NHS

Mid Cheshire Hospitals

NHS Foundation Trust

Annual Report and Accounts

2019 to 2020

Mid Cheshire Hospitals NHS Foundation Trust

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

Contents

An Overview of Mid Cheshire Hospitals NHS Foundation Trust

1 Overview

Mid Cheshire Hospitals NHS Foundation Trust has 582 beds, provided at Leighton Hospital in Crewe, Victoria Infirmary in Northwich and Elmhurst Intermediate Care Centre in Winsford. The Trust's purpose is to provide a comprehensive range of healthcare services to the populations of Alsager, Crewe, Congleton, Knutsford, Middlewich, Nantwich, Sandbach, Winsford and surrounding areas. Since 2016 this has included Community Services which operate from medical centres and schools across a largely rural area of southern and central Cheshire with a rapidly growing and ageing population.

This report provides the Trust with the opportunity to highlight some of the key achievements made to services and improvements to care and outcomes throughout the 2019/20 year. The Board of Directors consider that this Annual Report and Accounts is fair, balanced and understandable, providing the information necessary for the public, patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

The overview provides a short summary which explains the organisation, its purpose, the key risks to the achievement of its objectives and how it has performed during 2019/20.

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.

Mid Cheshire Hospitals has a good reputation of delivering improvements in clinical outcomes, patient experience and transformational efficiencies which was evidenced in the 'Good' rating by the Care Quality Commission following its last inspection in 2019.

Particular improvements were made in community services.

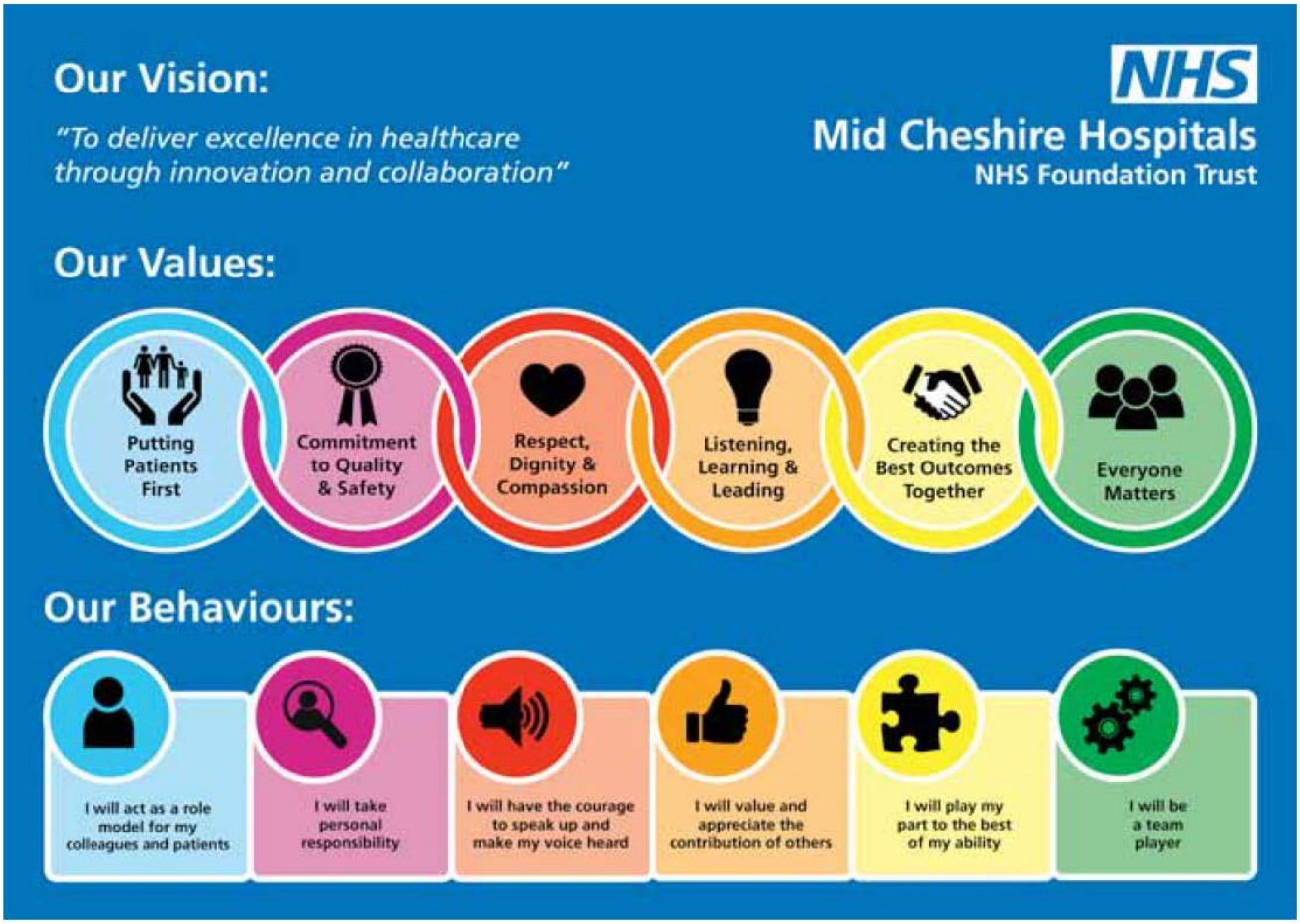
The Trust works closely with its commissioners and local authorities to address local health economy challenges to deliver high quality patient care and outcomes.

The Trust's headquarters are at:

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

The Trust provides services at the following locations:

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



Trust History

Mid Cheshire Hospitals NHS Foundation Trust (the Trust) was authorised by Monitor, the independent regulator, on 1 April 2008 as a Foundation Trust to provide services to people living in and around Alsager, Crewe, Congleton, Knutsford, Middlewich, Northwich, Nantwich, Sandbach and Winsford. The Trust's core purpose is to provide acute, child health, intermediate care and maternity services ensuring patient experience is at the forefront of care. Since 1 October 2016 the Trust, in collaboration with Cheshire and Wirral Partnership NHS Foundation Trust and the South Cheshire and Vale Royal GP Alliance, has also delivered community services through the Central Cheshire Integrated Care Partnership (CCICP).

Trust Structure

Alongside CCICP, the Trust operates its acute clinical services through four clinical divisions:

- Medicine and Emergency Care
- Surgery and Cancer
- Women and Children's
- Diagnostics and Clinical Support Services.

Estates and Facilities and Corporate Services divisions provide support to the clinical services.

Our Vision, Values and Behaviours

The Vision

The vision for Mid Cheshire Hospitals NHS Foundation Trust is:

"To deliver excellence in healthcare through innovation and collaboration"

Strategic Direction

The strategic objectives for the Trust are:

- Delivering outstanding clinical quality, safety and experience
- Being a leading partner in a progressive health economy
- Striving for organisational effectiveness
- Aspiring to excellence in practice through our workforce
- Creating a 21st century infrastructure for transformative health and social care.

The Trust developed its values in conjunction with staff and much success has been achieved by the hard work and dedication of its staff to deliver safe, high quality personal care to all patients. The Trust's aims are high - to learn from experiences to ensure reliable, continuous improvement in the quality and safety of patients.

Foreword from the Chairman and Chief Executive

2. Foreword and Overview from the Chairman & Chief Executive

Welcome to our Annual Report where we share with you some of our achievements and challenges over this past year to delivering services to our community across Cheshire. Until March of this year, the NHS faced ever-increasing challenges with unprecedented demand for our services within a challenging public spending environment. Part of our response to this, in collaboration with our partners, was to take steps to transform the delivery of healthcare services.

We remained one of the highest performers in the country for meeting the six national cancer targets and took steps to improve further the length of time it takes for patients to get a cancer diagnosis. We marginally missed the 92% target for patients waiting less than 18 weeks for elective or planned care but this was still a significant achievement, given the pressures of the winter period, and testament to the motivation and dedication of our staff.

In common with other NHS organisations, our hospital was extremely busy with more patients attending our Accident & Emergency department than ever before. To help alleviate this situation, we built a new extension to the department providing superb modern cubicle spaces and bathroom facilities, extending our capacity to keep up with demand. We also purchased the South Cheshire Private Hospital building in February 2020 which, following refurbishment will provide us with single en-suite rooms, outpatients areas and other additional clinical space. At all times, we have remained focused on delivering the highest quality health care and we are proud that our patient and staff satisfaction levels remain high, as demonstrated by our national staff and patient survey results and feedback from the patients' Friends and Family Test. However, if, at times, we make mistakes, we endeavour to learn from these and make improvements to the benefit of our patients.

We were delighted to retain our CQC overall rating of 'Good', following CQC's inspection of the Trust in 2019. This is the third consecutive 'Good' rating for the Trust and is testament to the hard work and commitment of our staff. We were delighted that the community services that Mid Cheshire Hospitals provides under the Central Cheshire Integrated Care Partnership (CCICP) improved its rating to 'Good' across all areas. This partnership between the Trust, our local GP Alliance and local mental health provider Cheshire & Wirral Partnership NHS Foundation Trust demonstrates that working collaboratively can deliver incredible results and helps us to move further toward our strategy of delivering safe care closer to home in our care communities. We know that we still have some work to do to improve our services, particularly strengthening the connection between Leighton Hospital and Victoria Infirmary, and we will continue to focus on addressing this throughout 2020/21.

The Trust achieved and surpassed its planned financial position at the end of the year, delivering a surplus of £407,000, which was a considerable achievement given the challenges on NHS finances. During the year and going forward we continued to work collaboratively with our partners to find shared savings and efficiencies as we increasingly consider the financial sustainability of all Cheshire providers.

A key challenge for the NHS is recruitment of staff, particularly nursing staff. During the last year, the Trust has seen many successes in its strategy to be more creative in this area. International recruitment has been a huge success for the Trust and we have sought staff from across the globe, trained them in UK practice and supported their development and settlement into the country, providing a much needed skilled workforce. We have also developed Physician Associates, a Registered Nurse apprenticeship scheme and enabled return to practice for experienced nurses.

Our new five year strategy (2020-2025) was being finalised at the end of 2019/20 with revised strategic objectives when our attention had to be redirected to facing the Covid-19 global pandemic and putting plans in place to ensure we could deliver emergency care to those who had contracted the virus. This strategy will be launched once the Covid-19 situation is under control, but it is already clear that the world we live in and the way we deliver healthcare will need to adapt to this threat not just in the short term but for some considerable time.

All our staff, from those providing care and treatment directly to patients to those behind the scenes supporting clinical services who keep our Trust working every day but who patients rarely meet, play a vital part in ensuring we continue to provide excellent care and experience for our patients, They all deserve our praise and recognition, and never more so than during this time of national crisis, where again the NHS has shown its real value to the nation.

We are immensely proud of how our staff and volunteers have pulled together so that we can continue to care for our patients under increasing and unparalleled pressure. We have also restructured our sites to ensure patients can be treated appropriately and sensitively at this challenging and distressing time.

In turn, we have been overwhelmed with the generosity and support from the public and from its partners. The Trust has received thousands of donations ranging from food and gifts to offers of support from local businesses and donations to the Trust's charity to support the health and wellbeing of staff. These gifts have meant a lot to all the staff and we thank each and every one of those who have supported us in this way.

It is hard to predict what 2020/21 will bring as we continue to focus on the immediate issues of dealing with Covid-19. We have had to adapt quickly to a constantly changing environment but have been helped by the investment the Trust has made over the last few years in Information Technology which enabled us not only to set up virtual clinics but also to ensure our staff could work from home to support social distancing.

The Council of Governors continues to support the Trust to meet the needs of patients and provides constructive challenge to the Board in line with its statutory duties. Our volunteers also richly deserve our thanks – they give their time so freely to our hospitals and services; without them, we would not be able to provide the care and service to patients that we do.

I arrived into post as Chief Executive at the Trust in July 2019 and, in that time, I have constantly been impressed at the committed, caring and resilient nature of our staff in both our hospitals and community services. Along with the Chairman, I am grateful to all of them for their unwavering dedication which will enable us to give our patients the care and support they deserve.

Dennis Dunn
Chairman

James Sumner
Chief Executive

Principal Risks and Uncertainties

The Trust continues to identify potential risks to achieving its strategic developments as part of its good governance process. The Board maintains an Assurance Framework which enables the identification, analysis and management of risk.

The principal organisational risks for 2020/21 are:

- Inadequate arrangements to ensure safe management of pandemic against national guidance
- Failure to deliver outstanding care and patient experience
- Failure to deliver the most effective care to achieve best possible outcomes
- Failure to make Mid Cheshire Hospitals the best place to work
- Failure to provide modern, efficient, sustainable estate, infrastructure and equipment
- Failure to provide strong system leadership
- Failure to be well-governed and clinically led.

The Trust made preparations through 2019/20 for the potential impact of the UK's exit from the European Union, including planning for the case of a 'no deal' EU Exit, including following recommendations in the Department of Health and Social Care's EU Exit Operational Guidance. The NHS' overall approach included planning and contingency measures being taken centrally, as well as actions that are the responsibility of individual providers. The Trust has paid particular regard to the potential impact on the workforce. In terms of governance, the Director of Workforce and Organisational Development has been the Trust's EU Exit Senior Responsible Officer, chairing the EU Exit Working Group and reporting to the Board of Directors, with other Board committees considering issues as relevant through the year.

The Trust's Organisational Risk Register has recognised the potential impact of EU Exit and this has been monitored through the year by the Board and the Performance and Finance Committee.

The Trust recognises that there may be other risks or uncertainties that have not yet been identified which could impact on the Trust's future performance. The Annual Governance Statement contained within this report further outlines the Trust's approach to risk, the detail of significant risk and how it manages these. The Trust has developed a clear risk mitigation strategy to deal with the external volatile environment and will continue to engage with partners in the development of such plans.

The Trust's culture is built on trust, openness and empowerment with clear lines of accountability and responsibility that have ensured learning and improvement over time. The Annual Governance Statement also includes the Trust's system of internal control which is designed to manage risk for the organisation. The Trust continues to perform well against objectives, regulatory requirements and targets and is confident in delivering these going forward.

Statement of Going Concern

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 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 July 2020.

The Department of Health and Social Care (DHSC) has confirmed that temporary revenue support arrangements will continue, in order to support providers with demonstrable cash needs. At the point when contracting was abandoned for 2020/21 the Trust was budgeting for additional working capital support of £12.6m and an additional £5.5m of interim capital support. It is unlikely that this level of support will now be required with current updated forecasts showing this level to be around £5m of working capital support required in the form of Public Dividend Capital, although it is not clear what alternative assumption should be considered most likely.

Providers have been told by the 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.

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 Strategic Report is approved by the Directors and signed and dated by the Accounting Officer.

James Sumner
Chief Executive & Accounting Officer
12 June 2020

Strategic Report

3.1 Performance Analysis 2019/20

The purpose of the strategic report is to provide the public with information in order that they can assess how well the directors have performed during 2019/20 to promote the success of the Trust so as to maximise the benefits for the Members of the Trust and for the public.

The Trust has made significant progress against its strategic objectives with the delivery of operational, clinical and quality standards during 2019/20.

Attendances at the Emergency Department were the highest on record for the hospital for the sixth year in a row with 96,831 attendances. The Trust's increasing attendance was almost double the rate of the national increase. The number of patients attending the Emergency Department who subsequently required admission increased again following a slight decrease in 2018/19. This is despite a growing number of patients being treated in their own homes using an ever expanding range of services in the community. As a result of this growth in admissions, the Trust had to increase the number of beds it had open to its highest level since 2016/17.

2019/20 has seen an increase in levels of planned care services provided to patients from 2018/19. This increase is in part the result of an increase in referrals being received by the Trust, which has also impacted the number of attendances at outpatient clinics. The Trust's maternity services again had a busy time in 2019/20, supporting expectant mums to deliver just over 2,800 babies.

The table below details the patient activity as follows:

Key Performance Measures	2019/20	2018/19	2017/18	2016/17
Emergency episodes of care requiring the use of a bed	39,042	37,452	39,248	35,109
Attendances at Accident and Emergency and Minor Injuries	96,831	92,292	87,766	86,127
Total referrals received	106,967	100,695	98,661	100,738
GP referrals received	59,943	62,247	61,030	61,815
Elective episodes requiring a procedure to be performed	31,055	30,754	30,510	34,787
Total attendances at outpatient clinics	267,131	263,436	260,278	286,143
Births	2,800	2,901	2,937	2,836
Requests for medical imaging	205,152	207,676	212,030	226,880
Average number of beds open in the year	582	559	556	579
	2019/20	**2018/19**	**2017/18**	**2016/17**
Average % Occupancy				
Overall	91.91%	94.00%	91.29%	85.27%
General Medicine	88.69%	96.00%	94.38%	91.75%
General Surgery	88.73%	88.00%	85.37%	72.69%

Compliance with Mandatory Financial and Operational Standards

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) who assess 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, Vale Royal and South Cheshire Clinical Commissioning Groups.

