:				
Not later than one year;	-	795	964	1,759
Later than one year but not later than five years;	-	1,753	1,736	3,489
Later than five years.	-	181	-	181
Total	-	2,729	2,700	5,429

Included in other lease arrangements are lease cars. In addition the Trust introduced a car Salary Sacrifice scheme for staff and the commitment is included, however these costs are recovered via a monthly reduction in salary. In addition, the Trust acquired the Community Care contract for the South Cheshire CCG and Vale Royal areas in October 2016. The community services teams occupy a number of premises which the Trust does not own. At the balance sheet date there were no formal leasing agreements signed for these premises, however over the remaining life of the contract the minimum payments would be circa £5,300,000 which have not been included in the figures above, however the costs for the 12 months have been recognised in expenditure.

Group and Foundation Trust	2019/20 Buildings £000	2019/20 Plant and Machinery £000	2019/20 Other £000	2019/20 Total £000
Future non-cancellable minimum lease payments due:				
Not later than one year;	-	800	830	1,630
Later than one year but not later than five years;	-	1,677	1,983	3,660
Later than five years.	-	304	-	304
Total	-	2,781	2,813	5,594

5.4. Senior Manager remuneration and benefits

The table for the senior manager remuneration and benefits can be found in the annual report.

6. Staff Costs and Numbers

6.1. Staff Costs

	Group		Foundation Trust	
	2020/21 £000	**2019/20 £000**	**2020/21 £000**	**2019/20 £000**
Salaries and wages	**173,273**	150,755	**173,273**	150,755
Social Security Costs	**14,717**	12,775	**14,717**	12,775
Apprenticeship Levy	**807**	718	**807**	718
Employer contributions to NHS Pensions Scheme	**18,527**	16,684	**18,527**	16,684
Pension cost - employer contributions paid by NHSE on provider's behalf	**8,109**	7,260	**8,109**	7,260
Pension cost - other	**75**	70	**75**	70
Termination Benefits	**-**	-	**-**	-
Temporary Staff - Agency and contract staff	**10,628**	7,839	**10,628**	7,839
NHS Charitable funds staff	**88**	80	**-**	-
Total Gross Staff Costs	**226,224**	196,181	**226,136**	196,101
Of which				
Costs capitalised as part of assets	**453**	371	**453**	371
Total Employee benefits excluding Capitalised Costs	**225,771**	195,810	**225,683**	195,730
Analysed into Operating Expenses (5.1 Op Ex)				
Employee Expenses – Staff and Executive directors	**225,771**	195,810	**225,683**	195,730
Redundancy	**-**	-	**-**	-
Total Employee benefits excl. capitalised costs	**225,771**	195,810	**225,683**	195,730

Staff costs exclude Non-Executive Directors.

6.2. Average number of persons employed (whole time equivalents)

Group and Foundation Trust	Total 2020/21 Number	Other permanent employees Number	Directors Number	Other Number	Total 2019/20 Number
Medical & Dental	395	381	-	14	374
Administration & estates	1,007	967	6	34	951
Healthcare Assistants & other support staff	814	683	-	131	712
Nursing, midwifery & health visiting staff	1,353	1,207	-	146	1,218
Scientific, therapeutic and technical staff	408	393	-	15	399
Healthcare Science Staff	316	308	-	8	355
Other	335	286	-	49	324
Total average numbers	4,628	4,225	6	397	4,332
of which					
WTE engaged on capital projects	6	6	-	-	7

6.3. Employee Benefits

The Trust operates a number of schemes relating to the use of cars. All these schemes apportion costs in such a way to ensure that employees pay a fair rate for private mileage.

6.4. Retirements due to ill-health

During 2020/21 there were 3 (2019/20: 2) early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £59,386 (2019/20: £98,845). The cost of these ill-health retirements will be borne by the NHS Business Services Authority – Pensions Division.

6.5. Pension costs

6.5.1. NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care 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 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 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 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

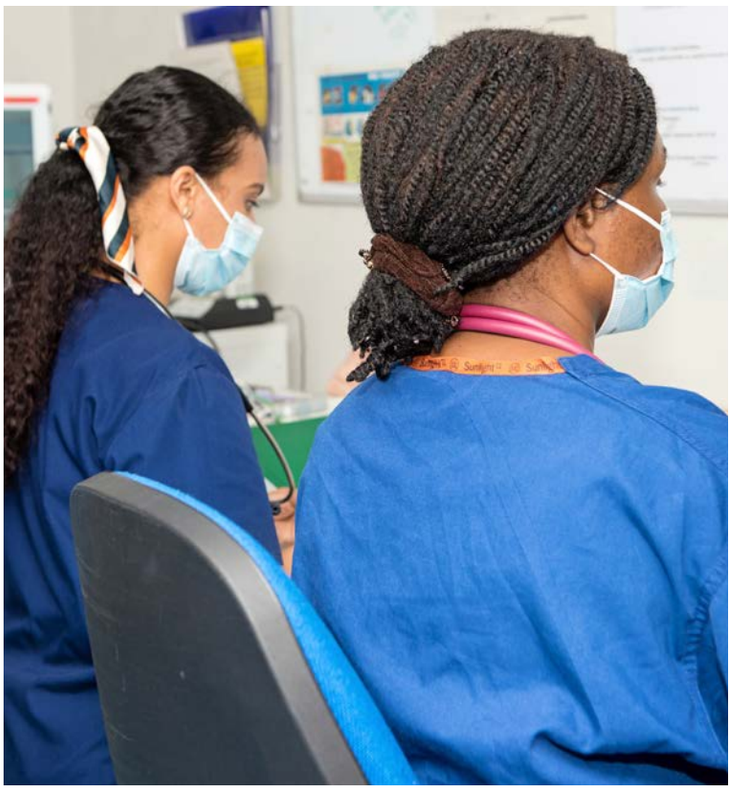
The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

6.5.2 National Employment Savings Trust

The Pensions Act 2008 requires every employer to automatically enrol eligible workers into a qualifying pension scheme and pay contributions. For those employees who do not wish to be enrolled into the NHS Pension scheme the National Employment Savings Trust (NEST) is offered as an alternative. NEST is a defined contribution pension scheme.

NEST Corporation is the Trustee body that has overall responsibility for running NEST. It's a non-departmental public body that operates at arm's length from government and is accountable to Parliament through the Department of Work and Pensions (DWP).