Performance against national targets and regulatory requirements 2019/20:

National Targets and Minimum Standards	Target	Target	2019/20	2018/19	2017/18	2016/17
Infection Control	Number of clostridium difficile cases (Avoidable)	<= 24	1	2	2	3
	Number of clostridium difficile cases (Unavoidable)	n/a	28	23 (of which 5 unclassified)	17	19
	Number of MRSA blood stream infection cases	Target <= 0 MRSA	0	4	5	3
Access to Cancer services	% of cancer patients waiting a maximum of 31 days from diagnosis to first definitive treatment	96%	100%	98.87%	99.32%	99.80%
	% of cancer patients waiting a maximum of 31 days for subsequent treatment (anti- cancer drug)	98%	100%	100%	100%	100%
	% of cancer patients waiting a maximum of 31 days for subsequent treatment (surgery)	94%	100%	100%	100%	100%
	% of cancer patients waiting a maximum of 62 days from urgent GP referral to treatment	85%	86.22%	88.98%	93.70%	92.90%
	% of cancer patients waiting a maximum of 62 days from a screening service referral to treatment	90%	89.29%	94.44%	97.09%	95.40%
	% of cancer patients waiting a maximum of 2 weeks from urgent GP referral to date first seen	93%	97.41%	97.13%	96.85%	98.10%
	% of symptomatic breast patients (cancer not initially suspected) waiting a maximum of 2 weeks from urgent GP referral to date first seen	93%	96.21%	95.3%	80.94%	97.90%
Access to Treatment	18 weeks Referral to Treatment (patients on an incomplete pathway)	92%	91.36%	92.39%	95.90%	94.40%
Access to A&E	% of patients waiting a maximum of 4 hours in A&E from arrival to admission, transfer or discharge	95%	76.79%	83.63%	87.12%	90.20%
Cancelled operations	# of in-patients who had operations cancelled by the hospital for non-clinical reasons on day of or after admission to hospital	0	289	320	347	422
	# of those patients who had operations cancelled by the hospital for non-clinical reasons on day of or after admission to hospital, and were not treated within 28 days	0	13	40	35	40

The 95% four-hour A&E target was not achieved by the Trust at 76.79%. Whilst this has been disappointing, the Trust performance has been affected by a record number of 96,813 attendances at A&E and minor injuries. The number of patients attending the Emergency Department who subsequently required admission rose from over 37,000 in the 2018/19 financial year to in excess of 39,000 in 2019/20. It is recognised that timely admission, transfer and discharge remains a national challenge for the NHS.

The Trust has had a challenging year in relation to access standards for planned care. Referral to Treatment has seen deterioration from 92.39% to 91.36% of patients waiting less than 18 weeks for their treatment during the course of the year. This is due to the increase in emergency pressures resulting in the extended closure of elective activity over winter and closure in March 2020 in order to prepare for the Covid-19 virus.

In terms of cancer care, the Trust has achieved seven out of eight access standards for the year in relation to timeliness of diagnosis and treatment of cancer patients. The excellent performance across the standards has been seen at all stages of the pathway, from access to a specialist within 14 days of referral from a GP, to treatment commencing within 31 days of a diagnosis being made. However, the percentage of patients treated with 62 days from a cancer screening service was just below the 90% target at 89.29%.

3.2 Delivery of the 2019/20 Annual Plan

Transformation

The Trust has introduced a significant number of initiatives and developments to enable the achievement of operational and efficiency measures in the future. The Trust runs a transformation programme which focuses on key services to improve the quality of patient care and improve the use of resources. During this year the Transformation and People Committee supported the change in approach to transformation. A new 90 day methodology was agreed and applied to a variety of projects. Trialing this approach and testing out other forms of support has enabled the committee to plan the approach to transformation and the use of the resource in the Transformation team. Projects were completed in the Pre- operative Assessment Clinic (POAC) where significant efficiencies were released, in the cancer team to introduce new pathways for earlier diagnosis, and a new streaming pathway for GP referrals into A&E to speed up the movement of these patients into an assessment area.

Workforce Transformation

During 2019/20 the Trust has continued to invest in new roles to support the clinical and medical workforce. These roles include additional Nursing Associate roles on both medical and surgical wards and additional Physician Associate roles to provide support to the medical workforce. The introduction of new roles is allowing the Trust to develop alternative career pathways and is providing opportunities to expand the workforce pool by attracting new recruits to carry out new roles.

These new staff are also being encouraged to take up rotational posts to widen experience and learning and, through working with education providers, the Trust is able to offer multiple opportunities for people to study and work as part of their training.

In addition to introducing new clinical roles, the Trust continues to look at ways to transform the workforce through the use of technology. New ways of working have been introduced to support virtual clinics and enable patients to access health care remotely where possible. The advancement in technology is also helpful to those working in community settings, enabling greater shared access to patient information and, through the use of digital tracking, maximise the effectiveness of travelling between patient homes.

Key Achievements during 2019/20

Trust named as one of best in country

In July, the Trust was announced as a CHKS Top Hospital for 2019, a prestigious award based on an analysis of more than 20 performance indicators from all hospital trusts in England, Wales and Northern Ireland. These cover areas such as safety, clinical effectiveness, health outcomes, efficiency, patient experience and quality of care.

Mental Health First Aiders

In 2019 the Trust introduced Mental Health First Aiders to help look after the health and wellbeing of staff. A group of 17 staff received specific training accredited by Mental Health First Aid England to support colleagues. It now allows the group to be a first point of contact for someone who is experiencing a mental health issue or who is in emotional distress. Whilst the staff are not therapists, psychiatrists or counsellors they are trained to listen in a non-judgmental way, provide crisis support and signpost people to the most appropriate help.

A platform for telling your story once

A collaborative project between the Trust and the local Clinical Commissioning Groups was shortlisted for a prestigious Health Service Journal (HSJ) national award in 2019. The project developed new technological systems to provide more effective discharge planning, monitoring and reporting between partners. The aim was to reduce hospital care but are unable to do so. Planning by community and social care teams can start much earlier as there is one single point which shows patient needs. The system has also grown to help reduce avoidable admissions through A&E by allowing patients to access more suitable services in the community.

Community Services

Central Cheshire Integrated Care Partnership (CCICP) was formed in October 2016 as a new and innovative collaboration with partners. The principles of CCICP are to ensure integrated, person-centered care and services, centered around co-located care communities where a variety of health care professionals including nurses, therapists, mental health practitioners and GPs work more closely together to meet the needs of the local population without barriers of having to refer patients between teams. Since November 2018, these teams are accessed through a single phone number for each area. The five care communities are based around: Winsford, Northwich, Crewe, Nantwich and Rural, and SMASH (Sandbach, Middlewich, Alsager, Scholar Green and Haslington).

Quality visits
CCICP is now well advanced through a five-year transformation programme. In 2019/20, 'Quality Visits' have been introduced which review services surrounding the CQC's five Key Lines of Enquiry to ensure that the care and services provided to patients is safe, well led, effective, responsive and caring. Staff act on any developments, celebrate great practice and share any lessons learned.

Stoma service
A new service has been launched by CCICP which is the first of its kind in Cheshire. It provides direct access for stoma patients for support and expert advice as well as providing stoma education and management and review for patients following hospital discharge.

Children's services
Following a review of CCICP's services within paediatric nursing, therapies and special schools, all staff now have access to paediatric emergency equipment and training. The physical environment for care in specialist schools has been enhanced. A new deteriorating child Standard Operating Procedure has been implemented and a Pharmacy Technician has been appointed to support safe administration of medication.

Pressure ulcer care
CCICP is dedicated to providing harm free care for its patients and has purchased 250 high specification pressure relieving cushions to provide to patients at risk of developing pressure damage. Previously, patients would have had to purchase these cushions themselves. Pressure ulcer improvement information boards have also been developed in care homes, aimed to promote knowledge and awareness to patients, carers and families.

In addition, during the year investment has allowed CCICP to:

- Increase access to physiotherapy and occupational therapy for people in their own homes
- Introduce new posts in therapy and nursing services to provide professional leadership, support and advice to community staff
- Increase the number of rapid response nurses to provide home visits for people in the community who would otherwise have required admission to hospital
- Provide new heart failure clinics in community buildings supported by GPs with a specialist interest in cardiology
- Develop a service for people identified by ambulance crews as needing additional support to allow them to remain safe and well in their own home
- Develop and train staff to deliver a first contact service for people with a musculoskeletal complaint who would otherwise have needed a GP and/or hospital appointment.

Reorganisation of existing teams during 2019/20 has allowed community services to significantly increase the domiciliary care provided to people either following a hospital stay or to prevent admission into hospital. The number of Nursing Assistants has been increased by 25% during the last year to make sure that people who need help for a period of time in washing and dressing have timely and appropriate support. The team helps people to stay comfortably and safely in their homes whilst recovering from a period of illness or a disability.

CCICP has also invested in a new frailty service which aims to ensure that people who have reached a stage in their life where they require more support are identified and helped earlier, in order to prevent problems such as falls or social isolation. The new service has meant an increase in community nursing staff and the development of a risk assessment tool to identify where extra support is needed.

Women & Children's Services

Transitional maternity care
The introduction of transitional care commenced in March 2019 and aims to reduce the separation of mothers and babies by providing enhanced neonatal care at the mother's bedside. This promotes bonding and attachment, which will enhance women and families' experience. The initiative allows babies to stay with mum and receive care such as intravenous antibiotics when previously they would have had to be admitted to the Neonatal Unit.

Saving Babies Lives care bundle
The Saving Babies Lives care bundle, which is a national initiative aimed at reducing perinatal mortality, has been introduced. All pregnant women are risk assessed and assigned to care pathways including additional scanning, offer of smoking cessation intervention and management of reduced fetal movements. The unit is also committed to ensuring midwives and medical staff receive appropriate training in relation to continuous electronic fetal monitoring in labour.

Baby hearing screening programme
A programme that has helped to identify more than 140 babies with a hearing impairment celebrated its 15th anniversary during 2019/20. Staff past and present and their families were invited to a birthday party to mark the milestone. Previously, babies were up to three years old before being diagnosed; now, all babies born at Leighton Hospital are offered a screening in their first month of life and babies as young as 90 days old can be fitted with hearing aids to make the most of social and emotional interactions from an early age.

Gynaecological cancers
Significant improvements have been made in the waiting time for patients referred with suspected gynaecological cancer with 90% of patients currently seen within seven days of referral. Improvements have also been made in performance against the 28-day faster diagnosis - during August 2019, 91% of patients were diagnosed within 28 days. Paediatrics offer a Paediatric Oncology Shared Care Unit (POSCU) level one service whereby patients are consistently seen within 14 days and referred to Alder Hey Children's NHS Foundation Trust for diagnostics and treatment. Specialty performance is monitored at both a divisional level through local performance meetings, governance and divisional board and at Trust level through weekly and monthly performance meetings.

Diagnostic and Clinical Support Services

Medical Imaging improvements

The Trust has installed a third MRI scanner. The new scanner has been installed in purpose-built accommodation at Leighton Hospital and brings improvements to reduce breath holding, reduce scan times and increase image resolution. A new system monitors patients remotely during scanning. The scan room has been modernised as part of the project and now incorporates patient comfort and privacy improvements such as daylight ceiling panels and privacy glass. A replacement CT scanner has also been installed with a wider detector so that motion blurring can be greatly reduced and the radiation dose is significantly lower. The Trust's other CT scanner will be replaced and a third CT scanner installed in the next year.

Surgery & Cancer Services

Mid Cheshire Hospitals was renamed in 2019 as one of the country's leading Trusts for cancer performance during 2018/19. 92.2% of patients who were referred to Leighton Hospital by their GP with suspected cancer were seen, diagnosed and started to receive treatment within 62 days. This places the Trust joint third in the country for cancer performance and compares very favourably to the national expectation of 85% set by NHS England.

Surgical Ambulatory Care Unit (SACU)

The Surgical Ambulatory Care Unit (SACU) was an award winner at the 2019 Patient Experience Network Awards ceremony. The unit won the category of 'Integration and Continuity of Care' for providing patients with high quality emergency care that is managed safely and appropriately the same day without admitting them to a hospital bed. The hard work and commitment of the team has led to a 104.5% increase in the number of emergency GP patients discharged home the same day, freeing up 102 beds at Leighton Hospital every month since the unit opened in September 2016. This has meant that beds are free for other patients who need them.

Virtual Fracture Clinic award

In 2017 the Trust launched an innovative scheme which assesses patients with fractures before contacting them to advise on whether they need to re-attend in person. In 2019, this project was recognised at the Patient Experience Network Awards in the category of 'Innovative Use of Technology, Social and Digital Media'. The project has delivered a cost-effective service whilst ensuring patients are managed according to best evidence. Hundreds of patients have benefitted from the virtual clinic, which allows patients to manage their broken bones safely and reduces the number of times they need to visit hospital. The project has also reduced clinic waiting times for those that do have to return to hospital for fracture appointments.

Medicine and Emergency Care

Winter Ward wins national award

In 2019 a new GP-led additional capacity winter bed ward model received national recognition by NHS England at a winter innovation collaborative. The GP-led ward was a new concept created following recognition that alternative workforce models needed creating to ensure the safe, effective running of additional beds opened during the winter period. The ward achieved positive feedback from family and friends as well as realising an average of four discharges per day and a reduction in length of stay for patients. Patients have been safely discharged more quickly from the Trust as a result.

Visual scanning wall for Stroke patients

The Trust has created a visual scanning wall which aims to help patients with visual inattention following a stroke. It is marked by difficulty attending to and seeing objects on the side of space opposite to the injured side of the brain. The person's eyes may be working normally, but the way the information is being processed by the brain is impaired. The visual scanning wall displays fixed images set to a specific pattern, representing the visual field.

Diabetes Inpatient Team

Following a successful trial of increasing the numbers of GP referred patients sent directly to the Ambulatory Care Unit (ACU), avoiding attendance in the Emergency Department, funding was secured to continue this on a permanent basis. This has led to a 21% increase in the numbers seen in an ambulatory care setting in comparison to the same period the year before.

Urgent Treatment Centre

The Trust implemented a streaming model in 2018 in the Emergency Department to assess patients efficiently and identify the most appropriate clinical area for ongoing care to be given. This may be Emergency Care, Urgent Care, GP or Primary Care services. This model has been extended over the winter period to include an expansion of Urgent Treatment opening times to include a weekend GP-led service which has resulted in the region of 40 patients being seen and treated through this service each weekend.

Emergency Preparedness

Emergency Preparedness, Resilience and Response (EPRR) involves building resilience within MCHFT by assessing what key services and critical activities are required to maintain the Trust's operations. All areas develop their own business continuity plan so that they can respond as part of a wider Trust command and control framework. In order to ensure that plans are fit for purpose, they are regularly reviewed and tested and valuable lessons are learnt and incorporated into revised plans.

Refurbishments

Ward 12

The Trust completed the refurbishment of Ward 12 in 2019/20 and started enabling works on the old Critical Care Unit. This will prepare the area to undergo refurbishment with a target completion date of May 2020.

A&E Modular Project

The Trust received additional winter funding in September 2019 and was able to build an extension to A&E in time for Christmas which created a further eight bays for patients and reduced patient waits on a trolley.

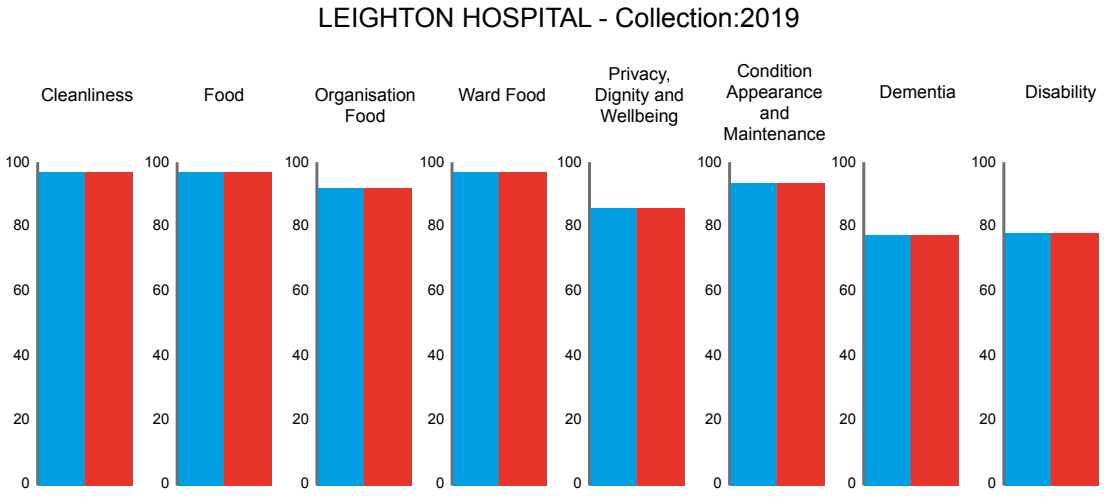
3.3 Patient Care Environment

Patient-led Assessment of the Care Environment (PLACE) is a national initiative that focuses on patients' views, with assessments carried out throughout the Trust's premises against privacy and dignity, dementia friendliness, cleanliness, general building conditions and food. The results of these assessments identify how well hospitals are performing nationally against the areas assessed. Victoria Infirmary is included as part of Leighton Hospital's PLACE assessment in rotation with other areas of the Trust. The PLACE assessment is not a statutory requirement; however, it is considered best practice and facilitates benchmarking with other organisations.

The Trust's assessment includes both Leighton Hospital and Victoria Infirmary in rotation with other areas of the Trust.

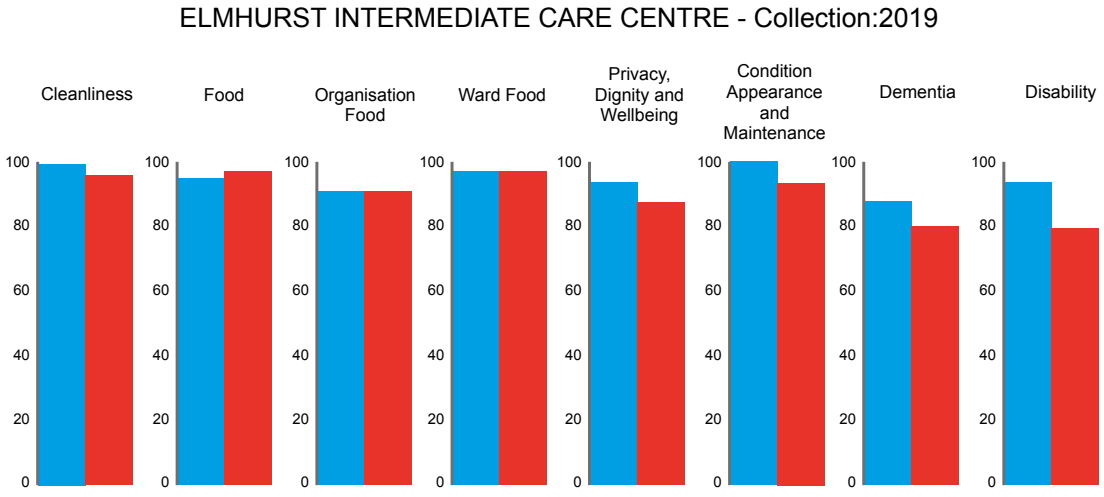
This year, the PLACE audit system underwent a complete review with revised arrangements launched in September 2019 for assessments in October 2019 with results released in January 2020. As a result of the assessment, an action plan was developed to include both strategic and operational actions. A PLACE action group was set up to implement this and identify if there were initiatives already being planned which would address the strategic issues.

Leighton Hospital results incorporating Victoria Infirmary, Northwich:



	Cleanliness	Food	Organisation Food	Ward Food	Privacy, Dignity and Wellbeing	Condition Appearance and Maintenance	Dementia	Disability
Achieved Score (Actual)	2877.0000	697.8333	82.8333	615.0000	529.3334	1150.8333	838.5000	631.5000
Available Score (Actual)	2962.0000	722.0000	90.0000	632.0000	618.0000	1236.0000	1092.0000	822.0000
Site Score	97.13%	96.65%	92.04%	97.31%	85.65%	93.04%	76.79%	76.82%
Organisation Average	97.27%	96.58%	92.11%	97.33%	86.21%	93.45%	77.67%	77.95%

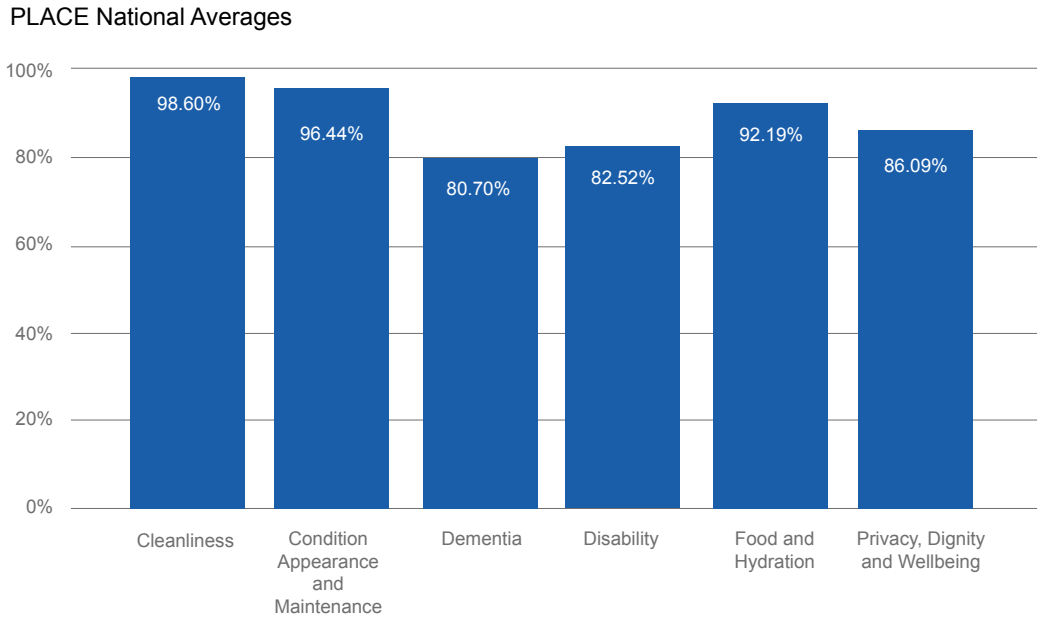
Elmhurst Intermediate Care Centre Results:



	Cleanliness	Food	Organisation Food	Ward Food	Privacy, Dignity and Wellbeing	Condition Appearance and Maintenance	Dementia	Disability
Achieved Score (Actual)	352.0000	166.0000	84.000	82.0000	116.0000	160.0000	180.0000	142.0000
Available Score (Actual)	352.0000	174.0000	90.0000	84.0000	122.0000	160.0000	196.0000	148.0000
Site Score	99.44%	95.40%	93.33%	97.62%	95.08%	100.00%	91.84%	95.95%
Organisation Average	97.27%	96.58%	92.11%	97.33%	86.21%	93.45%	77.67%	77.95%

National benchmarking comparators

Year 2019



3.4 Sustainability

The UK Government's Climate Change Act 2008 sets legally binding targets for the UK to reduce its carbon emissions by 80% by 2050 based on a 1990 baseline datum, phased in as below:

- 34% by 2020 from 1990 baseline
- 50% by 2025 from 1990 baseline
- 80% by 2050 from 1990 baseline.

In order to deliver this, the Trust is working towards the targets within its Sustainable Development Management Plan (SDMP). This broadly follows the NHS Sustainable Development Unit (SDU) initiatives to actively raise carbon awareness at every level of the organisation and to achieve zero general waste to landfill by 2020. The Trust is committed to minimising the impact of its activities on the environment.

The table below highlights the changes over the last year with regard to waste management:

Definition	Tonne 2018/19	Tonne 2019/20	Disposal Cost 2018/19	Disposal Cost 2019/20
Total amount of waste produced by the Trust	1,200	1,216	324,361	292,072
Method of disposal (Landfill)	491	39.5	54,924	9,851
Method of disposal (Heat treated then deep land fill)	175	NA	54,877	NA
Method of disposal (Incinerated then deep landfill)	331	NA	174,185	NA
Method of disposal (Recycled)	201	1156.	36,066	274,431

Summary Position – Waste Management

- Waste produced has increased by 16 tonnes. This is due to increased activity in the Trust
- Waste going to landfill has reduced by 81%
- Heat treated waste has increased in year from 175 tonnes to 209 tonnes however this no longer goes to landfill
- Incinerated waste has increased by 240 tonnes but no longer goes to landfill
- Recycling has increased from 201 tonnes to 1156 tonnes.

Environmental Projects

In 2019/20 the Trust was awarded the Carbon Saver certification for the eleventh year in a row for reducing carbon emissions. Both of the Trust's retail outlets, Café Express and the Bistro, introduced biodegradable and compostable disposables as suggested by a staff member via the staff suggestion scheme 'Bright Ideas' in June 2019. This was launched with a week-long awareness campaign and has been well received by staff and visitors. In April 2019, the Trust also introduced two declutter days per year for each area where items can be collected and recycled or repurposed for use across the Trust.

Finite Resources

The Trust is committed to meeting overall government (and NHS) carbon reduction targets and minimising the use of finite energy resources.

The table below highlights the changes over the last year with regard to finite resources:

Definition	Consumption 2019/20	Consumption 2018/19	Cost 2019/20	Cost 2018/19
Water	172,443 m3	165,950 m3	490,162	461,838
Electricity	11,019,816 kWh	11,078,701 kWh	1,216,440	1,364,976
Gas	34,609,792 kWh	32,897,367 kWh	929,445	889,344
Oil	151,913 kWh	148,601 kWh	6,653	NA

Summary Position – Finite Resources

- Water usage has increased by 3.19%
- Electricity consumption has decreased by 0.53%
- Gas consumption has increased by 5.21%
- Oil consumption has increased by 2.23%.

3.5 **Financial Performance**

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.

Overview of the Foundation Trust Performance

The financial year of 2019/20 represented a significant financial challenge for the NHS and in particular hospital providers, with the impact of sustained efficiency expectations coupled with the growing demand and the need to maintain and improve the quality of care delivered, and in the final quarter the emerging challenge of Coronavirus. The Trust began the year with an expected operational deficit of £1.7m after planned support of £7.5m through the Provider Transformation Fund (PSF). During the financial year, the expected deficit set by regulators was adjusted by £0.6m to £2.3m to reflect the operational challenges as a result of equipment failure within the Trust's laundry service.

The Trust met the adjusted control total and, as such, received further support in the form of financial recovery funding (FRF) of £2.4m which resulted in the final position reported within the Statement of Comprehensive Income (SOCI) showing a surplus of £0.4m. Accounting for technical adjustments (income and expenditure impairments and prior year adjustments) gives a comparable £50k surplus against the revised expected planned operational deficit of £2.3m.

Income analysis

The total income received by the Trust in 2019/20 was £280.8m, which represents an increase of £24.4m (or 9.5%) on 2018/19. An analysis of the movement in the key income streams can be found in the table below.

Analysis of income table

Income source	2019/20 £'000s	2018/19 £'000s	Change £'000s
Patient Care Activities (Acute)	215,658	198,319	17,339
Education and Training inc.	7,227	6,552	675
Non-Patient Care Services to Other bodies	12,558	9,904	2,654
Other Non-Clinical income	3,026	3,637	(611)
Sub Total	**238,469**	**218,412**	**20,057**
Patient Care Activities (Community Services)	30,193	28,756	1,437
Other Income (Community Services)	1,644	1,451	193
Support Funding (PSF/MRET/FRF)	10,264	7,443	2,821
Charitable Contributions	263	350	(87)
Total	**280,833**	**256,412**	**24,421**

Increases in the year on year value of contract income have been driven by a number of factors:

- The contract value with the Trust's principal commissioners was based on the 2018/19 outturn with expected growth for 2019/20, including investment into community services of £1.3m
- The growth in unplanned care exceeded the contract expectations, and the Trust received additional funding from both commissioners and NHS Improvement amounting to £2.4m
- The increase to employers NI contributions was funded by regulators at £7.2m
- The impact of One to One midwifery ceasing trading in August, and acquisition of South Cheshire Private Hospital in February increased demand for services at Mid Cheshire and the contract value was increased by £1m
- High cost drugs spend increased, largely as a pass through cost to Specialised Commissioning due to outsourcing aseptic drugs following the closure of the unit at the Trust
- The Trust received an additional year end £2.4m of Financial Recovery Funding to reflect that the Trust had achieved the eligibility criteria against the control total and thus received this allocation titled deficit reduction incentive payment.

Expenditure analysis

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

Analysis of Expenditure	2019/20 £'000s	2018/19 £'000s	Change £'000s
Employee Expenses - Staff	171,585	153,891	17,694
Supplies and Services - Clinical	16,393	16,707	(314)
Drugs	18,807	17,201	1,606
Premises Costs	12,158	10,973	1,185
Clinical Negligence	6,746	6,135	611
Services from NHS bodies	3,923	4,237	(314)
Other	17,726	15,543	2,183
Sub Total	**247,338**	**224,687**	**22,651**
Community Services Employee Expenses	24,297	21,604	2,693
Community Services Non Pay Costs	6,758	6,852	(94)
Impairments	(209)	5,499	(5,708)
Total	**278,184**	**258,642**	**19,542**

The Trust saw an increase in expenditure of £25.2m (excluding the £5.7m impact in movement on impairments), which can be summarised as follows:

Pay Expenditure (£20m)

- £6.2m of inflationary pressures for pay awards
- £7.2m additional pension contributions
- £3.0m increase in Bank and agency costs to support core services
- ca. £4m of investments made within both the acute and community services, which relate to new business cases within the year and prior year investments and included the investment of an additional ward, nursing staff increases to reflect acuity reviews and enhancement to services
- In addition to investments, the Trust increased staffing in Maternity as a result of One to One Midwives ceasing trading and increased staffing when the BMI South Cheshire Private Hospital building was acquired.

Non Pay Expenditure (£5m)

- £1.1m of increased premise costs, largely relating to the challenges associated with the breakdown of key equipment in the Trust's laundry
- £1.5m of increased expenditure in relation to outsourcing activity to external companies
- Inflationary pressures (CNST premiums, utilities and general contract increases)
- Drug cost increases, resulting primarily from the outsourced costs of aseptic products.

Capital expenditure investments

2019/20 has seen the Trust continue to invest in its infrastructure by spending £11.7m on the capital programme which has been split into the following areas:

- Improvements to the estate, including the Emergency Department modular build, enabling work for new scanners and ward refurbishment
- The acquisition of both South Cheshire Private Hospital and land for increased car parking
- Replacement of clinical systems and introduction of new software.

Liquidity and Borrowings

Cash balances remained positive during the year with a year-end balance of £14m. This is an improvement on the previous year which is significantly driven by continued strong financial performance.

During the year borrowings outstanding increased by £3.4m, as a result of increase capital loans from the Department of Health and Social Care.

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

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totaling £13,214,000 as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

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.

3.6 **Overview of Charitable Activities**

Mid Cheshire Hospitals Charity is a registered charity which manages all donations made to Mid Cheshire Hospitals NHS Foundation Trust (including money donated through fundraising activities, 'in memory of' donations and legacies) and is based at Leighton Hospital. The charity holds a number of funds to allow 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.

Over the last 12 months the charity has funded a wide range of items to improve the care and experience of people using the Trust's services. Some examples include:

- The purchase of portable suction pumps which enable people needing continuous suction to move away from their bed to spend time with family, or just to have a 'change of scenery' without compromising their treatment
- Enhancements to the recently refurbished children's ward including a sensory room and new outside play area
- Funding to support a research project for breast cancer patients
- Ongoing funding to provide a hypnotherapy service for patients undergoing cancer treatment.

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,

Over the next 12 months the charity will promote and support the new Lost Little Ones baby bereavement suite appeal, which aims to raise £100,000 for a suite on the labour ward where parents suffering baby loss can spend precious time with their baby, creating memories that last a lifetime.

The charity will launch two other appeals, one for scalp cooling machines for chemotherapy patients and one for an additional ultrasound machine for the Breast Care Unit. The charity will support teams across the Trust to raise and spend funds for the benefit of their patients. The charity will also continue to work with the Trust to seek out and develop projects that the charity could support, which will have a direct and lasting impact on patient care and experience.

Staff pictured with the suction pumps purchased by the charity.

3.7 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 work is in line with standards for providers for Fraud, Bribery and Corruption issued by the NHS Counter Fraud Authority.

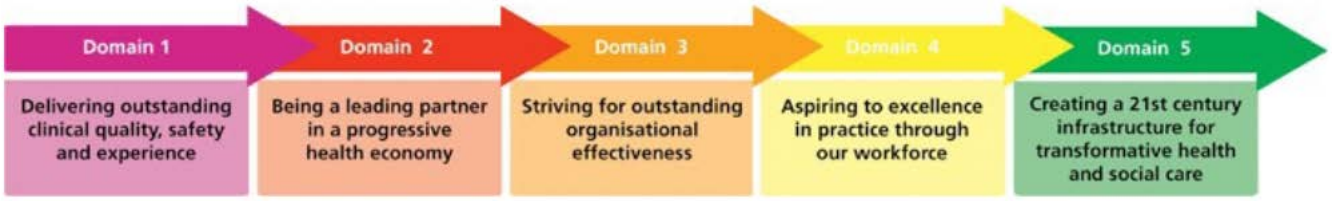
MIAA employs accredited Local Counter Fraud Specialists (LCFS) who lead on delivering both proactive and reactive work. The counter fraud team prepares a risk-based plan each year based on risks identified locally, nationally and those arising out of the NHS Counter Fraud Authority quality assessment 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.

The following provides a summary of the key anti- fraud activities undertaken during the 2019/20 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 participation in monthly market induction events for new staff, publication of articles and newsletters, distribution of posters and leaflets and promotion of International Fraud Awareness Week, which took place from 17-23 November 2019
- The Trust's anti-fraud intranet page content has been updated and links included to NHS Counter Fraud Authority videos, posters, leaflets, a factsheet, guidance documents and their strategy document for 2017-20
- 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's Communications and HR teams have agreed new joint-working protocols 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 Additional Clinical Activity Policy, the Consultant and SAS Doctor Job Planning Policy, the Disclosure and Barring Policy, the Hospital Bank Agency Operational Policy, the Leavers Guidelines, and the Overseas Visitors Policy
- The Trust has conducted a local proactive detection exercise to detect any incidence of fraud and review processes and procedures in the area of agency cap spending
- The Trust's fraud, bribery and corruption risks have been reviewed in line with its risk management policy and procedures.

3.8 Strategic Direction (looking forward to 2020/21)

In 2019/20, the Trust's three year strategy 2017-2020 and implementation plan was reviewed by the Board and a new strategy developed. It was due to be launched in April 2020 but the Covid-19 pandemic has put these plans on hold. The Trust's strategic focus built on the achievements of the last three years and aligned to the transformation programme being developed to deliver greater integration across health and social care.



The new strategy is focused on continuing to deliver outstanding care and patient experience with best possible health outcomes, ensuring that the Trust's estate and infrastructure supports that delivery both in the short- and longer-term, and that staff consider Mid Cheshire Hospitals to be the best place to work. The strategy also focusses on further developing the Trust's approach to strong system leadership, working in collaboration with partners and building on its strong governance arrangements and aiming to become more clinically led.

In support, the Trust has agreed the following strategic objectives:

- Delivering outstanding care and patient experience, focusing on staffing, standardisation and digitalisation
- Ensure the Trust is the best place to work by doing more than anywhere else to address the needs of our staff
- Provide sustainable healthcare to our population by ensuring our estate, infrastructure and plans are all focused on the long term
- 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
- Provide strong system leadership by working together as a Cheshire East Place and across the Cheshire and Merseyside System
- Be well governed and clinically led, ensuring that we are guided by expertise are clear in our processes and practices

In addition, the Trust took the decision to have a specific strategic objective to manage the impact of the Covid-19 pandemic and ensure a safe recovery of the organisation post-pandemic by using the established control structure.