NEST levies a contribution charge of 5.0% and an annual management charge of 1.8% which is paid for from the employee contributions. There are no separate employer charges levied by NEST.



6.6. Reporting of other compensation schemes - exit packages

Group and Foundation Trust

Exit Package Cost Band (Including any special payment element)	Number of Compulsory Redundancies	Cost of Compulsory Redundancies	Number of Other Departures Agreed	Cost of Other Departures Agreed
	Whole Numbers Only	£'s	Whole Numbers Only	£'s
Less than £10,000	-	-	13	45,641
£10,000 - £25,000	-	-	-	-
£25,001 - £50,000	-	-	-	-
£50,001 - £100,000	-	-	-	-
£100,001 - £150,000	-	-	-	-
£150,001 - £200,000	-	-	-	-
>£200,000	-	-	-	-
Total	**-**	**-**	**13**	**45,641**

Group and Foundation Trust

Exit Package Cost Band (Including any special payment element)	Number of Compulsory Redundancies	Cost of Compulsory Redundancies	Number of Other Departures Agreed	Cost of Other Departures Agreed
	Whole Numbers Only	£'s	Whole Numbers Only	£'s
Less than £10,000	-	-	16	57,408
£10,000 - £25,000	-	-	2	27,449
£25,001 - £50,000	-	-	-	-
£50,001 - £100,000	-	-	-	-
£100,001 - £150,000	-	-	-	-
£150,001 - £200,000	-	-	-	-
>£200,000	-	-	-	-
Total	**-**	**-**	**18**	**84,857**

Total Number of Exit Packages	**Total Cost of Exit Packages**	Number of Departure Where Special Payments Were Made	Cost of Special Payment Element Included in Exit Packages
Whole Numbers Only	£'s	Whole Numbers Only	£'s
13	**45,641**	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
13	**45,641**	**-**	**-**

Total Number of Exit Packages	**Total Cost of Exit Packages**	Number of Departure Where Special Payments Were Made	Cost of Special Payment Element Included in Exit Packages
Whole Numbers Only	£'s	Whole Numbers Only	£'s
16	**57,408**	-	-
2	27,449	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
18	**84,857**	**-**	**-**

The Trust has offered staff a mutually agreed resignation scheme where the Trust may offer a financial package to a member of staff who wishes to leave their employment on voluntary terms. To be eligible the applicant must be permanently employed by the Trust and have a minimum of two years continuous service. The figures in brackets are those for 2019/20.

6.7. Exit packages: other (non-compulsory) departure payments

	2020/21 Payments agreed	2020/21 Total value of agreements	2019/20 Payments agreed	2019/20 Total value of agreements
	Number	**£000**	**Number**	**£000**
Contractual payments in lieu of notice	13	46	18	84
Exit payments following Employment Tribunals or court orders	**-**	-	**-**	-
Total	**13**	**46**	18	84

There are no non-contractual payments made to individuals where the payment value was more than 12 months' of their annual salary.

7. The Late Payment of Commercial Debts (Interest) Act 1998

The Trust paid £555 for the year ended 31 March 2021 (2019/20: £780) under the Late Payment of Commercial Debts (Interest) Act 1998.

8. Financial Income

	Group		Foundation Trust	
	2020/21 £000	**2019/20 £000**	**2020/21 £000**	**2019/20 £000**
Interest on bank accounts	**15**	134	**15**	134
NHS Charitable funds: investment income	**12**	13	**-**	-
Total	**27**	147	**15**	134

9. Finance Costs

9.1. Finance Cost

Group and Foundation Trust	2020/21 £000	2019/20 £000
Interest on obligations under finance lease	**123**	135
Interest on loans from the Department of Health – Capital Loans	**67**	158
Interest on loans from the Department of Health – Revenue Support	**-**	80
Interest on the late payment of commercial debt	**1**	1
Unwinding of discount on provisions	**(15)**	(8)
Total	**176**	366

9.2. Impairment of Assets

		2020/21	
Group and Foundation Trust	**Net Impairment (Reversal)**	**Impairment**	**Reversals**
	£000	**£000**	**£000**
Changes in market price	**9,777**	11,470	(1,693)
Total Impairments charged to operating surplus	**9,777**	11,470	(1,693)
Impairments charged to the revaluation reserve	**3,690**	4,549	(859)
Total Impairments/(Reversal)	**13,467**	**16,019**	**(2,552)**

		2020/21	
Group and Foundation Trust	**Net Impairment (Reversal)**	**Impairment**	**Reversals**
	£000	**£000**	**£000**
Changes in market price	**(209)**	2,442	(2,651)
Total Impairments charged to operating surplus	**(209)**	2,442	(2,651)
Impairments charged to the revaluation reserve	**303**	303	-
Total Impairments/(Reversal)	**94**	**2,745**	**(2,651)**

Land, Buildings and Dwellings have been revalued as at 31 March 2021, any impairments and reversal of impairments above relate to this revaluation.

10. Intangible Fixed Assets

Group and Foundation Trust	Software Licences 2020/21	Assets Under Construction 2020/21	Total 2020/21
	£000	**£000**	**£000**
Gross cost at 1 April 2020	3,595	1,093	**4,688**
Additions purchased	467	703	**1,170**
Reclassifications	-	-	**-**
Disposals	(405)	-	**(405)**
Gross cost at 31 March 2021	3,657	1,796	**5,453**
Amortisation at 1 April 2020	2,209	-	**2,209**
Provided during the year	571	-	**571**
Disposals	(405)	-	**(405)**
Amortisation at 31 March 2021	2,375	-	**2,375**
Net book value			
- Total purchased at 1 April 2020	**1,386**	**1,093**	**2,479**
Total purchased at 31 March 2021	**1,282**	**1,796**	**3,078**

Group and Foundation Trust	Software Licences 2019/20	Assets Under Construction 2019/20	Total 2019/20
	£000	£000	£000
Gross cost at 1 April 2019	**4,322**	**6**	**4,328**
Additions purchased	352	1,093	**1,445**
Additions - Donated	-		
Reclassifications	6	(6)	**-**
Disposals	(1,085)	-	**(1,085)**
Gross cost at 31 March 2020	3,595	1,093	**4,688**
Amortisation at 1 April 2019	2,901	-	**2,901**
Provided during the year	393	-	**393**
Disposals	(1,085)	-	**(1,085)**
Amortisation at 31 March 2020	2,209	**-**	**2,209**
Net book value			
- Total purchased at 1 April 2019	**1,421**	**6**	**1,427**
- Total purchased at 31 March 2020	**1,386**	**1,093**	**2,479**

The reclassification is the transfer from intangible assets under construction to intangibles. All intangible assets relate to purchased software licences.

10.1. Intangible assets financing

Group and Foundation Trust	Software Licences 2020/21	Assets Under Construction 2020/21	Total 2020/21
	£000	£000	£000
NBV - Purchased at 31 March 2020	1,282	1,796	**3,078**
NBV - Finance leases at 31 March 2020	-	-	**-**
NBV - Donated and government grant funded at 31 March 2020	-	-	**-**
NBV total at 31 March 2021	**1,282**	**1,796**	**3,078**

Group and Foundation Trust	Software Licences 2019/20	Assets Under Construction 2019/20	Total 2019/20
	£000	£000	£000
NBV - Purchased at 31 March 2020	1,386	1,093	**2,479**
NBV - Finance leases at 31 March 2020	-	-	**-**
NBV - Donated and government grant funded at 31 March 2020	-	-	**-**
NBV total at 31 March 2020	**1,386**	**1,093**	**2,479**

10.2. Economic life of Intangible Assets

The economic life of the intangible assets ranges from 2 to 7 years and amortised on a straight line basis.

11. Property, Plant and Equipment

11.1. Property, plant and equipment at the Statement of Financial Position date comprise the following elements:

Group and Foundation Trust	Land £000	Buildings Excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000
Cost or valuation at 1 April 2020	**3,324**	**84,452**	**2,293**	**1,922**
Additions – purchased		8,099		5,927
Additions – leased	-	-	-	-
Additions - assets purchased from cash donations / grants				
Additions - equipment donated from DHSC for COVID response (non-cash)	-	-	-	-
Net Impairments charged to operating expenses		(10,816)	(654)	-
Net Impairments charged to revaluation reserve		(4,620)	(156)	-
Reclassifications		1,785	-	(1,878)
Transfers to/from assets held for sale and assets in disposal groups	-	-	-	-
Disposals				
Cost or valuation at 31 March 2021	**3,324**	**78,900**	**1,483**	**5,971**
Accumulated depreciation at 1 April 2020	**-**	**-**	**-**	**-**
Provided during the year		2,710	89	
Reversal of impairments to credited to operating expenses	-	(1,604)	(89)	-
Reversal of impairments credited to the revaluation reserve		(859)	-	-
Revaluation	-	(247)	-	-
Transfers to/from assets held for sale and assets in disposal groups	-	-	-	-
Disposals	-	-	-	-
Accumulated depreciation at 31 March 2021	**-**	**-**	**-**	**-**
Accumulated depreciation at 1 April 2020				
NBV - Purchased at 31 March 2020	3,324	81,851	2,293	1,922
NBV – Finance Lease at 31 March 2020				
NBV - Donated at 31 March 2020	-	2,601	-	-
NBV total at 31 March 2020	**3,324**	**84,452**	**2,293**	**1,922**
Net Book Value				
NBV - Purchased at 31 March 2021	3,324	76,518	1,483	5,971
NBV – Finance Lease at 31 March 2021	-	-	-	-
NBV - Donated at 31 March 2021	-	2,382	-	-
NBV – equipment donated from DHSC and NHSE for COVID response	-	-	-	-
NBV total at 31 March 2021	**3,324**	**78,900**	**1,483**	**5,971**

Plant and Machinery £000	Information Technology £000	Furniture & Fittings £000	Total £000
16,539	**4,676**	**192**	**113,398**
1,997	1,579		**17,602**
592	-	-	**592**
85			**85**
328	-	-	**328**
-	-	-	**(11,470)**
-	-	-	**(4,776)**
30	63	-	**-**
(430)	(268)	-	**(698)**
(1,233)	(777)		**(2,010)**
17,908	**5,273**	**192**	**113,051**
9,577	**2,971**	**110**	**12,658**
2,286	590	13	**5,688**
-	-	-	**(1,693)**
-	-	-	**(859)**
-	-	-	**(247)**
(331)	(264)	-	**(595)**
(1,221)	(777)	-	**(1,998)**
10,311	**2,520**	**123**	**12,954**
982	1,705	82	**92,159**
5,308	-	-	**5,308**
672	-	-	**3,273**
6,962	**1,705**	**82**	**100,740**
2,366	2,753	69	**92,484**
4,090	-	-	**4,090**
830	-	-	**3,212**
311	-	-	**311**
7,597	**2,753**	**69**	**100,097**

In 2019/20 land and buildings were revalued using a Modern Equivalent Asset (MEA) alternative site and/or accommodation basis. The Trust using the District Valuer's advice considered the likely position and design of the hospitals if they were constructed now. The Trust considered the differing internal space requirements taking into account; space efficiencies and changes in technology, as opposed to what is currently physically occupied. The valuation assumed that the sites should have the same service potential as the existing assets. The valuation increased the value of land and buildings by £13,447K. Impairments net of reversals of £9,777k was made to the Operating Expenditure, reflecting the difference between the downward valuation and the balance in the revaluation reserve. The net decrease to the revaluation reserve was £3,670K.

Group and Foundation Trust	Land £000	Buildings Excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000
Cost or valuation at 1 April 2019	**3,157**	**75,727**	**2,392**	**828**
Additions – purchased	167	6,258	-	1,824
Additions – leased	-	-	-	-
Additions - assets purchased from cash donations / grants	-	-	-	-
Impairments charged to operating expenses	-	(2,442)	-	-
Impairments charged to revaluation reserve	-	(303)	-	-
Reversal of impairments credited to operating expenses	-	210	-	-
Revaluations	-	4,016	157	-
Reclassifications	-	986	(256)	(730)
Transfers to/from assets held for sale and assets in disposal groups	-	-	-	(317)
Disposals	-	-	-	-
Cost or valuation at 31 March 2020	**3,324**	**84,452**	**2,293**	**1,922**
Accumulated depreciation at 1 April 2019	**-**	**-**	**-**	**-**
Provided during the year	-	2,385	85	-
Reversal of impairments to credited to operating expenses	-	(2,356)	(85)	-
Revaluation	-	(29)	-	-
Transfers to/from assets held for sale and assets in disposal groups	-	-	-	-
Disposals	-	-	-	-
Accumulated depreciation at 31 March 2020	**-**	**-**	**-**	**-**
Net Book Value				
NBV - Purchased at 31 March 2019	3,157	73,186	2,392	828
NBV – Finance Lease at 31 March 2019	-	-	-	-
NBV - Donated at 31 March 2019	-	2,541	-	-
NBV total at 31 March 2019	**3,157**	**75,727**	**2,392**	**828**
Net Book Value				
NBV - Purchased at 31 March 2020	3,324	81,851	2,293	1,922
NBV – Finance Lease at 31 March 2020				
NBV - Donated at 31 March 2020	-	2,601	-	-
NBV total at 31 March 2020	3,324	84,452	2,293	1,922
NBV total at 31 March 2021	**3,324**	**78,900**	**1,483**	**5,971**