The Trust's new Strategy for 2020-2025 will be launched during 2020 when the post-pandemic situation is more settled.

Annual Plan

Each year an annual plan is approved for the Trust which includes the financial plan for the year ahead. This process was paused for 2020/21 because of Covid-19 and therefore, at the current time, a final plan has not been produced and approved by the Board of Directors. The current NHS financial regime has been suspended between 1 April and 31 July 2020 and replaced by block funding and reimbursement arrangements which should see NHS organisations recover costs during this period. Whilst a financial plan has not been approved by the Board, a draft financial plan was presented in April 2020 to enable expenditure budgets to be set for the divisions in order to monitor expenditure against.

At the time of writing, the financial framework post July 2020 is unclear but it is clear that the basis for framing the 2020/21 Operational Planning assumptions will be fundamentally reset by the events of Covid-19 and its impacts on the service.

Seven Day Services

The Trust has monitored its progress towards complying with the four priority clinical standards with the seven-day services programme through the Board Assurance Framework. The Trust achieved the seven-day services standards relating to 'access to diagnostic tests' and 100% of patients who need a twice daily review by a consultant. In line with other Trusts, the consistent delivery of the 'First Consultant Review within 14 hours of an Emergency Admission' standard remains a challenge, although there have been investment plans developed on how this could be achieved.

There has been a funded expansion of the Acute Care model to support the Critical Care Outreach Service to provide cover 24 hours per day, 7 days a week. An Interventional Radiology Service Level Agreement with the University Hospitals of North Midlands NHS Trust is also in progress. These are both developments which will help support patient care over the whole week. Work continues to expand the infrastructure, medical staffing, nursing and therapy support to deliver services across seven days.

Approach to Quality

Following the successful completion of the 2018/19 Quality Strategy, the Trust conducted an extensive engagement programme to inform the development of the 2019/20 Quality and Safety Improvement Strategy. The engagement programme included discussion with patients, public, staff, key stakeholders and commissioners, to review the key priorities for quality and safety from 2018 to 2019 inclusively. During 2019/20, the Trust extended its focus on the nine key quality priorities for the Quality and Safety Improvement Strategy, which were:

- Reducing serious harm
- Reducing hospital acquired infections
- Deteriorating patient
- Sepsis
- Pressure ulcers
- Falls
- Reducing inpatient moves
- Mortality
- End of life care.

Workforce Planning and links to Clinical and Commissioning Strategies

n 2019/20, the Trust submitted its workforce plan as part of the annual financial and business planning process.

The workforce plan reflects the Trust's service and activity levels as well as aligning to the Trust's overarching strategy. The workforce plan is focused primarily at modernising the level of service need and the resources available for the service. However, it is important to recognise that at both local and national levels there are a number of workforce challenges that remain a key focus of attention. These include occupations with national shortages such as Radiographers and nursing roles and the age profile of the current workforce.

This year the Trust welcomed over 40 international nurses to from across the world to support its plan to reduce the current nursing vacancies. The international recruitment programme has been extremely successful due to the pastoral support provided to the new nurses, helping them to settle in to the UK and feel supported by the Trust. The Trust will continue to progress and widen its international recruitment plans into the next financial year.

The workforce plan also takes account of development opportunities open to the Trust through the introduction of new roles and new ways of working and reflects the advancement of technology within clinical and non-clinical practices. During 2019/20, the Trust has been exploring opportunities to deliver efficiencies through collaboration and partnership working, including how non-clinical support teams such as pathology can work more effectively together to provide better services to patients and greater career opportunities for staff.

Transformation

Following a year of trialing a new 90-day project approach in 2019/20, the Trust will move to develop a two-year transformation plan in conjunction with the Quality Improvement Faculty set up in 2019. This will include projects such as the expansion of ambulatory care. Other projects will include the review of pathways from the Emergency Department to other areas of the Trust to support patient flow and work with system partners to reduce demand on the Emergency Department through providing better alternatives.

In Paediatrics, the focus will be on developing services closer to home for children and extending continuity of care in maternity and urgent care. Digital transformation will continue to be key, building on the rapid changes made in response to Covid-19. The Trust has become more flexible in where and how staff work, how they access information and offer appointments for patients. The changes put in place since Covid-19 have been transformational and have provided evidence of the benefits of delivering appointments virtually.

Community Care Transformation

In the community the focus for 2020/21 will continue to be on the transformation of services as set out in the Key Achievements section. This will be through integration and collaboration with partners, with a specific focus on:

- Developing an Intravenous Therapy at Home service that allows patients to be discharged from hospital to receive ongoing care in their own home by a team of specially trained nurses
- The development of a 'Children's Hub' that will provide better access to care, support and healthcare advice to parents and carers of children in community settings
- The development of Respiratory and Cardiology services in the community to help people living with heart and lung conditions and to prevent people developing cardiorespiratory problems in the future.

Strategic Partnerships

During 2019/20, Mid Cheshire Hospitals continued to play a key role in developing the wider partnerships across the Cheshire System, developing the principles and infrastructure for the creation of an Integrated Care Partnership (ICP) in East Cheshire, as well as supporting and contributing to the development of the ICP across West Cheshire. Both programmes of work aim to bring together and improve the health and social care needs of the local population, developing seamless services with single points of access to enhance and improve the quality of care provided to the population served.

The ongoing development of the community services programme in partnership with the GP Alliance and Cheshire & Wirral Partnership NHS Foundation Trust enabled the Service Delivery team to showcase the many developments that have been implemented over the year, including a fully integrated stoma service, development of Care Community Teams across all health professionals and a fully integrated IT system that enables data sharing and tasks across primary and community services to be undertaken without the need for written referrals, making the team fully mobile and paper free.

Pathology integration was the key programme of work with the University Hospitals of North Midlands NHS Trust (UHNM) and an approved business case to work across Mid Cheshire, East Cheshire and UHNM was developed and approved by each organisation and NHS Improvement.

The implementation of the services will be supported by a fully integrated Laboratory Information system, enabling clinical teams and primary care to see results wherever the patient is being reviewed. The final laboratory integration will take place in 2021, once commercial and staffing plans have been developed and agreed.


HOSPITALS NHS FOUNDATION

Accountability Report

4.1 Director's Report

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.

Each NHS Foundation Trust has its own governance structure. The governance structure starts with the Trust's Membership who elects the Council of Governors who in turn holds the Non-Executive Directors to account for the performance of the Board. The Trust's Council of Governors supports the Trust by talking to and interacting with the communities and Members that they represent.

The Trust Board Members are also members of Board committees which deal with particular issues and make recommendations to the Board of Directors. Senior managers act as advisors to these committees to provide specialist knowledge and support.

This structure is defined by the Trust's Constitution and is well developed. Details can be found at www.mcht.nhs.uk/ about-us and the national requirements for governance can be found at www.improvement.nhs.uk.

Foundation Trust Membership

The Trust involves Members, patients, carers and the public in developing its forward plans. Designing services and improving care means that the views of local people are being heard which helps to improve experience for patients, carers, visitors and staff. The Trust holds regular events for Members at Leighton Hospital which provide a behind-the-scenes focus on particular areas.

This year this has included Paediatrics, Ophthalmology and End of Life Care.

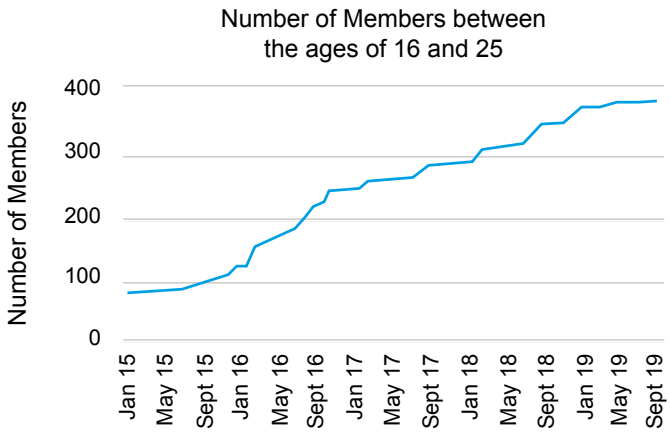
Membership Strategy

Year on year, the Trust strives to maintain, develop and engage with its representative membership through its Membership and Communications Strategy the Trust aims to maintain, develop and interact with its membership. A primary aim is to ensure that membership numbers reflect the local population. This is monitored by the Trust on a regular basis through the Council of Governors and by the Board of Directors through the Performance and Finance Committee.

Youth Members

In 2019/20 the Trust's Membership and Communications Strategy continued to focus on membership growth within the 16-25 year old demographic. This has included attending careers fairs at local colleges and promoting membership on social media. This has had some success since 2014 and will remain a key area of work for 2019/20. The Trust recruited a third cohort of Youth Ambassadors in September 2019 who were appointed for a twelve- month voluntary placement to fit alongside existing study and work commitments. In 2019/20, the Youth Ambassadors completed a project that produced a leaflet signposting young carers to support available locally.

The Membership team was very pleased to be presented with a national award in 2019 from NHS Providers in recognition of the Trust's work in engaging young people.



Annual Members' Meeting

This meeting is held annually in the autumn. All Members are invited to attend to hear about the Trust's performance during the year and receive the Annual Report and Accounts. In September 2019, the meeting was held at Crewe Lifestyle Centre and included a health and wellbeing fair with partners from across the public, private and voluntary sectors.

Mid Cheshire Hospitals NHS Foundation Trust Membership consists of public, patient, carers, staff and volunteers.

Membership Figures

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

Constituency	Actual 1 April 2020	Target 31 March 2021
Public	3,601	3,750
Patient and Carers	1,070	1,100
Staff and Volunteers	4,869	4,900
Totals	**9,540**	**9,750**

Patient and Carer Members

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 and have received care or treatment from the Trust or have been a principal carer of a patient in the past five years.

Public Members

The Trust has three public Member constituencies which cover Cheshire East and parts of Cheshire West and Chester Council neighbourhood wards. A member of the public who is 16 years of age or over and lives in one of the following constituencies can become a Member of the Trust:

- Congleton
- Crewe and Nantwich
- Vale Royal.

Public Constituency Breakdown	Actual 1 April 2020
Congleton	721
Crewe and Nantwich	1,600
Vale Royal	1,222
Out of Area	58

Public Constituency	Actual 1 April 2020	Target 31 March 2021
At year start (1 April 2019)	3,582	3,601
New members	116	249
Members leaving	97	100
At year end (31 March)	3,601	3,750
Patient and Carers		
At year start (1 April)	1,097	1,070
New members	15	80
Members leaving	42	50
At year end (31 March)	1,070	1,100
Staff Constituency		
At year start (1 April)	4,237	4,869
New members	716	231
Members leaving	84	200
At year end (31 March)	4,869	4,900

The table above includes the Trust's actual membership at 1 April 2020 and the targeted membership for 2021

Public membership	Number of Members 1 April 2020	Eligible membership
Age (years)*		
0-16	7	136,871
17-21	121	36,239
22+	3,306	547,999
Ethnicity+		
White	3,026	678,965
Mixed	16	6,923
Asian or Asian British	32	10,157
Black or Black British	19	2,310
Other	9	13,840
Not stated	499	n/a
Gender		
Male	1,452	352,246
Female	2,024	368,862
No stated gender	125	n/a

*Age breakdown excludes 167 public members with no dates of birth provided.

+Ethnicity excludes 499 members who withheld ethnic details.

Staff and Volunteer Constituency Breakdown	Actual 1 April 2020
Qualified Nursing and Midwifery staff	1,202
Medical Practitioners and Dental staff	305
Other Professionally Qualified Clinical staff	443
Clinical Support Staff	1,306
Non-clinical Support Staff	1,369
Recognised Representative of Trade Unions and Staff Organisations	17
Volunteers	138
Unspecified	89
Total	**4,869**

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 and Health and Wellbeing Fair.

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

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

2019/20 Consultations

During 2019/20 the Trust held a programme of both staff and public engagement sessions to engage with the local community about the Quality and Safety Improvement Strategy 2020/2021. The engagement sessions gave the Trust the opportunity to share achievements and check with people whether the Trust is focusing on the right themes and priorities and what else should be considered. Staff and the public were asked to complete an online survey. All suggestions will be reviewed by the Quality and Safety Improvement Group, Cheshire East and Cheshire West and Chester Councils launched a consultation on their local Place Strategies and members and the public were encouraged to complete responses by the Trust.

Council of Governors

The Council of Governors of the Trust consists of 29 members; two represent Congleton, four represent Crewe and Nantwich, four represent Vale Royal constituent areas, six represent patient and carers of the Trust, six represent staff, one represents the Trust's volunteers and there are six appointed Governors who represent the views from the Trust's partner organisations.

Governors must exercise leadership, enterprise, integrity and balanced judgement in the discharge of their role and functions within 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.

In addition, the Council of Governors collectively has 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. These have included 'Meet Your Governor', local health fairs and public events. Governors feed their views back to the Board through Council of Governors meetings and the Governor strategy event, which are part of the forward planning process. They represent Members within their local constituent areas to ensure Members' views and observations are being received by Board Directors as well.

2019/20 Council of Governors Meetings

Thursday 25 April 2019
Thursday 25 July 2019
Thursday 24 October 2019
Thursday 23 January 2020.

The Council of Governors delegates some of its powers to committees of Governors and these matters are set out within the Trust's Constitution. These are the Membership and Communication Committee and the Nominations and Remuneration Committee. Further details on the workings of the Nominations and Remuneration Committee can be found within the Remuneration Report.

Membership and Communications Committee

This Committee's purpose is:

- To maintain the Membership of approximately 9,000 Members and ensure that this matches the demographics of the constituent areas
- To establish and monitor programmes for the recruitment, development and retention of Members of the Trust
- To establish and develop effective forms of communication with Members
- To establish and develop effective forms of communication among and between Governors
- To establish and develop effective communication channels and plans for Governor engagement with Members and the local community.

The Committee only met three times during 2019/20 as the fourth meeting was cancelled due to the concerns in regard to the Covid-19 coronavirus. Committee attendance during the year was as follows:

Barbara Beadle (Chair)	2/3
Janet Roach	2/3
Helen Piddock-Jones	1/3
Pat Psaila	1/3
Mark Perry	3/3
Mitch Long	1/2*

*Mitch Long joined the committee in June 2019

Composition and Attendance of the Council of Governors during 2019/20:

Governor	Constituency	Terms Served	Term Commenced	Term Expires	Meeting Attendance
Elected Governors					
Barbara Beadle	Crewe and Nantwich	3	01/4/2017	31/03/2020	3/4
Jan Roach	Crewe and Nantwich	2	01/4/2017	31/03/2020	4/4
Glynda Alasadi	Crewe and Nantwich	1	01/4/2017	31/03/2020	1/4
Ben Selby	Crewe and Nantwich	1	01/5/2017	31/03/2020	3/4
Janet Ollier	Congleton	2	01/4/2017	31/03/2020	2/4
Vacant Post	Congleton	-	-	-	-
Katherine Birch	Vale Royal	2	10/9/2018	09/09/2021	4/4
Tim Ashcroft	Vale Royal	1	01/4/2017	31/03/2020	3/4
Mark Perry	Vale Royal	1	01/4/2017	31/03/2020	3/4
Gary McCourty	Vale Royal	1	10/09/2018	09/09/2021	3/4
Pat Psaila	Patient and Carer Governor	2	10/9/2015	09/09/2021	4/4
Norma Moores	Patient and Carer Governor	1	16/09/2016	15/09/2019	2/2**
Ray Stafford	Patient and Carer Governor	2	10/9/2015	09/09/2021	4/4
Mitch Long	Patient and Carer Governor	1	24/01/2019	09/09/2021	2/4
Maureen Leverington	Patient and Carer Governor	1	01/4/2017	31/03/2020	2/4
John Pritchard	Patient and Carer Governor	1	01/4/2017	31/03/2020	2/4
Valerie Pickford	Patient and Carer Governor	1	16/09/2019	15/09/2022	2/2*
Staff and Volunteer Governors (Elected)					
Caroline Birch	Recognised Representative of Trade Unions and Staff Organisations	2	01/4/2017	01/4/2017	4/4
Lynn Evans	Clinical Support Staff	1	10/09/2018	09/09/2021	3/4
Helen Piddock-Jones	Registered Volunteers	1	01/4/2017	31/03/2020	3/4
Nicholas Boyce Cam	Medical and Dental Practitioner	1	01/4/2017	31/03/2020	3/4
Jenny Newman	Qualified Nursing and Midwifery Staff	1	16/09/2019	15/09/2022	2/2*
Richard Sutton	Other Professionally Qualified Clinical and Central Cheshire Integrated Care Partnership	1	01/4/2017	31/03/2020	3/3+
Robert Platt	Non-Clinical Support Staff	1	10/9/2018	09/09/2021	3/4
Partnership, Appointed Governors					
Paul Colman, South Cheshire Chamber of Commerce and Warrington Chamber of Commerce and Industry					0/4
Councillor Gina Lewis, Cheshire West and Chester Council (appointed October 2019)					1/2
Councillor Dorothy Flude, Cheshire East Council (appointed September 2019, died in post December 2019)					0/1
Councillor Janet Clowes, Cheshire East Council (stood down in May 2019)					1/1
Dr Gladys Pearson, Manchester Metropolitan University (stood down in January 2020)					2/4
Dr Jonathan Griffiths, Vale Royal Clinical Commissioning Group (stood down in January 2020)					0/3
Dr Andrew Wilson, South Cheshire Clinical Commissioning Group (stood down in January 2020)					3/3
Councillor Stephen Burns, Cheshire West and Chester Council (stood down in May 2019)					1/1

* Governor elected in September 2019
** Mrs Moores finished as Governor at the end of her three year term of office
+ Mr Sutton resigned his post in October 2019

Governor Elections 2019

Elections were held between June and August 2019 and three new Governors were elected.

Constituency	Candidates	Eligible Voters	Turnout (%)	Successful Candidates	Term of Office
Public- Congleton	1	No Election		Mary Riley (declined to take post)	-
Patient and Carers	1	No Election		Valerie Pickford	1
Staff – Nursing and Midwifery	1	No Election		Jenny Newman	1

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.

Two Governors attended one-day seminars with the NHS Providers Governwell programme. These covered the topics of Governor Core Skills and Effective Questioning and Challenge. All Governors were invited to attend the National and North West Governor Networks and the Trust's own Clinical Services Strategy Day in October.

Lead Governor

Dr Katherine Birch continued as Lead Governor through 2019/20 and was unanimously re-elected as Lead Governor in January 2020 for a further 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 and Company Secretary appointments. Dr Birch presented at the Annual Members' Meeting in October on the work of the Council of Governors. Dr Birch can seek a meeting with the Chairman at any time to raise any issues of concern or seek clarity on any agenda items discussed.

Contacting Governors

Governors can be contacted via the Trust Board Secretary by emailing **foundationtrust@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.

Pictured: the cover of an information leaflet that offers information to those interested in standing as a Governor or voting in the Governor Elections

Board of Directors

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 key responsibilities of the Board of Directors of the Trust are to:

- Set the strategic direction of the Trust, taking into account the Council of Governor's views
- Ensure safe, high quality services are delivered in line with the principles of the NHS Constitution and result in a positive patient experience
- Strive for continuous improvement and innovation whilst ensuring adequate systems and processes are in place to deliver the Trust's Annual Plan
- Measure and monitor effectiveness and efficiency of services
- Ensure that the Trust is compliant with its Licence, as issued by the Trust's Independent Regulator
- Exercise powers of the Trust which are established under statute, as detailed within the Trust's Constitution
- Ensure robust governance arrangements are in place and supported by an effective assurance framework which supports sound systems of internal control.

The Board delegates some of its powers to committees of Directors and these matters are set out within the Trust's Corporate Governance Handbook and Scheme of Delegation. Further details on the workings of the two statutory Board Committees (Appointments and Remuneration Committee and Audit Committee) can be found within the Remuneration Report. In addition to these, the Trust has Board Committees and Executive Operational Groups which are all reviewed annually.

The Board ensures that the public interests of patients and the local community are represented by working groups in place within and outside of the Trust which are in addition to the Council of Governor Committee structure. These include but are not limited to:

- Patient Information Group
- Complaints Review Panel
- Patient Register Group
- Quality and Safety Improvement Strategy Group.

Board Composition and Balance

The Board is satisfied that it has reviewed the appropriate balance and knowledge, skills and experience of Board members to enable it to carry out its duties effectively.

Board of Director Meetings

The Board met in formal session on 13 occasions during 2019/20, 12 scheduled meetings and one extra ordinary meeting. These sessions were held in public apart from where the Board resolved to meet in a private session, by reason of the confidential nature of business to be discussed.

Board Performance

The collective performance of the Board is assessed through Board Away Days and through Executive attendance at Council of Governor meetings. A review of each Board meeting is undertaken by a Non- Executive Director at the end of the meeting. In addition, the Board, staff and Council of Governor's annual self-assessment of Board effectiveness is also used to measure performance.

Well Led

The Trust has continued its journey of continuous improvement, building on the work of previous years. The external deep dive developmental review commissioned from Mersey Internal Audit Agency (MIAA) and Advanced Quality Alliance (AQuA), which was commissioned in 2018, provided an action plan for the Trust to progress in 2019/20. This has included the formation of the Quality Improvement (QI) Faculty to improve QI capacity and capability across the Trust. This builds on the Executive-led quarterly quality assurance reviews which were established in 2019. The Trust's new Quality and Safety Improvement Strategy will be launched in Summer 2020.

In 2019, a further review was commissioned from MIAA to map and review the effectiveness of the Trust's governance and committee structure and use of the Board Assurance Framework to manage risk. This was generally positive and the Trust is now developing an action plan to work through the recommendations during 2020/21.

The Trust welcomed the Care Quality Commission (CQC) in December 2019 for its second Well Led assessment and achieved a 'Good' rating in this area. This rating was used together with the results of the NHS Improvement Use of Resources assessment in September 2019 and the results of the CQC Core Services inspections to maintain an overall rating for the Trust of 'Good'. There are controls in place to ensure that the Trust is Well Led and these are contained in the Annual Governance Statement.
The full CQC report can be found here –
https://www.cqc.org.uk/provider/RBT

Board Members Effectiveness and Evaluation

All Board members undergo annual performance appraisals. The Chief Executive carries out the annual performance appraisal for the Executive Directors and the Chairman for the Non-Executive Directors and the Chief Executive. This is reported to the Appointments and Remuneration Committee.

The Senior Independent Director carries out the annual performance 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. This appraisal is reviewed at the Governors' Nominations and Remuneration Committee which makes a recommendation to the Council of Governors. The Council of Governors confirmed the appointment of a new Non-Executive Director who started at the Trust on 1 February 2020 following a competitive process.

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

The Board works closely with the Trust's Council of Governors. 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 as observers whilst taking 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.

Board meetings are held in public and Governors can and do attend to observe. The Lead Governor attends all Board meetings including any private Board meetings that are held. The Chairman responds to any questions or concerns that Governors may have.

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.

Board of Director's Attendance at Council of Governors Meetings

Board Member	Position	Meeting Attendance
Non-Executive Directors		
Dennis Dunn	Chairman	4/4
John Church	Deputy Chair	4/4
Mike Davis	Senior Independent Director	4/4
Lesley Massey	Non-Executive Director	4/4
Lorraine Butcher	Non-Executive Director	4/4
Leslie Philpott	Non-Executive Director	3/4
Trevor Brocklebank	Non-Executive Director	3/4
Andy Vernon began in post on 1 February 2020 and therefore did not attend any Council of Governor's meetings in 2019/20.		
Executive Directors		
James Sumner	Chief Executive (from July 2019)	2/2
Paul Dodds	Medical Director and Interim Chief Executive (until September 2019)	1/3
Murray Luckas	Medical Director	4/4
Mark Oldham	Director of Finance and Strategic Planning (until May 2019)	1/1
Russell Favager	Director of Finance and Strategic Planning (from May 2019)	3/3
Chris Oliver	Chief Operating Officer	2/4
Julie Tunney	Director of Nursing and Quality	3/4
Heather Barnett	Director of Workforce and Organisational Development	4/4

Non-Executive Directors

Dennis Dunn MBE JP – 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 is currently Visiting Professor at Huizhou University in China. 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 2020.

John Church – Deputy Chair

John had a successful food industry career with blue chip companies including Spillers, Rank Hovis McDougall and Northern Foods. He made a successful move into business consultancy which led to the formation of a buying, selling and business support 'Group Tyre' where he became Chairman. John was previously 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 previously Vice Chair of NHS Cheshire, Warrington and Wirral until 2013. In 2012 John became Deputy Chairman of Save the Family and in 2013 became Chief Executive until early 2016 when he was elected as Chairman. In 2016 John was elected Chair of The Port Grocery that channels food, that otherwise would go to waste, to needy people in Ellesmere Port through a community shop. John was appointed as a Non-Executive Director at the Trust on 1 May 2015 and his second three year term expires on 30 April 2021. John was appointed Deputy Chairman for the Trust from 1 April 2018.

Les Philpot – Chair of the Audit Committee

Les joined the Board of Mid Cheshire Hospitals NHS Foundation Trust as a Non-Executive Director and the Trust's Audit Chair in February 2019. He is a Non-Executive Director of the financial mutual Benenden Healthcare Society Ltd and a Trustee and Group Audit & Risk Chair at the commercial educational charity NEBOSH Ltd. A chartered accountant by profession, Les held CEO, Accounting Officer and Director roles in an extensive public service career largely focused on public protection and industrial regulation from which he retired in 2016.

Trevor Brocklebank – Non-Executive Director

Trevor is an experienced CEO, Non-Executive Director and Chair. He co-founded two Cheshire-based businesses: Home Instead Senior Care, 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, and Mezenet, an IT Business Intelligence Consultancy which provided services to global organisations including Unilever, BBC and Novartis. He also co-founded the Bring Joy Foundation. A previous Chair of the United Kingdom Homecare Association (UKHCA) and British Franchise Association (BFA), Trevor is currently Deputy Chair of Cheshire and Warrington Local Enterprise Partnership (LEP.) He joined the Trust on 1 February 2019 for a three year term to January 2021.

Lorraine Butcher – Non-Executive Director

Prior to joining MCHFT, 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.

Lesley Massey – Senior Independent Director (from 1 February 2020)

Since 2010 Lesley has been an Executive Director at AquA – a regional NHS membership quality improvement and change management organisation. She is a founding member of the organisation and part of the executive management team. Her responsibilities include formulating corporate strategy, ensuring effective governance and building relationships with key stakeholders including The King's Fund and the Health Foundation. She had previously spent a year as Associate Director of Business Development with the North West Improvement Alliance (the forerunner to AquA). Prior to this Lesley was an Associate Director for Business Planning and Service Improvement with East Cheshire NHS Trust (2006-2009) following several years in senior operational roles in the Trust. She is also a founding member/Vice Chair of the United Kingdom Improvement Alliance (UKIA) – an international improvement learning and development body. She has a professional clinical background as an Occupational Therapist. Lesley joined the Trust Board on 1 May 2018 for a three year term.

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 had an early career in software engineering in London, the Netherlands and in Belgium in the financial services industry developing messaging software for banks. On his return to the UK Andy led a team of over 200 staff providing technology services to the public sector before starting a 20-year career in management consultancy. Following this Andy was interim Chief Information Officer (CIO) 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 regularly works as a strategic advisor on digital healthcare and provides voluntary services in the charity and university sectors.

Mike Davis - Senior Independent Director (until 31 January 2020)

Mike enjoyed a long career in the business services, facilities management and project finance industries of which 25 years were as Managing Director or CEO of industry leading companies. Between 1997 and 2010 he was closely involved in the design, financing, construction and operation of hospitals and group schools under the Government's Private Finance Initiative. Mike is currently Chairman of the Board and Chair of the Audit Committee of three large hospital PFI companies operating in the North West and East Midlands. Mike was appointed as a Non- Executive Director of the Trust on 1 February 2013 and was reappointed for a final 12 month term with the Trust as Senior Independent Director until 31 January 2020.

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 Foundation Trust Code of Governance section of this report.

Executive Directors

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 where she worked until 2018 as the Director of Workforce and OD, when she joined the Trust as Director of Workforce & OD. 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 also a member of the NHS Leadership Academy's coaching register. Heather became the chair of the Cheshire and Merseyside HR Directors network in 2019 and is also Vice President of the North West Health People Management Association (HPMA).

Russell Favager – Deputy Chief Executive and Director of Finance

Russ has more than 25 years' experience in the NHS and was previously Executive Director of Finance at Betsi Cadwaladr University Health Board, the largest health organisation in Wales with a budget of £1.5bn. Russ is no stranger to the region. He previously held the position of Director of Finance 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. He was also Director of Finance at Wirral University Teaching Hospital NHS Foundation Trust and Wirral Primary Care Trust. Russ joined the Trust as interim Director of Finance in April 2019 and was appointed to the permanent post in December 2019. Russ was appointed Deputy Chief Executive in March 2020. Russ is a member of the Chartered Institute of Public Finance Accountants.

Murray Luckas – Medical Director

Murray is an experienced 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. These include Clinical Lead for Obstetrics and Gynaecology, Deputy Medical Director, Interim Medical Director and since October 2019 the Trust's Medical Director.

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, most recently as Director of Operations at Wirral University Teaching Hospital NHS Foundation Trust. 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 has a track record of driving performance and delivering results against a background of service development and improvement.

Julie Tunney – Director of Nursing and Quality

Julie has more than 30 years' experience in the NHS, most recently holding the position of Deputy Chief Nurse and then Interim Chief Nurse at Birmingham's Heart of England NHS Foundation Trust. Julie joined the NHS in 1984, qualified as a Registered Nurse in 1987 and has since held a variety of senior nursing roles. During this time, she has also qualified as an Advanced Life Support Instructor 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 it became 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 in preparation for her current role. Julie joined the Trust in January 2018 and in 2019 was awarded an Honorary Professor role at the University of Chester in recognition of her commitment to the development of pre-registered nursing.

Paul Dodds – Medical Director and Deputy Chief Executive (to 30 September 2019)

Paul studied medicine at the University of Manchester and was appointed Consultant Physician with an interest in Cardiology at the Trust in 1994. Prior to becoming Medical Director, his managerial roles at the Trust included Chairman of the Medical Advisory Committee, Clinical Director for Medicine and Divisional Clinical Director for Emergency Care. Dr Dodds was interim Chief Executive from April to July 2019 before retiring in September 2019.

Mark Oldham – Director of Finance and Strategic Planning (to 31 May 2019)

Mark joined the NHS in 1989, originally working at Crewe Health Authority. In 1990, Mark began his work at the Trust as it received NHS Trust status. Since then Mark has had a number of promotions internally, giving him exposure to all elements of the NHS financial regime. His notable achievements during this period are a successful business case to build the Trust's Treatment Centre, the acquisition of Community Services in 2016 and a significant contribution to achieving Foundation Trust status. Mark is a member of the Chartered Institute of Public Finance Accountants. Mark left the Trust on 31 May 2019.

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 worked in the NHS for over 28 years and was Chief Operating Officer until 2017. Prior to this Denise was the Trust's Associate Divisional Director for Diagnostic and Clinical Support Services. She has a special interest in, and experience of, leading organisational change and working with individuals and teams to improve service delivery and performance. Recently as Director of Strategic Partnerships she managed the integration of community services into the Trust. She holds both a postgraduate diploma and a Master's degree in Business Administration; certification in Occupational Health and Safety (NEBOSH); accreditation as a clinical pathology assessor; a fellowship in medical microbiology and a higher national certificate in Medical Laboratory Sciences.

Amy Freeman – Chief Information Officer

Amy joined the Board in December 2019 in a new role. 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). More recently Amy has 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 most notably an electronic patient record system for 6,500 staff. Amy Freeman chairs the Cheshire East Partnership Digital Group and is the regional STP Digital Workstream Representative.

Board of Director Attendance

Executive Directors		Board Attendance 2019/20
Name	**Responsibility**	
James Sumner	Chief Executive	7/8
Dr Paul Dodds	Medical Director/Interim Chief Executive	7/7
Mr Murray Luckas	Medical Director	13/13
Heather Barnett	Director of Workforce and Organisational Development	13/13
Russell Favager	Deputy Chief Executive and Director of Finance	8/11
Mark Oldham	Director of Finance and Strategic Planning	3/3
Chris Oliver	Chief Operating Officer	12/13
Julie Tunney	Director of Nursing and Quality	12/13

Notes

Russell Favager joined the Trust in May 2019
Mark Oldham left the Trust in May 2019
James Sumner joined the Trust in July 2019
Paul Dodds retired in September 2019

Non-Executive Directors		Board Attendance 2019/20
Dennis Dunn	Chairman	13/13
John Church	Deputy Chair	13/13
Mike Davies	Senior Independent Director (to 31 January 2020)	10/11
Leslie Philpott	Chair of Audit Committee	13/13
Trevor Brocklebank	Non-Executive Director	13/13
Lorraine Butcher	Non-Executive Director	11/13
Lesley Massey	Senior Independent Director (from 1 February 2020)	12/13
Andy Vernon	Non-Executive Director	2/2

Notes

Mike Davis left the Trust in January 2020
Andy Vernon joined the Trust in February 2020

Declaration of 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 sub- committees there is a standing agenda item which requires Executive and Non-Executive Directors to make it known any interest in relation to agenda items and any changes to their declared interests.

Any other significant time commitments for the Chairman and Non-Executive Directors are assessed as part of the recruitment process, in the annual appraisal 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.**

Statement as to 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; and
- 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; and

- Made such enquiries of his/her fellow director and of the company's auditors for that purpose; and
- 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.

4.2 Annual Report on Remuneration

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

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 2019/20 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 2019/20
- Senior Managers' Remuneration policy.

Major Decisions on Remuneration in 2019/20

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 2019/20, the Appointments and Remuneration Committee reviewed and agreed the NHS Improvement recommendations for Executive Directors pay increases for all Executive Directors. The only exception to this was for the Director of Nursing & Quality and the Chief Operating Officer who received an above inflation pay increase to bring their salary closer to the peer average from 1 April 2020.

In 2019/20, the Nominations and Remuneration Committee did not increase the remuneration of Non-Executive Directors as their salary remains in line with average salaries. However, the Committee did consider NHS England guidance issued in September 2019 to align remuneration for Non-Executive Directors of NHS Trusts and agreed to comply with the recommended changes to levels of remuneration recommended by 2022.

Dennis Dunn
Chairman of the Trust and Nomination and Remuneration Committee
12 June 2020

Nominations and Remuneration Committee

The Nominations and Remuneration Committee of the Council of Governors met three times in 2019/20. Attendance from members was as follows:

Dennis Dunn	3/3
Katherine Birch	2/3
Tim Ashcroft	1/3
Norma Moores*	1/1
Rob Platt	1/3
Janet Roach	2/3
Ray Stafford	2/3
Ben Selby	2/3
Gary McCourty	2/3

*Mrs Moores resigned from the committee in September 2019 and was replaced by Mr McCourty

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. At this point, the Chairman leaves the meeting. 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 2019/20, the Nominations and Remuneration Committee appointed Gatenby Sanderson based on their proposal and previous performance to support the recruitment process for a new Non-Executive Director. The Trust paid £14,500k for this service.