Plant and Machinery £000	Information Technology £000	Furniture & Fittings £000	Total £000
16,669	**4,416**	**192**	**103,381**
471	260	-	**8,980**
1,282	-	-	**1,282**
26	-	-	**26**
-	-	-	**(2,442)**
-	-	-	**(303)**
-	-	-	**210**
-	-	-	**4,173**
-	-	-	**-**
(317)	-	-	**(317)**
(1,592)	-	-	**(1,592)**
16,539	**4,676**	**192**	**113,398**
9,521	**2,892**	**93**	**12,506**
1,889	79	17	**4,455**
-	-	-	**(2,441)**
-	-	-	**(29)**
(241)	-	-	**(241)**
(1,592)	-	-	**(1,592)**
9,577	**2,971**	**110**	**12,658**
508	1,524	99	**81,694**
5,828	-	-	**5,828**
812	-	-	**3,353**
7,148	**1,524**	**99**	**90,875**
982	1,705	82	**92,159**
5,308	-	-	**5,308**
672	-	-	**3,273**
6,962	1,705	82	**100,740**
7,597	**2,753**	**69**	**100,097**

In 2019/20 land and buildings were revalued using a Modern Equivalent Asset (MEA) alternative site and/or accommodation basis. The Trust using the District Valuer's advice considered the likely position and design of the hospitals if they were constructed now. The Trust considered the differing internal space requirements taking into account; space efficiencies and changes in technology, as opposed to what is currently physically occupied. The valuation assumed that the sites should have the same service potential as the existing assets. The valuation increased the value of land and buildings by £4,108K. A net reversal of impairments of £209K was made to the Operating Expenditure, reflecting the difference between the downward valuation and the balance in the revaluation reserve. The net increase to the revaluation reserve was £3,899K.

11.2. Economic life of property, plant and equipment

Group and Foundation Trust	Min Life	Max Life
Buildings excluding dwellings	5	90
Dwellings	21	50
Plant & machinery	5	15
Information Technology	2	10
Furniture and Fittings	10	15

Land is treated as having an infinite life and other than assets under construction property, plant and equipment is depreciated on a straight-line basis.

11.3. Assets held at open market value

At the Statement of Financial Position date there was no land, buildings or dwellings valued at open market value.

12. Other Investments

Group and Foundation Trust	Group NHS Charitable Funds: Other investments 2020/21 £'000	Foundation Trust NHS Charitable Funds: Other investments 2020/21 £'000
Carrying Value 1 April 2020	**582**	**-**
Acquisitions in year - other	351	-
Movement in fair value of Available-for-sale financial assets recognised in Other Comprehensive Income	30	-
Disposals	(292)	-
Carrying Value 31 March 2021	**671**	**-**

Group and Foundation Trust	Group NHS Charitable Funds: Other investments 2019/20 £'000	Foundation Trust NHS Charitable Funds: Other investments 2019/20 £'000
Carrying Value 1 April 2019	**622**	**-**
Acquisitions in year - other	95	-
Movement in fair value of Available-for-sale financial assets recognised in Other Comprehensive Income	(55)	-
Disposals	(80)	-
Carrying Value 31 March 2020	**582**	**-**

13. Non-Current Assets Held for Sale and Assets in Disposal Groups

	PPE: Plant & Machinery £'000	PPE: Information Technology £'000	Total £000
NBV of non-current assets for sale and assets in disposal groups at 1 April 2020 - brought forward	**76**	**-**	**76**
Plus assets classified as available for sale in the year	99	4	103
Less Assets sold in year	(175)	(4)	(179)
NBV of non-current assets for sale and assets in disposal groups at 31 March 2021	-	-	-
Carrying Value 31 March 2020	**582**	**-**	

14. Inventories

Group and Foundation Trust

Inventory Movements 2020/21	Drugs £000	Consumables £000	Energy £000	Other £000	Total £000
Carrying value at 1 April	**1,344**	**2,323**	**93**	**103**	**3,863**
Additions	17,504	5,001	70	426	**23,001**
Additions (donated) - from NHS provider (purchased by DHSC)	-	5,292	-	-	**5,292**
Inventories recognised in expense	(17,569)	(8,745)	(94)	(419)	**(26,827)**
Write down of inventories recognised in expense	(166)	(415)	-	-	**(581)**
Carrying value at 31 March	**1,113**	**3,456**	**69**	**110**	**4,748**

Group and Foundation Trust

Inventory Movements 2019/20	Drugs £000	Consumables £000	Energy £000	Other £000	Total £000
Carrying value at 1 April	**1,420**	**2,221**	**133**	**57**	**3,831**
Additions	18,617	13,222	25	693	**32,557**
Inventories recognised in expense	(18,613)	(13,120)	(65)	(647)	**(32,445)**
Write down of inventories recognised in expense	(80)	-	-	-	**(80)**
Carrying value at 31 March	**1,344**	**2,323**	**93**	**103**	**3,863**

Since the start of the pandemic, DHSC has centrally procured personal protective equipment and these items have been provided to trusts free of charge. Trusts take ownership of the inventory items upon receipt and, in accounting terms.

The deemed cost for Trust is what it would have cost the Trust to acquire those items at that point in time. This deemed cost on receipt (price x quantity) is a debit to with an equivalent non-cash credit recorded within the other operating income note for the value of the 'grant' realised. After recognising the items in inventory, the Trust has recorded a charge to operating expenditure when items are utilised.

Inventories at the year-end will be measured at market prices, to reflect the net realisable value of the inventory. Where market prices are lower than the cost prices incurred by DHSC on Trusts' behalf, the difference will be recorded as a write-down of the inventory value.

The other category includes wheelchairs which are part of the Community Services contract.

15. Trade and Other Receivables

Group	2021 £000	2020 £000
Current:		
Contract Receivables Invoiced	**4,419**	4,475
Contract Receivables not yet invoice/non invoiced	**3,423**	7,985
Allowance for impaired contract receivables / assets	**(475)**	(405)
Prepayments	**2,657**	2,480
VAT Receivable	**426**	249
Other receivables	**71**	115
NHS Charitable funds: Trade and other receivables	**47**	27
Total current trade and other receivables	**10,568**	14,926
Non-current:		
Contract Receivables Invoiced	**318**	273
Contract Receivables not yet invoice/non invoiced	**279**	552
Allowance for impaired contract receivables / assets	**(194)**	(219)
Clinician pension tax provision reimbursement funding from NHSE	**77**	575
Total non-current trade and other receivables	**480**	1,181
Total trade and other receivables	**11,048**	16,107

Foundation Trust	2021 £000	2020 £000
Current:		
Contract Receivables Invoiced	**4,419**	4,475
Contract Receivables not yet invoice/non invoiced	**3,423**	7,985
Allowance for impaired contract receivables / assets	**(475)**	(405)
Prepayments	**2,657**	2,480
VAT Receivable	**426**	249
Other receivables	**170**	148
NHS Charitable funds: Trade and other receivables	**10,620**	14,932
Total current trade and other receivables		
Non-current:	**318**	273
Contract Receivables Invoiced	**279**	552
Contract Receivables not yet invoice/non invoiced	**(194)**	(219)
Allowance for impaired contract receivables / assets	**77**	575
Clinician pension tax provision reimbursement funding from NHSE	**480**	1,181
Total non-current trade and other receivables	**11,100**	16,113
Total trade and other receivables	**11,048**	16,107

The Trust receives payments from its customers based on a invoice schedule, as established in the contract. The contract receivables are recognised when the right to consideration has become unconditional.

15.1. Allowances for credit losses (doubtful debts) – 2020/21

Group	2020/21 £000
Allowance for credit losses at 1 April 2020 - brought forward	**624**
New allowances arising	**378**
Changes in the calculation of existing allowances	**-**
Reversals of allowances (where receivable is collected in-year)	**(27)**
Utilisation of allowances (where receivable is written off)	**(306)**
Changes arising following modification of contractual cash flows	**-**
Total allowance for credit losses at 31 March 2021	**669**
Loss recognised in expenditure	**351**

Included above is a £283,892 which is based on 22.43% on the outstanding receivables from the Compensation Recovery Unit. The allowances written off includes £236,062 relates to Injury Cost Recovery debts instructed by the Compensation Recovery Unit.

Group	2019/20 £000
Allowance for credit losses at 1 April 2019 - brought forward	**501**
New allowances arising	**461**
Changes in the calculation of existing allowances	**2**
Reversals of allowances (where receivable is collected in-year)	**(51)**
Utilisation of allowances (where receivable is written off)	**(289)**
Changes arising following modification of contractual cash flows	**-**
Total allowance for credit losses at 31 March 2020	**624**
Loss recognised in expenditure	**412**

16. Other Financial Assets

The Group and Foundation Trust have no other financial assets as at 31 March 2021 or 31 March 2020.

17. Other Current Assets

The Group and Foundation Trust have no other current assets as at 31 March 2021 or 31 March 2020.

18. Trade and Other Payables

18.1. Trade and other payables at the Statement of Financial Position date are made up of:

Group	31 March 2021 £000	31 March 2020 £000
Current:		
Trade Payables	**14,248**	14,586
Trade payables capital	7,783	833
Social Security costs	**2,350**	2,118
Other taxes payable	**1,884**	1,586
Other payables	**53**	66
PDC dividend payables	**-**	21
Accruals	**7,943**	3,091
NHS Charitable funds: Trade and other payables	**-**	4
Total current trade and other payables	**34,261**	22,305

	31 March 2021 £000	31 March 2020 £000
Non-current:		
Other payables	**-**	-
Total non-current trade and other payables	**-**	-
Total Trade and other Payables	**34,261**	22,305

Foundation Trust	31 March 2021 £000	31 March 2020 £000
Current:		
Trade Payables	**14,248**	14,586
Trade payables capital	7,783	833
Social Security costs	**2,350**	2,118
Other taxes payable	**1,884**	1,586
Other payables	**53**	66
PDC dividend payables	**-**	21
Accruals	**7,943**	3,091
Total current trade and other payables	**34,261**	22,301
Total current trade and other payables	**34,261**	22,305

	31 March 2021 £000	31 March 2020 £000
Non-current:		
Other payables	**-**	-
Total non-current trade and other payables	**-**	-
Total Trade and other Payables	**34,261**	22,301

19. Other Liabilities

Group and Foundation Trust	31 March 2021 £000	31 March 2020 £000
Current:		
Deferred income	**3,942**	2,013
Total current liabilities	**3,942**	2,013

Deferred income relates to payments received in advance of performance under the contract. Deferred income is recognised as revenue as performance is satisfied under the contract.

The main movements relate to income for the support of international recruitment of nurses, IT systems and equipment where the expenditure will be incurred in 2021/22 and for expense which will be incurred in 2021/22 for salaries and training.