The Director of Workforce and Organisational Development and senior recruitment managers 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 2019/20 the Council of Governors, through the powers delegated to the Nominations and Remuneration Committee, agreed and had oversight on the following:

- The performance appraisal of the Non- Executive Directors, including the Chairman for 2018/19
- Recommendation to the Council of Governors that the Chairman's term of office should be extended by a maximum of one year to ensure continuity following the recruitment of a new Chief Executive
- Appointment of Gatenby Sanderson to recruit a new Non-Executive Directors following a review of the skills gaps in the Board of Directors
- Recommendation to the Council of Governors on the appointment of a Non-Executive Director from 1 February 2020.
- Approved the appointment of Ms Massey as Senior Independent Director from 1 February 2020
- Agreed no increase to remuneration for Non- Executive Directors following a review of national remuneration
- Adoption of NHS England proposals to align Non-Executive Director remuneration nationally
- Recommendation made to the Council of Governors on the appointment of a new Non-Executive Directors from 1 February 2020
- Agreed the proposal to restructure the Corporate Governance team and create a new post of Company Secretary to include the role of Trust Secretary.

Remuneration Committee

The Board of Directors' Remuneration Committee met four times in 2019/20. Attendance was as follows:

Dennis Dunn	4/4
John Church	4/4
Mike Davis	2/3
Lorraine Butcher	4/4
Lesley Massey	4/4
Trevor Brocklebank	4/4
Leslie Philpott	4/4
Andy Vernon	1/1

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, but is not present when discussions take place in relation to his own performance, remuneration or terms of service.

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 2019/20 and has not offered an incentivisation programme.

The Committee:

- Agreed the job description, process and remuneration for the Medical Director, Director of Finance and Strategic Planning and Chief Operating Officer posts
- Agreed the remuneration for Executive Directors for 2020/21
- Received the annual benchmarking report on Executive Director remuneration and NHS England guidance
- Discussed the NHS Pension Taxation Trust policy.

Senior Managers' Remuneration Policy

Senior Managers are defined as all those who are defined as a member of the Board of Directors of the Trust, whether voting or non-voting. All of the 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 must meet 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 2019/20 there were three Executive posts who were 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 Director's Report 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 (2019/20):

Name	Title	Salaries and Fees (in Bands of 5K)[1]	Expense Payments (total to the nearest £100) *	Performance Pay and Bonuses (in Bands of £5K)	Long Term Performance Pay and Bonuses (in Bands of £5K)	All Pensions related Benefits (in Bands of £2.5K)	Total (bands of £5K)
D Dunn	Chairman	55-60	-	-	-	-	55-60
J Church	Deputy Chairman	15-20	-	-	-	-	15-20
M Davis	Senior Independent Director (to Jan. 2020)	10-15	-	-	-	-	10-15
T Brocklebank	Non-Executive Director	10-15	-	-	-	-	10-15
L Butcher	Non-Executive Director	10-15	-	-	-	-	10-15
L Massey[2]	Non-Executive Director	10-15	-	-	-	-	10-15
L Philpott	Non-Executive Director	15-20	-	-	-	-	15-20
A Vernon	Non-Executive Director (from Feb. 2020)	0-5	-	-	-	-	0-5
J Sumner	Chief Executive Officer	120-125	-	-	-	-	120-125
R Favager	Deputy CEO & Director of Finance (from Dec.2019)	30-35	-	-	-	-	30-35
R Favager[3]	Interim Director of Finance (Apr.-Dec 2019)	95-100	-	-	-	-	95-100
H Barnett	Director of Workforce & OD	110-115	-	-	-	52.5-55	165-170
A Freeman	Chief Information Officer (from Oct. 2019)	45-50				25-27.5	70-75
D Frodsham	Director of Strategic Partnerships	95-100				22.50-25	120-125
M Luckas	Medical Director	110-115	-	-	-	-	110-115
C Oliver	Chief Operating Officer	115-120	11,700	-	-	67.5-70	195-200
J Tunney	Director of Nursing & Quality	115-120	-	-	-	72.5-75	190-195
P Dodds[4]	Medical Director/ Acting CEO (to Sept. 2019)	110-115	-	-	-	-	110-115
M Oldham	Director of Finance & Strategic Planning (to May 2019)	20-25	900			20-22.5	45-50

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

1 An element of the Medical Director's remuneration includes clinical excellence awards. This applies to both Dr Dodds (£20k) and Mr Luckas (31k)

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 Interim salary paid as a recharge from Betsi Cadwaladr University Health Board for Russ Favager

4 Due to the retirement of Paul Dodds

Senior manager remuneration and benefits – Emoluments (2018/19):

Name	Title	Salaries and Fees (in Bands of 5K)	Expense Payments (total to the nearest £100) **	Performance Pay and Bonuses (in Bands of £5K)	Long Term Performance Pay and Bonuses (in Bands of £5K)	All Pensions related Benefits (in Bands of £2.5K)	Total (bands of £5K)
		£000s	£'s (nearest £100)	£000s	£000s	£000s	£000s
D Dunn	Chairman	55-60	-	-	-	-	55-60
J Church	Non-Executive	15-20	-	-	-	-	15-20
P Bacon	Non-Executive (until May 2018)	0-5	-	-	-	-	0-5
J Barnes	Non-Executive (until Jan 2019)	10-15	-	-	-	-	10-15
T Brocklebank	Non-Executive (from Feb 2019)	0-5	-	-	-	-	0-5
L Butcher	Non-Executive	10-15	-	-	-	-	10-15
M Davis	Non-Executive	10-15	-	-	-	-	10-15
D Hopewell	Non-Executive (until Jan 2019)	15-20	-	-	-	-	15-20
L Massey+	Non-Executive	10-15	-	-	-	-	10-15
L Philpott	Non-Executive (from Feb 2019)	0-5	-	-	-	-	0-5
T Bullock	Chief Executive Officer	160-165	5,500	-	-	10-12.5	180-185
P Dodds	Deputy Chief Executive Officer & Medical Director	215-220				70-72.5	285-290
M Oldham	Director of Finance & Strategic Planning	130-135	7,100			150-152.50	290-295
D Frodsham	Director of Strategic Partnerships	95-100	7,100			(42.5)-(45)	55-60
H Barnett	Director of Workforce & OD	45-50				52.50-55	95-100
C Oliver	Chief Operating Officer	110-115	10,400	-	-	(30)-(32.5)	85-90
J Tunney	Director of Nursing and Quality	100-105				40-42.50	140-145

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

** The benefit shown as Expenses includes lease car benefits which form part of the remuneration package for Executives

\+ 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.

Salary and pension entitlements of senior managers – Pension benefits:

Name	Title	Real increase in pension at age 60	Real increase in lump sum at age 60	Total accrued pension at age 60 at 31 March 2020	Total accrued lump sum at age 60 at 31 March 2020	Cash Equivalent Transfer Value at 31 March 2019	Cash Equivalent Transfer Value at 31 March 2020	Real Increase in Cash Equivalent Transfer Value	Employers contribution to Stake-holder Pension
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
J Sumner	Chief Executive	-	-	-	-	-			
R Favager	Deputy CEO & Director of Finance	-	-	-	-	-	-	-	-
H Barnett	Director of Workforce & OD	0-2.5	(0-2.5)	25-30	50-55	446	491	20	-
A Freeman	Chief Information Officer	0-2.5	0-2.5	20-25	40-45	209	308	40	-
D Frodsham	Director of Strategic Partnerships	0-2.5	0-2.5	40-45	130-135	1,034	1,097	24	-
M Luckas	Medical Director	-	-	-	-	-	-		-
C Oliver	Chief Operating Officer	2.5-5	0-2.5	25-30	50-55	324	366	19	-
J Tunney	Director of Nursing & Quality	0-2.5	25-27.5	4-50	145-150	918	1,061	106	-
Paul Dodds	Medical Director/ (Acting CEO) (to September 2019)	(12.5-15)	47.5-50	65/70	370-375	2,111	-	-	-
M Oldham	Director of Finance	0-2.5	10-2.5	65-70	160-165	1,133	1,283	18	-

Notes to Senior Managers remuneration and Pension benefits

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The 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 still assessing the impact of the McCloud judgement in relation to changes to benefits in 2015. The benefits and related CETVs disclosed do not allow for any potential future adjustments that may arise from this judgement.

Multiple Statement: Group and Foundation Trust

	2020 £000	2019 £000	% change
Highest Paid Director gross cost	249	217	14.58%
Median Total earnings	29	28	5.24%
Ratio	8.45	7.77	8.87%

The median total earnings were calculated using the full-time equivalent gross cost of all staff paid through the Trust's payroll in March 2020 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 29, no Governors claimed expenses 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 11 Directors who claimed non-audited expenses in 2019/20 at a total amount of **£11,125.** Details of remuneration and benefits in kind are included within the Remuneration tables.

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	**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			16	57,408	**16**	**57,408**		
>10,001-£25,000			2	27,449	**2**	**27,449**		
£25,000+			0					
Total	**-**	**-**	**16**	**84,857**	**18**	**84,857**	**-**	**-**

Exit Packages 2018/19

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			7	57,408	**7**	**18,465**		
>10,001			0	0	**0**	**0**		
Total	**-**	**-**	**7**	**18,465**	**18**	**18,465**	**-**	**-**

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: other (non-compulsory departure payments:

	2019/20 Payments agreed	2019/20 Total value of agreements	2018/19 Payments agreed	2018/19 Total value of agreements
	Number	£000	Number	£000
Contractual payments in lieu of notice	18	84	7	18
Exit payments following Employment Tribunals or court orders	-	-	-	-
Total	**18**	**84**	**7**	**18**

Mr James Sumner
Chief Executive & Accounting Officer
12 June 2020

Audit Committee

The Audit Committee provides an independent and objective review of the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives.

The Trust's Non-Executive Directors (with the exception of the Chairman) are members of the Audit Committee, which is chaired by a Non-Executive Director, Mr Les Philpott. The Audit Committee met on six occasions during the year with the Director of Finance and Strategic Planning, other Trust officers and the internal and external auditors in attendance.

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.

Attendance during 2019/20 was:

Leslie Philpott	6/6
John Church	5/6
Trevor Brocklebank	6/6
Lorraine Butcher	3/6
Mike Davis	4/5
Lesley Massey	5/6
Andy Vernon	1/1

The external audit fee for the year was £64k which included the Charity Accounts.

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.

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 review process and the Audit Committee's annual report. 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.

The Committee met its responsibilities during 2019/20 by:

- Reviewing all risk and control related disclosure statements (in particular the Annual Governance Statement and declarations of compliance with the CQC domain requirements), together with any accompanying Head of Internal Audit statement, External Audit Opinion or other appropriate independent assurances, prior to endorsement by the Board
- Reviewing the underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements
- Reviewing the Board Assurance Framework and Risk Register
- Reviewing the policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements
- Approving the work programme and reviewing progress of internal audit and clinical audit processes
- Reviewing the policies and procedures for all work related to fraud and corruption as set out in Secretary of State Directions and as required by the Counter Fraud and Security Management Service
- Managing a tender process of recruiting new External Auditors in line with good practice and making a recommendation to the Council of Governors for their appointment for three years from November 2019
- Monitoring the integrity of the Trust's financial systems and reviewing any significant financial judgements contained in financial statements
- Reviewing Losses and Special Payment Reports and reviewing and approving write-offs of non-NHS debtors
- Reviewing the adequacy of systems to secure value for money
- Reviewing any breaches of Standing Financial Orders or Standing Orders
- Reviewing the Accounting Policies for the 2019/20 Annual Accounts
- Reviewing the 2018/19 Annual Report and Financial Statements before submission to the Board
- Reviewing the annual reports of all Board Committees and receiving the notes from each committee meeting.

The Audit Committee considered the reports of both its internal and external auditors through the year and there were no significant issues during 2019/20.

The Audit Plan was presented to the Audit Committee in March 2019 which confirmed the audits that would be conducted, with an understanding of the key challenges and opportunities facing the Trust. The Audit Committee was assured that the audit would consider the impact of key developments in the sector and take account of national audit requirements set out in NHS Improvement's Audit Code and associated guidance as well as compliance with the International Standards on Auditing (ISAs).

The External Auditors identified a number of significant risks as follows:

- Valuation of land and buildings – the audit identified an immaterial unadjusted difference in the revaluation reserve balance in relation to the previous treatment of impairments/reversals, although this does not impact the valuation of the land and the buildings at year-end. The valuation exercise was carried out in January 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by Covid-19. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.
- Revenue Recognition – the auditors as a result of their testing have not identified any issues.
- Management Override of Control – the auditors did not identify any misstatements or areas for concern as part of the testing
- Fraudulent expenditure recognition – there were no issues identified during the audit.

Better Payment Practice Code – measure of compliance

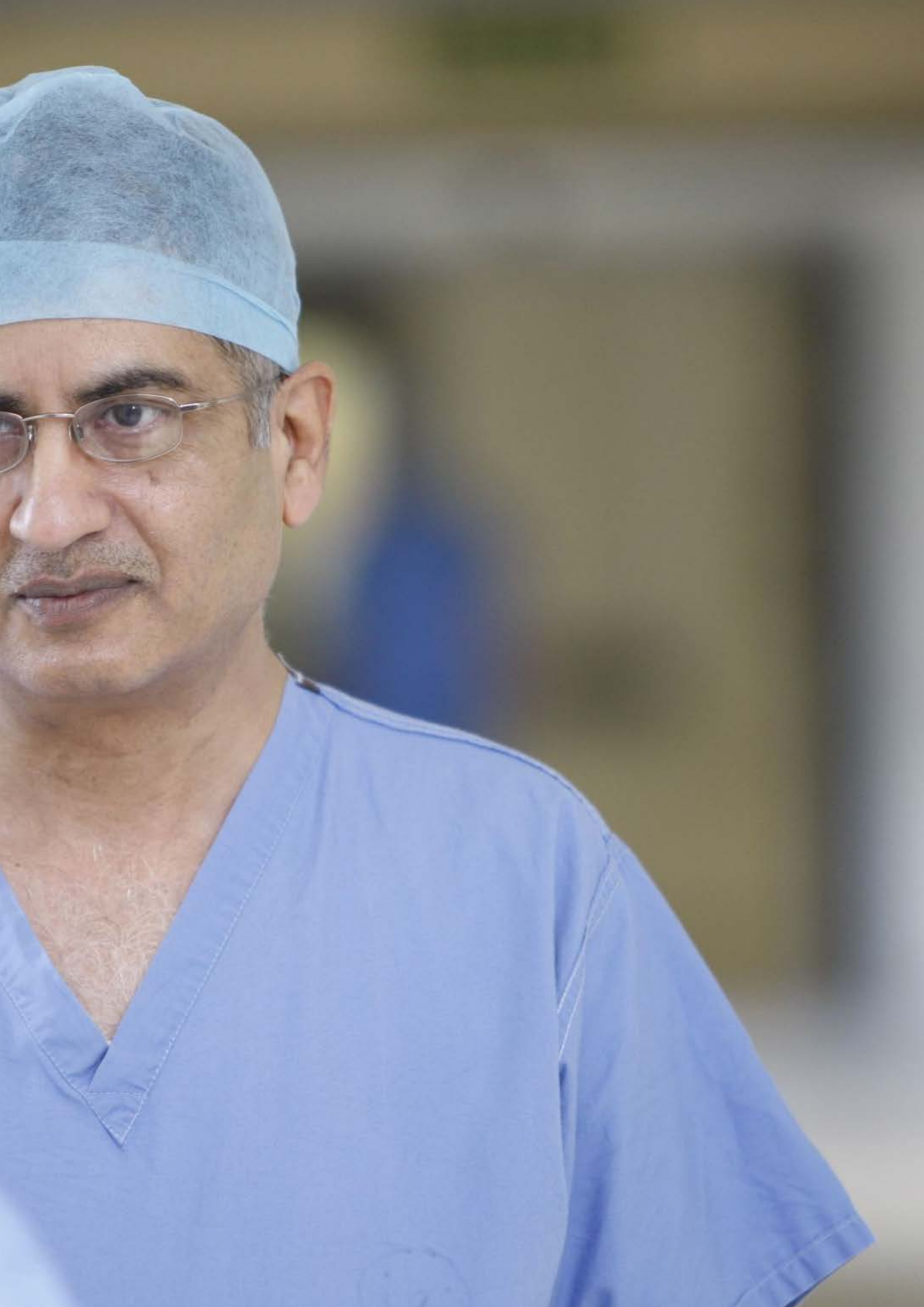
2019/20

	Number	£'000
	31/03/2020	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%

2018/19

	Group and Foundation Trust	
	Number	£'000
	31/03/2019	31/03/2019
Non NHS		
Total bills paid in the year	61,916	129,925
Total bills paid within target	46,092	106,914
Percentage of bills paid within target	74.4%	82.3%
NHS		
Total bills paid in the year	2,484	32,135
Total bills paid within target	1,559	26,047
Percentage of bills paid within target	62.8%	81.1%
Total		
Total bills paid in the year	64,400	162,060
Total bills paid within target	47,651	132,961
Percentage of bills paid within target	74.0%	82%

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.