20. Borrowings

Group and Foundation Trust	31 March 2021 £000	31 March 2020 £000
Current		
Capital loans from the Department of Health	**357**	8,559
Working capital loans from the Department of Health	-	5,013
Obligations under finance lease	**1,316**	1,548
Total current borrowings	**1,673**	15,120
Non-current		
Capital loans from the Department of Health	**3,306**	3,651
Obligations under finance lease	**2,185**	3,056
Total non-current borrowings	**5,491**	6,707

20.1. Reconciliation of Liabilities Arising from Financing Activities

Group and Foundation Trust	DHSC Loans £000	Other Loans £000	Finance Leases £000	Total Liabilities from financing activities £000
Carrying value at 1 April 2020 – brought forward	**17,223**	**-**	**4,604**	**21,827**
Cash movements				
Financing cash flows -principal	(13,533)	-	(1,686)	**(15,219)**
Financing cash flows – interest	(94)	-	(123)	**(217)**
Non-cash movements				
Additions	-	-	592	**592**
Interest charge arising in year	67		123	**190**
Other Changes	-	-	(9)	**(9)**
Carrying Value at 31 March 2021	**3,663**	**-**	**3,501**	**7,164**

Group and Foundation Trust	DHSC Loans £000	Other Loans £000	Finance Leases £000	Total Liabilities from financing activities £000
Carrying value at 1 April 2019 – brought forward	**13,603**	**56**	**4,745**	**18,404**
Cash movements				
Financing cash flows -principal	3,616	(56)	(1,418)	**2,142**
Financing cash flows – interest	(234)	-	(135)	**(369)**
Non-cash movements				
Additions	-	-	1,282	**1,282**
Interest charge arising in year	238	-	135	**373**
Other Changes	-	-	(5)	**(5)**
Carrying Value at 31 March 2020	**17,223**	**-**	**4,604**	**21,827**

21. Finance Lease Obligations

	Group and Foundation Trust	
Minimum Lease Payments	31 March 2021 £000	31 March 2020 £000
Gross liabilities	**3,749**	4,889
of which liabilities are due		
- not later than 1 year	**1,433**	1,658
- later than 1 year but not later than 5 years	**2,011**	2,769
- later than five years	**305**	462
Finance charges allocated to future periods	**(248)**	(285)
Net lease liabilities	**3,501**	4,604
- not later than 1 year	**1,316**	1,548
- later than 1 year but not later than 5 years	**1,891**	2,610
- later than five years	**294**	446
	3,501	4,604

All the finance lease obligations relate to plant and equipment.

22. Provisions

	Current		Non-Current	
Group and Foundation Trust	**31 March 2021**	31 March 2020	**31 March 2021**	**31 March 2020**
Legal Claims	**64**	67	**-**	**-**
Pensions - Early departure costs	**71**	69	**541**	**530**
Pensions – Injury Benefits	**38**	37	**851**	**843**
Other	**376**	110	**77**	**575**
Total Foundation Trust	**549**	283	**1,469**	1948
Charitable Provisions		-		0
Total Group	**549**	283	**1,469**	1,948

	Legal Claims £000	**Pensions Early Departure Costs £000**	**Pensions Injury Benefits £000**	**Other £000**	**Total £000**	**Charitable £000**	**Total £000**
At 1 April 2020	**67**	**599**	**880**	**685**	**2,231**	**-**	**2,231**
Change in the discount rate	-	14	47	-	61	-	61
Arising during the year	51	76	9	266	402	-	402
Utilised during the year	(30)	(71)	(38)	-	(139)	-	(139)
Reversed unused	(24)	-	-	(498)	(522)	-	(522)
Unwinding of discount	-	(6)	(9)	-	(15)	-	(15)
Movement in charitable provision	-	-	-	-	-	-	-
At 31 March 2021	**64**	**612**	**889**	**453**	**2,018**	**-**	**2,018**
Expected timing of cash flows :							
Not later than 1 year	64	71	38	376	549	-	**549**
Later than 1 year and not later than 5 years	-	291	155	-	**446**	**-**	**446**
Later than 5 years	-	250	696	**77**	1,023	-	**1,023**
At 31 March 2021	**64**	**612**	**889**	**453**	**2,018**	**-**	**2,018**

Provisions for pension benefits are based on tables provided by the NHS Pensions Agency, reflecting years to normal retirement age and the additional pension costs associated with early retirement.

Legal claims consist of amounts due as a result of public and employee liability claims. The values are based on information provided by and the NHS Litigation Authority.

Other Provision

Clinicians who are members of the NHS Pension Scheme and who as a result of work undertaken in this tax year (2019/20) face a tax charge in respect of the growth of their NHS pension benefits above their pension savings annual allowance threshold will be able to have this charge paid by the NHS Pension Scheme.

The Trust will make a contractually binding commitment to pay them a corresponding amount on retirement, ensuring that they are fully compensated in retirement for the effect of the 2019/20 Scheme Pays deduction on their income from the NHS Pension Scheme in retirement.

The Trust has created a provision broadly equal to the tax charge owed by clinicians who want to take advantage of the 2019/20 Commitment. This will be offset by the commitment from NHS England and the Government to fund the payments to clinicians as and when they arise. This is a total of £77,000

Also other provision relate to four employment case £376,000.

Clinical Negligence

The NHS Litigation Authority (NHS Resolution) took over the financial responsibility for unsettled clinical negligence Existing Liabilities Scheme (ELS) cases from 1 April 2000.

In respect of the ELS liabilities of the Trust, nothing has been included in the provision of the NHS Resolution at 31 March 2021 (2019/20: £0) (for which NHS Resolution is administratively responsible but the Trust has legal liability).

Financial responsibility for all other clinical negligence claims transferred to the NHS Litigation Authority (NHS Resolution) on 1 April 2002.

£124,152,801 (2019/20: £135,680,246) is included in the provision of the NHS Resolution at 31 March 2021 in respect of the Clinical Negligence Schemes for Trusts liabilities of the Trust (of which the NHS Resolution is administratively responsible, but the Trust has legal liability).

In addition to the clinical negligence provision, contingent liabilities for clinical negligence are given in Note 27.

23. Revaluation Reserve

Movements on reserves in the year comprised the following:

Group and Foundation Trust	Revaluation Reserve Property, plant and equipment £000	Total 2021 £000
Revaluation reserve at 1 April 2020	**17,285**	**17,285**
Impairments	(3,690)	(3,690)
Revaluations	20	20
Transfer to other reserves	(1,497)	**(1,497)**
Transfer to I&E reserve upon asset disposal	(28)	(28)
Other reserve movements		**0**
At 31 March 2021	12,090	**12,090**

Group and Foundation Trust	Revaluation Reserve Property, plant and equipment £000	Total 2021 £000
Revaluation reserve at 1 April 2019	**13,414**	**13,414**
Impairments	**(303)**	**(303)**
Revaluations	**4,202**	**4,202**
Transfer to I&E reserve upon asset disposal	**(28)**	**(28)**
Other reserve movements	**-**	**-**
At 31 March 2020	**17,285**	**17,285**

24. Cash and Cash Equivalents

Group and Foundation Trust	Cash and Cash equivalents (excluding charitable funds) 31 March 2021 £000	NHS Charitable Funds : cash and cash equivalents 31 March 2021 £000	Cash and Cash equivalents (excluding charitable funds) 31 March 2020 £000	NHS Charitable Funds : cash and cash equivalents 31 March 2020 £000
At 1 April	**14,016**	**448**	**11,249**	**3**
Net change in year	19,055	84	2,767	445
At 31 March	33,071	532	**14,016**	**448**
Broken down into				
Cash at commercial bank and in hand	**323**	**532**	401	448
Cash with Government Banking Service	**32,748**	**-**	13,615	-
Cash and Cash equivalents as in SoFP and SoCF	**33,071**	**532**	14,016	448

25. Capital Commitments

Commitments under capital expenditure contracts at the Statement of Financial Position date for both Group and Foundation Trust were £456,000 (2019/20: £159,000). This relates to a number of Backlog Maintenance schemes.

26. Events After the Reporting Period

There are no post balance sheet events requiring disclosure.

27. Contingencies

The Trust has received claims to the value below for compensation for alleged public or employer liability. These claims are disputed and the Trust's financial liability, if any, cannot be determined until these claims are received. Where the Trust feels it is unlikely that these claims will be successful the estimates are included in contingencies otherwise they are included in provisions.

27.1. Contingent Liabilities

Group and Foundation Trust	NHS Litigation legal claims **31 March 2021 £000**	Other **31 March 2021 £000**	Total **31 March 2021 £000**
Total value of contingent liability	(447)	-	(447)
Payable by NHS Resolution	414	-	414
Net contingent liability	(33)	-	(33)

Group and Foundation Trust	NHS Litigation legal claims **31 March 2020 £000**	Other **31 March 2020 £000**	Total **31 March 2020 £000**
Total value of contingent liability	(579)	-	(579)
Payable by NHS Resolution	549	-	549
Net contingent liability	(30)	-	(30)

28. Public Dividend Capital Dividend

The Trust is required to pay a dividend to the Department of Health and social care at a real rate of 3.5% of average relevant net assets less the average daily cleared Government Banking Service balances. The Trust's public dividend paid in year totals £2,181,000 (2019/20: £1,792,000) which included a payable of £21,000 from 2019/20, however based on actual average relevant net assets this figure should be £2,160,000 (2019/20: £2,010,000).

26.29. Related Party Transactions

Mid Cheshire Hospitals NHS Foundation Trust is a public benefit corporation established under the NHS Act 2006. NHS Improvement (NHSI) (formerly Monitor, the Regulator of NHS Foundation Trusts and NHS Trust Development Authority), does not prepare group accounts; instead, NHSI prepares NHS Foundation Trust Consolidated Accounts, for further consolidation into the Whole of Government Accounts. NHSI has powers to control NHS Foundation Trusts, but its results are not incorporated within the consolidated accounts, and it cannot be considered to be the parent undertaking for Foundation Trusts. Although there are a number of consolidation steps between the Trust's accounts and Whole of Government Accounts, the Department of Health and Social Care are the parent department. However the Trust's ultimate parent is HM Government.

During the year none of the Board members or members of the key management staff or parties related to them has undertaken any material transactions with the Mid Cheshire Hospitals NHS Foundation Trust.

Other main NHS entities with which the Mid Cheshire Hospitals NHS Foundation Trust are regarded as related parties. During the year the Mid Cheshire Hospitals NHS Foundation

Trust had a number of material transactions with other NHS entities which are listed below:

- NHS Cheshire CCG
- North Staffordshire CCG
- Stoke-on –Trent CCG
- NHS England and NHS Improvement
- East Cheshire Trust
- University Hospitals of North Midlands NHS Trust
- NHS Resolution
- Health Education England
- The Christies NHS Foundation Trust
- Welsh Health Bodies
- Cheshire East Unitary Authority
- Cheshire West and Chester Unitary Authority
- Her Majesty's Revenue and Customs
- NHS Property Services
- NHS Pension Scheme

The Trust has also received revenue and capital payments from a number of charitable funds, for which the Trust Board acts as Trustee. There are separate audited accounts for charitable funds.

30. Financial Instruments

IFRS 7, Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Mid Cheshire Hospitals NHS Foundation Trust actively seeks to minimise its financial risks. In line with this policy, the Trust neither buys nor sells financial instruments. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

30.1. Market Risk

30.1(i) Interest-Rate Risk

All of the Trust's financial liabilities carry nil or fixed rates of interest. In addition, the only element of the Trust's assets that are subject to a variable rate are short term cash investments. The Trust is not, therefore, exposed to significant interest-rate risk.

30.1(ii) Foreign Currency Risk

The Trust has negligible foreign currency income or expenditure.

30.2 Credit Risk

The Trust operates primarily within the NHS market and receives the majority of its income from other NHS organisations, as disclosed in note 3. There is therefore little risk that one party will fail to discharge its obligation with the other. Disputes can arise, however, around how the amounts owed are calculated, particularly due to the complex nature of the Payment by Results regime. For this reason the Trust makes a provision for irrecoverable amounts based on historic patterns and the best information available at the time the accounts are prepared. The Trust does not hold any collateral as security.

30.3 Liquidity risk

The Trust's net operating costs are incurred under annual service agreements contracts with local Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Trust receives such contract income in accordance with Payment by Results (PBR), which is intended to match the income received in year to the activity delivered in that year by reference to the National Tariff procedure cost. The Trust receives cash each month based on an annually agreed level of contract activity and there are monthly payments made to adjust for the actual income due under PBR. This means that in periods of significant variance against contracts there can be a significant cash-flow impact. The Trust presently finances its capital expenditure from internally generated funds or funds made available from Government, in the form of additional Public Dividend Capital, under an agreed limit. In addition, the Trust can borrow, both from the Foundation Trust Financing Facility and commercially to finance capital schemes. Financing is drawn down to match the capital spend profile of the scheme concerned and the Trust is not, therefore, exposed to significant liquidity risks in this area.