4.4 Staff Report

Staff Analysis

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

Pay Bands	Female	Male	Total
Executive and Non-Executive	6	7	13
Other Staff (Band 1-7)	3,864	797	4,661
Trust Senior Leaders (Band 8a and above excluding Executives/Non-Executives and Medical Staff)	178	40	218
Grand Total	**4048**	**844**	**4892**

Group and Foundation Trust	Group		Foundation Trust	
	2019/10 £000	2018/19 £000	2018/19 £000	2018/19 £000
Salaries and wages	150,755	141,112	150,755	141,112
Social Security Costs	12,775	11,930	12,775	11,930
Apprenticeship Levy	718	617	718	617
Employer contributions to NHS Pensions Scheme	16,684	15,841	16,684	15,841
Pension cost - employer contributions paid by NHSE on provider's behalf	7,260	-	7,260	-
Pension cost - other	70	42	70	42
Termination Benefits	-	-	-	-
Temporary Staff - Agency and contract staff	7,839	6,079	7,839	6.079
NHS Charitable funds staff	80	82	-	-
Total Gross Staff Costs	196,181	175,703	196,101	175,621
Of which				
Costs capitalised as part of assets	371	(282)	371	(282)
Total Employee benefits excluding capitalised costs	196,552	175,421	195,730	175,340

Analysed into Operating Expenses (5.1 Op Ex)				
Employee Expenses – Staff and Executive directors	195,810	175,422	195,730	175,422
NHS Charitable funds: Employee expenses	81	78	-	-
Redundancy	-	-	-	-
Total Employee benefits excluding capitalised costs	195,810	175,422	175,422	195,730

Average number of persons employed (whole time equivalents):

Group and Foundation Trust	Total 2019/20 Number	Other permanent employees Number	Directors Number	Other Number	Total 2018/19 Number
Medical & Dental	374	360	-	14	351
Administration & estates	951	920	5	26	907
Healthcare Assistants & other support staff	712	612	-	100	674
Nursing, midwifery & health visiting staff	1,218	1,088	-	130	1,179
Scientific, therapeutic and technical staff	399	380	-	19	381
Healthcare Science Staff	355	351	-	3	347
Other	324	289	-	35	326
Total average numbers	4,332	4,000	5	327	4,165
of which WTE engaged on capital projects	7	7	-	-	7

Staff 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 1 April 2020.

Staff Group/Role	Female	Male	Grand Total
Add Prof Scientific and Technic	**115**	**25**	**140**
Chaplain	2	2	4
Optometrist	6	-	6
Pharmacist	29	6	35
Practitioner	38	12	50
Technician	37	5	42
Physician Associate	3	-	3
Additional Clinical Services	**968**	**121**	**1100**
Assistant	136	19	155
Assistant Practitioner Nursing	22	4	26
Assistant/Associate Practitioner	2		2
Healthcare Assistant	641	75	716
Healthcare Science Assistant	137	24	161
Healthcare Science Associate	8	8	16
Play Specialist	2		2
Technical Instructor	10	2	12
Technician	2		2
Trainee Healthcare Science Practitioner	1		1
Nursery Nurse	6		6
Trainee Nursing Associate	1		1
Assistant	136	19	155
Administrative and Clerical	**884**	**163**	**1047**
Accountant	19	3	22
Analyst	8	5	13
Chief Executive		1	1
Clerical Worker	553	66	619
Librarian	1	1	2
Manager	40	22	62
Medical Secretary	53	2	55
Non-Executive Director	1	5	6
Officer	165	31	196
Other Executive Director	3	1	4
Personal Assistant	11	1	12
Receptionist	14		14
Secretary	34	2	36
Senior Manager	43	16	59
Surveyor		2	2
Technician	7	8	15
Allied Health Professionals	**322**	**61**	**383**
Chiropodist/Podiatrist	13	3	16
Dietitian	25		25
Dietitian Specialist Practitioner	1		1
Occupational Therapist	57	2	59
Occupational Therapy Specialist Practitioner	2		2
Orthoptist	6		6
Physiotherapist	95	41	136

Physiotherapist Manager	2		2
Chiropodist/Podiatrist	13	3	16
Physiotherapist Specialist Practitioner	1		1
Radiographer - Diagnostic	63	11	74
Speech and Language Therapist	48	2	50
Speech and Language Therapist Manager		1	1
Speech and Language Therapist Specialist Practitioner	6		6
Radiographer - Diagnostic, Manager	1	1	2
Occupational Therapist Manager	1		1
Multi Therapist	1		1
Estates and Ancillary	**223**	**172**	**395**
Assistant		1	1
Building Officer		3	3
Cook	2	6	8
Engineer		14	14
Housekeeper	22		22
Maintenance Craftsperson	1	21	22
Porter	3	51	54
Supervisor	9	8	17
Support Worker	179	68	247
Healthcare Scientists	**104**	**37**	**141**
Consultant Healthcare Scientist	1		1
Healthcare Science Practitioner	61	20	81
Healthcare Scientist	6		6
Manager	7	5	12
Specialist Healthcare Science Practitioner	29	12	41
Medical and Dental	**105**	**158**	**263**
Consultant	49	102	151
Foundation Year 1	13	6	19
Foundation Year 2	9	9	18
General Medical Practitioner	13	7	20
Specialty Doctor	16	17	33
Specialty Registrar	4	10	14
Associate Specialist (Closed to new entrants)	1	4	5
Staff Grade (Closed to new entrants)		1	1
Trust Grade Doctor - Foundation Level		2	2
Nursing and Midwifery Registered	**1252**	**93**	**1345**
Advanced Practitioner	9	2	11
Community Nurse	136	1	137
Community Practitioner	44	2	46
Midwife	129		129
Midwife - Manager	1		1
Midwife - Specialist Practitioner	3		3
Modern Matron	17		17
Nurse Consultant	2		2
Nurse Manager	35	6	41
Sister/Charge Nurse	115	12	127
Specialist Nurse Practitioner	74	4	78
Staff Nurse	687	66	753
Sister/Charge Nurse	115	12	127

Education, Training and Career Development

The Trust is committed to support and develop its workforce with ongoing education, training, career development and promotion for employees. Activities are guided by policies which are applied equally to all staff. Yearly appraisals are a mandatory Trust requirement, supported by both manager and participant training, in which all employees are encouraged to discuss career development with their manager and participate in creating an individual development plan as the means to achieve their potential. The Education Faculty meets these development goals through the design and delivery of bespoke programmes and in collaboration with independent education and training providers.
The Trust has a range of grade and role specific in-house management development programmes which staff are encouraged to take part in.

On 1 April 2020 the Trust had 97 staff members engaged in Apprenticeships both as direct entrants in roles such as Trainee Nursing Associates and Apprentice Building Services Design Engineer and in professional accreditation roles, like Accounting and Pharmacy Software Development. Since the introduction of the Apprenticeship Levy in 2016, the Trust has worked to fully realise its investment in apprenticeships as a route to professional education and as a major point of entry for school leavers and for employees new to careers in the NHS. The Trust currently works with 15 apprenticeship providers and offers 29 programmes of study in both clinical and non-clinical disciplines.

Managing Attendance

The Trust is committed to creating an environment that supports and maximises the health and wellbeing of all staff, with a number of proactive initiatives across the Trust to support with this and to improve attendance.

The Absence Management Policy is designed to assist managers in supporting staff before they become ill, focus on their health and wellbeing to keep them well and in work, manage their absence if they are unwell and help facilitate their timely return to work. The management of sickness absence is essential to reduce costs and maintain the quality and continuation of Trust services.

Attendance data is consistently reviewed to assess performance across the Trust and ensure that managers apply interventions to deliver improvements. Regular training and individual support and coaching is provided to support managers to deliver this process, and reviews and case conferences take place with Occupational Health to ensure that the most appropriate support is offered to employees to help them return to work.

Work is ongoing to ensure the most appropriate information is supplied to divisional managers to support them to manage absence. Both long and short term absence data is monitored and managers work to the policy to improve attendance. Sickness absence levels are reported to the Divisional Boards and to the Board of Directors on a monthly basis to ensure that there is full visibility of the information and appropriate actions are taking place to achieve improvements.

Absence information

In the year ahead, it is noted that this significant work must continue in order to make improvements. The Trust plans to review its health and wellbeing offer to enable staff to improve their health and wellbeing in order to promote better health and prevent sickness absence. The Trust aims to ensure overall sickness remains below a target of 3.9%. The Trust 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**

Equality, Diversity and Inclusion 2019/20

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.

The Trust aims to ensure that the principles of equality diversity and inclusion are embedded throughout every part of the organisation by promoting equality in service delivery and employment and challenging discrimination wherever it happens. The Trust seeks to listen to the views of patients and their families, its workforce and their representatives and organisations from the public, private or voluntary sector.

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.

Trust Equality Governance and Objectives
Equality and Diversity at the Trust is led and monitored by the Equality and Diversity Group which meets on a quarterly basis. The group is accountable to the Executive Workforce Assurance Committee.

The Trust reviews its equality objectives every four years. The equality objectives agreed for 2016-2020 are as follows:

- To make Trust information and services accessible to the people it serves
- To increase support for Lesbian, Gay, Bisexual and Transgender (LGBT+) staff
- To encourage the recruitment, conversion and progression rates of Black, Asian and minority ethnic (BAME) staff
- To work with partners to identify and implement methods of raising awareness of modern exploitation issues such as forced marriage, female genital mutilation (FGM), human trafficking, modern slavery and child sex exploitation.

Progress of achievement of the equality objectives, in addition to the work being undertaken by the Trust to promote equality of opportunity, is reported in the Equality and Diversity Annual Report. A copy of the latest report is available on the Trust website. https://www.mcht.nhs.uk

The equality objectives for the period 2020 to 2024 have recently been agreed following consultation as follows:

- To improve disabled and BAME staff representation, experience and employment opportunities
- Take steps to address the uneven distribution of gender composition in the workforce
- To improve our understanding and knowledge of equality and diversity information of our patients and service users to ensure that our information and services are beneficial and accessible to the people we serve
- To improve the experience of LGBT+ staff and patients.

Equality Impact Assessments
The Trust ensures an Equality Impact Assessment (EIA) is completed for each new service and policy. By undertaking EIAs across all services and Trust policies, the Trust is committing to ensuing that its policies, strategies, functions and services it delivers endeavour do not to lead to any unfavourable effects on different people and help to identify any action in order to promote equality of opportunity and access. EIAs for patient facing services is completed on a three yearly basis. This was last undertaken in 2017 and will be undertaken again during 2020.

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. Guidance can be found on the Cabinet Office website at **https://gender-pay-gap.service.gov.uk**

The Trust undertook its first gender pay gap audit in January 2018 and is undertaken on an annual basis. Overall, the report has found that pay variances between males and females within the Trust were influenced by the proportion of males and females within each pay band and the different ways men and women participate in the labour market. Action plans are developed to address the outcomes of the report and review the progress since the previous report. A copy of the latest report is available on the Trust website. **https://www.mcht.nhs.uk/**

Workforce Disability Equality Standard
The Workforce Disability Equality Standard (WDES) 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 WDES came into force on 1 April 2019. The report is available on the Trust website. **www.mcht.nhs.uk/about-us/equality-and-diversity/**

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 June 2019 and the findings are available on the Trust website. This report is completed on an annual basis **www.mcht.nhs.uk/about-us/equality-and-diversity/wres.**

Age Band	Headcount	%
<=20 Years	34	0.70%
21-25	279	5.70%
26-30	495	10.12%
31-35	588	12.02%
36-40	578	11.82%
41-45	516	10.55%
46-50	634	12.96%
51-55	725	14.82%
56-60	643	13.14%
61-65	305	6.23%
66-70	71	1.45%
>=71 Years	24	0.49%
Grand Total	**4892**	**100%**
Ethnic Group	**Headcount**	**%**
White - British & Irish	4247	86.82%
White - Other	152	3.11%
Not specified	109	2.23%
Mixed	14	0.29%
Chinese	15	0.31%
Black	115	2.35%
Asian	213	4.35%
Any other Ethnic Group	27	0.55%
Grand Total	**4892**	**100%**
Gender	**Headcount**	**%**
Female	4048	82.75%
Male	844	17.25%
Total	4892	100%
Disabled	Headcount	%
No	3992	81.60%
Not Declared	760	15.54%
Unspecified	2	0.04%
Yes	136	2.78%
Total	**2**	**0.04%**

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 Trust's performance against the key standards was last completed in 2019 following consultation with both external and internal stakeholders. The report outlining the performance against each of the outcomes is available on the Trust website. **https://www.mcht.nhs.uk/about-us/equality- and-diversity/ equality-and-diversity-document-library/nhs- equality- delivery-system/**

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.

The opposite table provides a summary of the diversity of the Trust's workforce as at 31 March 2020.

Equality and Diversity Highlights

Rainbow Badges

NHS staff having an increased awareness of the issues surrounding LGBT+ people when accessing healthcare can make significant differences to LGBT+ people's experience and, in turn, on their physical and mental health. Simple visible symbols, such as the Rainbow Badge, can make a big difference for those unsure of both themselves and of the reception they will receive if they disclose their sexuality and/or gender identity.

The Trust launched the Rainbow Badge scheme in January 2020. Over 1,000 Trust staff signed up to the pledge within the first two weeks of the scheme launching.

Human Library Event

The Trust hosted a second Human Library event on 19 June 2019. The event focused on 'lending' people as living books to share their experiences of discrimination, prejudice and misunderstanding. The event was licensed by The Human Library Organization (https://humanlibrary.org/), which invites people to 'unjudge someone'.

On the day the visiting 'readers' browsed a catalogue, registered at an enquiry desk and were introduced to their book for a 20 minute conversation. Five book titles were on offer:

- Blind
- Mixed Race Marriage
- OCD
- Parent of Trans
- Prisoner

Trust staff support Crewe Pride in the Park in June 2019

Crewe Pride
The Trust took part in Crewe Pride in the Park in June 2019. The event took place at Queens Park, Crewe, and saw a host of entertainment and activities in celebration and support of the LGBT+ community.

Staff hosted an information stand to showcase the Trust with activities available for children, and several staff took part in the parade through the park to show their commitment to the LGBT+ agenda.

Employee Support Advisor Service
The Employee Support Advisor service is made up of a team of trained volunteers, Employee Support Advisors (ESAs). They offer help and support to any member of staff across the Trust who would like to discuss any concerns, worries or problems they have, whether they be in the workplace or at home. The team provides an informal, supportive and confidential environment in which discussions can take place; they are there to empathise without passing judgement and provide staff with information on the different support options available.

Staff Support Voicemail
The Trust's Staff Support Voicemail is available to all Trust staff. The service provides staff with an opportunity to voice any concerns about the way they have been treated by other employees at work, or where they have witnessed other employees being subjected to this behaviour. Available 24/7, the service is completely confidential and any data recorded is anonymous.

Disability Confident
The Trust is signed up to the government's Disability Confident scheme (which has replaced the two ticks symbol). The Trust's recruitment policy, guidance for recruiting managers and recruitment and selection training makes reference to the new scheme and what this means in terms of support for disabled people in the workforce.

disability confident

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 published its first facility time report in July 2018 and this is undertaken on an annual basis. Facility time is agreed time off from an individual's job to carry out a trade union role.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number in the organisation
40 (24.82 FTE)	3979.21 FTE

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	29
1-50%	11
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

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.

Provide the total cost of facility time	£17,072.67
Provide the total pay bill	£126,783,284.00
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.013%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	27.42%

National NHS Staff Survey 2019

Mid Cheshire Hospitals NHS Foundation Trust had 1,246 staff take part in the 2019 National Staff Survey out of a census of 4,446. An overview of the 2019 results can be found on the following pages. The overall engagement score of 7.2 out 10 in 2019 (the best score achieved by a combined acute and community trust was 7.6) is very positive and this demonstrates that the vast majority of staff feel engaged or highly engaged.

The Trust attributes its good engagement score in this area to the open and honest approach that its 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 its patients, services users and staff.

	2018/19		2019/20		Trust improved/ deterioration
	Trust	National Average	Trust	National Average	
Response rate	53%	41%	28%	46%	Trust deterioration by 25% from previous year which is above average trusts in England for combined acute and community

* For the 2019 staff survey, all eligible members of staff were invited to participant instead of the normal randomly selected sample of 1,250 that took part in the 2018 survey

NHS Survey Results

In the 2018 NHS Staff Survey, ten Summary Indicators (Themes) were introduced on which Trusts were benchmarked. For the 2019 survey an additional theme 'Team Working' was included.

The following table provides an overview of the scores achieved by the Trust against the eleven themes.

Theme	2018 (Scores out of 10)	2019 (Scores out of 10)	2019 Combined Acute and Community Trust Average	Trust Performance (when compared with all combined acute and community trusts in 2019)
Equality, Diversity and Inclusion	9.4	9.3	9.2	Above Average
Health and Wellbeing	6.1	6.0	6.0	Average
Immediate Managers	6.8	7.1	6.9	Above Average
Morale	6.5	6.4	6.2	Above Average
Quality of Appraisals	5.6	5.7	5.5	Above Average
Quality of Care	7.6	7.5	7.5	Average
Safe Environment – Bullying and Harassment	8.3	8.3	8.2	Above Average
Safe Environment – Violence	9.6	9.5	9.5	Average
Safety Culture	6.9	6.9	6.8	Above Average
Staff Engagement	7.2	7.2	7.1	Above Average
Team Working	6.6	6.7	6.7	Average

The Trust is pleased to be able to report that the majority of staff feel engaged, motivated and are happy with the care that it provides, achieving one of the best scores nationally for staff morale.

Equality and Diversity Highlights

It is clear that the Trust must focus on those areas where it sits at or is very close to the national average for combined acute and community trusts to address the issues the staff survey has highlighted.

The Trust is mindful that there is some work to do to ensure its staff always feel safe, protected and cared for in their workplace and this will be a significant focus for the Trust over the coming year. The Trust has therefore set out the following objectives for 2020/21:

- Reducing work related stress
- Staff engagement including morale and retention
- Reduce discrimination in the workplace
- Reduce violence in the workplace.

In addition to the Trust-wide priorities, divisions and Central Cheshire Integrated Care Partnership (CCICP) will identify their own local objectives that will focus on delivering sustainable improvement in the experience of the Trusts staff.