30.4(i) Financial assets by category

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

Group

Carrying value and fair of financial assets 31 March 2021	Total 31 March 2021 £000	Financial assets at amortised cost 31 March 2021 £000	Financial assets at fair value through OCI £000
Receivables (excluding non-financial assets) - with DHSC group bodies	**5,499**	5,499	-
Receivables (excluding non-financial assets) - with other bodies	**1,869**	1,869	-
Cash and cash equivalents	33,071	33,071	-
Consolidated NHS Charitable fund financial assets	**1,250**	-	1,250
Total	41,689	40,439	1,250

Carrying value and fair of financial assets 31 March 2020	Total 31 March 2020 £000	Financial assets at amortised cost 31 March 2020 £000	Financial assets at fair value through OCI £000
Receivables (excluding non-financial assets) - with DHSC group bodies	**11,268**	11,268	-
Receivables (excluding non-financial assets) - with other bodies	**1,913**	1,913	-
Cash and cash equivalents	**14,016**	14,016	-
Consolidated NHS Charitable fund financial assets	**1,057**	-	1,057
Total	**28,254**	27,197	1,057

Foundation Trust

Carrying value and fair of financial assets 31 March 2021	Total 31 March 2021 £000	Financial assets at amortised cost 31 March 2021 £000
Receivables (excluding non-financial assets) - with DHSC group bodies	**5,499**	5,499
Receivables (excluding non-financial assets) - with other bodies	**1,869**	1,869
Cash and cash equivalents	**33,071**	33,071
Total	**40,439**	40,439

Carrying value and fair of financial assets 31 March 2020	Total 31 March 2020 £000	Financial assets at amortised cost 31 March 2020 £000
Receivables (excluding non-financial assets) - with DHSC group bodies	**11,268**	**11,268**
Receivables (excluding non-financial assets) - with other bodies	**1,913**	**1,913**
Cash and cash equivalents	**14,016**	**14,016**
Total	**27,197**	**27,197**

All financial assets are denominated in Sterling.

30.4(ii) Financial liability by category

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

Group

Carrying value and fair value of financial liabilities – 31 March 2021	Total 31 March 2021 £000	Financial liabilities at amortised cost 31 March 2021 £000
Loans from the Department of Health and Social Care	**3,663**	**3,663**
Other borrowings		
Obligations under finance leases	**3,501**	**3,501**
Trade and other payables (excluding non-financial liabilities) - with DHSC group bodies	**3,843**	**3,843**
Trade and other payables (excluding non-financial liabilities) - with other bodies	**25,998**	**25,998**
NHS charitable funds: financial	**-**	**-**
Total	**37,005**	**37,005**

Carrying value and fair value of financial liabilities – 31 March 2020	Total 31 March 2020 £000	Financial liabilities at amortised cost 31 March 2020 £000
Loans from the Department of Health and Social Care	**17,223**	17,223
Other borrowings	**-**	-
Obligations under finance leases	**4,604**	4,604
Trade and other payables (excluding non-financial liabilities) - with DHSC group bodies	**3,572**	3,572
Trade and other payables (excluding non-financial liabilities) - with other bodies	**15,004**	15,004
NHS charitable funds: financial	**-**	-
Total	**40,403**	40,403

Foundation Trust

Carrying value and fair value of financial liabilities – 31 March 2021	Total 31 March 2021 £000	Financial liabilities at amortised cost 31 March 2021 £000
Loans from the Department of Health and Social Care	**3,663**	**3,663**
Other borrowings		
Obligations under finance leases	**3,501**	**3,501**
Trade and other payables (excluding non-financial liabilities) - with DHSC group bodies	**3,843**	**3,843**
Trade and other payables (excluding non-financial liabilities) - with other bodies	**25,998**	**25,998**
Total	**37,005**	**37,005**

Carrying value and fair value of financial liabilities – 31 March 2020	Total 31 March 2020 £000	Financial liabilities at amortised cost 31 March 2020 £000
Loans from the Department of Health and Social Care	**17,223**	17,223
Other borrowings	**-**	-
Obligations under finance leases	**4,604**	4,604
Trade and other payables (excluding non-financial liabilities) - with DHSC group bodies	**3,572**	3,572
885Trade and other payables (excluding non-financial liabilities) - with other bodies	**15,004**	15,004
Total	**40,403**	40,403

30.4(iii) Maturity of Financial liabilities

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

Group

	31 March 2021 £000	31 March 2020 £000
In one year or less	**31,683**	33,864
In more than one year but not more than five years	**3,587**	4,368
In more than five years	**2,394**	2,936
Total	**37,664**	41,168

Foundation Trust

	31 March 2021 £000	31 March 2020 £000
In one year or less	**31,683**	33,864
In more than one year but not more than five years	**3,587**	4,368
In more than five years	**2,394**	2,936
Total	**37,664**	41,168

All financial liabilities are denominated in Sterling.

30.5. Fair Values

There is no significant difference between book values and fair values of the Trust's financial assets and liabilities as at 31 March 2021.

31. Third Party Assets

Group and Foundation Trust	2020/22 Money on deposit £000	2019/20 Money on deposit £000
At 1 April		
Gross inflows	**17**	**11**
Gross outflows	**(16)**	**(11)**
At 31 March	**1**	**-**

The Trust held £652 cash at bank and in hand at 31 March 2021 (£178 at 31 March 2020) which relates to monies held by the Trust on behalf of patients. This is not included in cash at bank and in hand figure reported in the accounts.

32. Limitation on Auditor's Liability

The Trust's external auditor has a liability cap of £1,000,000 as at 31 March 2021.

33. Losses and Special Payments

Group and Foundation Trust	2020/21 Total number of Cases Number	2020/21 Total value of Cases £000's	2019/20 Total number of Cases Number	2019/20 Total value of Cases £000's
Losses:				
Overpayment of Salaries	**20**	**10**	-	-
Fruitless payments and constructive losses	**-**	**-**	7	9
Bad debts and claims abandoned in relation to:			-	-
private patients	**7**	**-**	-	-
overseas visitors	**33**	**45**	-	-
other	**197**	**15**	-	-
Damage to buildings, property and stores losses				
Theft, fraud etc	**-**	**-**	3	6
Stores losses	**1**	**166**	1	81
Other	**-**	**-**	-	-
Total Losses	**258**	**236**	11	96
Special payments:				
ex gratia payments	**27**	**18**	12	2
Total special payments	**26**	**16**	12	2
Total Losses and special payments	**285**	**254**	23	98

During 2020/21 there have been no individual cases of fraud, personal injury, compensation under legal obligation and fruitless payment cases, where the net payment exceeds £300,000.

The amounts reported are shown on an accruals basis but excluding provisions for future losses.

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