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 induction programme is the first step in helping new staff to get to know more about the Trust and how it involves and engages them in the organisation's decision-making. The Trust also uses a range of well-established forums for consulting with and engaging staff and their representatives, including:

- Regular Executive and Non-Executive Director ward 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
- Regular Trust Briefings (such as a Trust Update newsletter)
- Monthly Team Brief led by the Chief Executive
- Payday Press staff newsletter
- Staff focus groups and interviews
- Bright Ideas Scheme
- All Together newsletter.

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

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 Clinical Commissioning Groups (Eastern Cheshire and South Cheshire & Vale Royal), the GP Alliance Board and a number of small to medium sized organisations.

Cheshire Occupational Health Service led on the successful delivery of the annual influenza campaign. As a result, the Trust succeeded in vaccinating over 81% of frontline health care workers in 2019/20, thereby helping to also protect patients, friends, family and other staff members.

The Occupational Health service implemented an upgrade to the IT system in 2019, moving to a web hosted solution. The team also experienced significant capacity issues during the year as a result of staff shortages and which required close management.

The service began collaborative discussions with Cheshire and Wirral Partnership NHS Foundation Trust under the direction of NHS Collaboration at Scale. This work will continue into next year as both services explore opportunities for increased partnership working.

Staff Health and Wellbeing

The staff health and wellbeing strategy was refreshed and relaunched with a clear focus on the following key headings:

- Physical wellbeing
- Psychological wellbeing
- Financial wellbeing
- Social wellbeing.

A successful annual health and wellbeing event was delivered for the benefit of all staff in May 2019. With over 15% of staff attending the event, the Trust was shortlisted for a Health Professional management Award.

In an attempt to change the negative perceptions associated with mental health conditions and to help remove the stigma associated with poor mental wellbeing, 2019 saw the launch of the first cohort of Mental Health First Aiders in the Trust. During the course of the year this cohort of seventeen staff have supported over ninety members of staff as well as several teams in distress with mental health related issues and helped many to stay safe and in work.

In 2020 the Trust will undertake a comprehensive market research study into the health and wellbeing requirements of staff. This study will involve surveys, focus groups and one to one interviews and the outputs from this work will inform the future strategy and direction of health and wellbeing for staff at the Trust.

Volunteer Team

The Trust's volunteer team consists of over 300 volunteers providing valuable assistance in a multitude of ways. The Voluntary Services department is committed to reviewing volunteer roles and matching the individual's skills and talents with the changing needs of the Trust. 2019/20 saw the successful introduction of several new volunteer roles within the Trust, including the launch of the Emergency Department enquiry volunteers, now providing coverage across the week. These volunteers are on hand to answer general enquiries and to signpost members of the public and patients to departments and appointments, offer reassurance and sit and chat to patients in the waiting area.

Volunteers continue to support across the Trust in the traditional volunteer roles including; assisting on the wards, assistance at meal times, outpatient clinics, Chaplaincy, radio and Macmillan.

On 3 August 2019, the Daily Mail published a double page feature, updating on the success of their recruitment campaign in conjunction with Helpforce to increase the number of NHS volunteers. One of the Trust's new recruits provided the main headline ("Now that's a helping hand!"), promoting her role as a Trust hand holding volunteer.

The Trust continues to partner with outside organisations such as the on-ward befriending service, provided by Royal Voluntary Services. Two new Pets as Therapy (PAT) dogs started their visits to the Trust early in 2020, bringing joy to patients, visitors and staff. Several garden areas at Leighton Hospital continue to receive ongoing maintenance by teams from Barclays' corporate social responsibility programme.

Voluntary Services at Mid Cheshire Hospitals NHS Foundation Trust is fully committed to delivering a positive and engaging volunteer programme, which volunteers will find rewarding and fulfilling, whilst also making a positive and substantial contribution to the patient experience. Plans for 2020/21 already include increasing volunteer support further across the Trust and launching exciting new volunteer initiatives, such as the development of a Response volunteer programme.

4.5 **Health and Safety**

In 2019/20 there were 19 staff incidents reportable to the Health and Safety Executive (HSE) as required by the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR). Two of these were late reports from the previous year and four of the incidents were related to a member of staff working for Central Cheshire Integrated Care Partnership (CCICP). This compared to twelve reported RIDDOR incidents in 2018/19, three of which related to a member of staff working for CCICP. There was one patient incident reported under RIDDOR in 2019/20 compared to none in the previous year.

The number of health and safety incidents relating to staff reported in 2019/20 increased by approximately 14.9% compared to the previous year (from 1,493 to 1,558).There was an 11.2% increase in the number of 'no harm' incidents reported for the Trust compared to the previous year (from 1,120 to 1,218) and an increase of 84.6% for CCICP (from 13 to 24). The rate of non- patient 'harm' incidents reported decreased by approximately 3.7% for the acute Trust compared to the previous year (from 373 to 404) and CCICP it remained the same as last year at 32.

During 2019/20 the Trust re-ran the Stress Survey. The Health and Safety Team has followed this up with staff focus groups in hotspot areas to capture staff views on practical solutions which will reduce potential stressors within their department. Improvement plans will be developed at a divisional level in response to suggestions made by staff. A number of Moving and Handling Link Workers were established within Central Cheshire Integrated Care Partnership (CCICP) to support the local identification of needs. In addition, CCICP agreed to adopt the Trust Moving and Handling Policy which was amended to include them. A successful bariatric equipment workshop was held in the year with a range of suppliers invited in to provide an update on equipment available and provide demonstrations and additional training to staff on the use of various items of equipment.

The Trust undertook a review of office chairs within the year to standardise an agreed range to support the musculoskeletal needs of staff whilst improving the efficiency and effectiveness of computer workstation assessments.

Cheshire Fire Authority undertook their annual audits of Leighton Hospital, Victoria Infirmary and Elmhurst Intermediate Care Centre in 2019 and made no recommendations, reporting that they were impressed with the management of fire safety observed.

The Trust received the Royal Society for Prevention of Accidents (RoSPA) 2020 Industry Award of Highly Commended for its performance in 2019. RoSPA states that the Industry Awards are awarded to organisations that are recognised as having a rigorous approach to the management of occupational health and safety and also have low or reducing rates of error. The Trust had achieved the RoSPA Gold Recognition Award in previous years. The Industry Awards are higher awards than the Recognition Awards.

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.

For all off-payroll engagements as of 31 Mar 2020, for more than £245 per day and that last for longer than six months	**2019/20**
No. of existing engagements as of 31 Mar 2019 of which:	0
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	-
Number that have existed for between two and three years at the time of reporting	-
Number that have existed for between three and four years at the time of reporting	-
Number that have existed for four or more years at the time of reporting	-

For all new off-payroll engagements, or those that reached six months in duration, between 01 Apr 2019 and 31 Mar 2020, for more than £245 per day and that last for longer than six months	**2019/20**
Number of Engagements	
Number of new engagements, or those that reached six months in duration between 1 April 2019 and 31 March 2020	0
Number of the above which include contractual clauses giving the trust the right to request assurance in relation to income tax and national insurance obligations	-
Number for whom assurance has been requested	-
Of which:	
Number for whom assurance has been received	-
Number for whom assurance has not been received	-
Number that have been terminated as a result of assurance not being received	-

For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 Apr 2019 and 31 Mar 2020	**2019/20**
Number of Engagements	
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 should include both off-payroll and on-payroll engagements.	15

4.1 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. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

The Board of Directors has in place governance policies and procedures that reflect the principles of the NHS Foundation Trust Code of Governance which include:

- Annually update of the Corporate Governance Manual, which includes the Standing Orders of the Board of Directors, Standing Orders of the Council of Governors, Standing Financial Instructions, Scheme of Reservation and Delegation of Powers
- A Trust Constitution is in place and was last fully reviewed in 2018
- Standards of conduct for the staff of the Trust in accordance with NHS values and the Nolan Principles of behaviour in public life
- All Directors are subject to the 'Fit and Proper Persons Test' on recruitment to the Trust and reviewed on an annual basis
- Induction programme for Executive and Non- Executive Directors
- Non-Executive Director regular private meetings with the Chairman
- Recruitment process for Non-Executive Directors, including the Chairman, led by the Nominations and Remuneration Committee
- Formal induction programme for Governors
- Senior Independent Director in place
- Annual Board of Director and Council of Governor evaluations and development plans, Staff and Governors also have the opportunity to comment on the effectiveness of the Board of Directors
- Register of Interests for Directors, Governors, Senior Managers and Decision Makers held and published
- Maintained attendance records for Director and Governor meetings and committees
- Formal performance appraisal process for Non-Executive Directors developed and approved by the Council of Governors
- Formal performance appraisal process for the Chairman led by the Senior Independent Director, developed and approved by the Council of Governors
- Formal performance appraisal process for the Chairman and Non-Executive Directors which determine individual and collective professional development programmes relevant to their individual duties and collective responsibility as board members
- Regular Governor meetings with the Chairman and Non-Executive Directors to review issues reviewed at Board of Directors' meetings
- Quarterly performance report produced by the Chief Executive and provided to the Council of Governors
- Council of Governor Agenda Setting meetings• Membership and Communications Strategy in place for engaging with Trust membership
- Annual Report and Accounts presented to Governors and Members at the Annual Members' Meeting
- Strategy workshop held with staff and Governors
- Code of Conduct for Governors and Board
- Good quality and timely reports presented to the Board of Directors and Council of Governors
- Governor led re-appointment process for the external auditor of the Trust.

Code of Governance reference	Relating to	Summary of requirement	Explanation
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 in place but there are strong working processes in place for Governors to raise concerns through: their regular meetings with Non-Executive Directors; meetings with the Chairman on an individual basis; private Governor meetings chaired by the Lead Governor; at the Council of Governor's general meetings; through the Senior Independent Directors; any Director of the Trust or by contacting the Trust Board Secretary. These methods for raising concerns are detailed in the Corporate Governance Handbook and in the Governor Handbook which is provided to each Governor as part of their induction.
B.7.1	Board of Directors	At least half of the Board, excluding the chairperson, should compromise Non-Executive Directors determined to be independent.	It is a recommendation 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's Nominations and Remuneration Committee. In 2018 another Non-Executive Director was exceptionally appointed to a seventh year to provide continuity for Audit and Performance and Finance Committee as the Chair of both of these was stepping down in January 2019. This Non-Executive Director completed their additional year in January 2020. All Non-Executive Directors at the Trust have been judged to be independent.
D.2.3	Council of Governors / 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 Nomination and Remuneration Committee annually reviews the remuneration of the Non-Executive Directors including the Chairperson. This process uses NHS Provider remuneration survey results, peer data and NHS Annual 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. This review is performed by the Trust Board Secretary using the same resources that an external professional adviser would use.

4.2 NHS 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 Oversight Framework provides 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 2020. There is no proposed enforcement action being taken or proposed. Current segmentation information for NHS Foundation is published on the NHS Improvement website.

The finance and use of resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance. These scores are then weighted to give an overall score. Given that Finance and Use of Resources is only one of the five themes feeding into the NHS Oversight Framework, the segmentation of the Trust at 2 is not the same as the overall finance score.

The Trust has submitted the 2019/20 plan in accordance with requirements and this plan delivers the required financial position, accepting the control total allocated and associated funding which is attached to this through the Provider Sustainability Fund. This supports a target scoring on Finance and Use of Resources of Level 3. This is in line with the 2019/20 score of 3 which was influenced by the Trust's ability to service its debt and lower levels of liquidity.

A summary of the results by quarter are shown below for the financial year 2019/20 and 2018/19.

Finance and Use of Resources

Area	Metric	2019/20 Scores				2018/19 Scores			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Financial Sustainability	Capital Service Capacity	4	3	3	3	4	4	4	2
	Liquidity	3	3	3	4	1	2	2	3
Financial Efficiency	I & E Margin	4	3	3	2	4	4	3	2
Financial Controls	Distance from Financial Plan	1	1	1	1	2	2	2	3
	Agency Plan	2	2	2	3	1	2	1	2
Overall Scoring		**3**	**2**	**2**	**3**	**3**	**3**	**3**	**2**


NHS

4.3 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 him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Mr James Sumner
Chief Executive & Accounting Officer
12 June 2020

4.4 Annual Governance Statement

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.

I hold the role of Chief Executive within the Trust, commencing in post in July 2019. An interim CEO was in post prior to that from April 2019.

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 2020 and up to the date of approval of the Annual Report and Accounts.

Capacity to handle risk

The Trust's Risk Management Strategy & Assurance Framework 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 and provides a framework for managing risk across the Trust which is consistent with best practice and national guidance. The Risk Management Strategy & Assurance Framework 2017/20 provides a clear, structured and systematic approach to the management of risks, to ensure that risk assessment is an integral part of clinical, managerial and financial processes across the organisation. Its key elements include a description of individual and collective responsibilities of the Board of Directors, its sub-committees and other groups within the Trust that are concerned with risk management. In particular, the Quality Governance Committee provides the mechanism for managing and monitoring risk throughout the Trust and through to the Board of Directors. The Audit Committee oversees the systems of internal control and the overall assurance process associated with managing risk. The responsibility of both committees in relation to risk management was reviewed in 2019/20 and the role of Audit Committee strengthened in this regard. The Risk Management Strategy is due to be revised in 2020/21.

The quarterly Quality Review meetings, chaired by the Medical Director and Director of Nursing & Quality, provides a forum where clinical divisions are constructively challenged on their risks, and supported to ensure action is taken to mitigate risk. A similar system of oversight and scrutiny of the Corporate division is a developing area.

Risk management training is provided through the induction programme for all new staff. The corporate induction programme ensures that all new staff are provided with an overview of the Trust's risk management systems and processes and is augmented by local induction organised by line managers. This includes the comprehensive induction of all junior doctors on key policies, standards and practice prior to commencement in clinical areas. All Board members and senior managers attend, as a minimum, the Trust's mandatory training. Additional risk management training and support is provided by the Quality Governance team on an ad hoc basis to clinical teams where required and bespoke risk management training is included in the Board Development programme, focusing on key issues, particularly changes in legislation.

The Board of Directors receives assurance as a standing item through the Quality Governance Committee and the associated sub-groups on all serious incidents, including Never Events, as well as receiving reports on complaints, claims and incidents regularly. The Trust has mechanisms to act upon alerts and recommendations made by all relevant central bodies.

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.

The Audit Committee introduced a series of development sessions for members which included guidance on setting an internal audit plan and an overview of the NHS audit and assurance landscape. In addition, an external review of the Trust's governance processes was commissioned in year, to undertake a stock take of the current assurance system, review the current governance structure and

assess the Trust's approach to understanding key risks and challenges throughout the organisation. It also assessed the clarity of responsibility for risk assessment, management and reporting throughout the meeting structure.

The review found that the governance arrangements are generally well designed, allowing assurance to cascade throughout the governance structure. Risk management arrangements are well established and clearly documented in the Trust's Risk Management Strategy. This includes the articulation of risk appetite.

Key recommendations arising from the review were a reconfiguration of the Acute Executive Management Board to an operational board where performance reporting and divisional accountability would be aligned; a review of the governance structure below the Board sub-committees and developing those committees for a system-wide approach; and strengthening risk management processes with a review of committee workplans to ensure appropriate oversight of key risks.

The risk and control framework

The framework of risk control is established by the Risk Management Strategy & Assurance Framework 2017/20 with operational risk management processes embedded throughout the organisation. The framework requires all staff to actively participate in the identification, assessment and management of risk. The risk control objective is to reduce risks to a reasonable level consistent with the Trust's vision "to deliver excellence in healthcare through innovation and collaboration".

The process of risk management begins with the systematic identification of risks throughout the organisation via structured risk assessments. All divisions manage their operational risks through their Divisional Governance Boards, and Divisional General Managers are responsible for their respective risk register/s. Associate Medical Directors chair the Divisional Governance Boards and lead the delivery of the divisional objectives through mitigation of risk and review of relevant assurance. Identified risks are documented on the relevant risk register and then analysed in order to determine their relative importance using a risk scoring matrix. Measures to control the risk are identified and implemented to reduce the potential for the risk realising harm or damage. Many control measures do not require extra funding and these are implemented as soon as reasonably practicable. However, where risk control requires extra funding, a risk funding process determines how best to use the Trust's financial resources to control that risk. Risk appetite/acceptable risk is defined in the Risk Management Strategy & Assurance Framework 2017/20, with clearly defined authorities to manage risk and support decision making. Where operational risks are scored as high or extreme, these are managed with executive oversight at the Executive Quality Governance Group and held on the Organisational Risk Register, with a line of sight to the Board Assurance Framework (BAF).

The Board of Directors is kept fully informed of all significant risks and assurance is provided on the plans to mitigate them.

Awareness of, and responsibility for, risk issues are linked explicitly to key objectives in order to support a sustainable risk management culture. There is delegated responsibility for risks at every level in the Trust as defined by the Risk Management Strategy & Assurance Framework 2017/20. The Board Assurance Framework sets out the principal risks to the delivery of the Trust's strategic objectives, and the Executive Director with delegated responsibility for managing and monitoring each risk is clearly identified. The Board Assurance Framework identifies the key controls in place to manage each of the principal risks and explains how the Board of Directors receives assurance that these controls are in place and operating effectively. The Board of Directors undertakes a formal review of the risks to its key strategic objectives quarterly. The related controls and action plans that have been drawn up are also considered by the Board of Directors.

The Quality Governance Committee is chaired by a Non-Executive Director and has delegated authority to provide assurances to the Board of Directors in matters relating to risk management, quality, safety and experience performance, including continued compliance with Care Quality Commission registration requirements.

The work of the Quality Governance Committee is supported by four Executive-led groups focussed on Quality Governance, Patient Experience, Safeguarding, and Infection, Prevention & Control. Specialist groups, e.g. Medicines Management, the Patient Safety Summit and the Health and Safety Group support the Executive-led functions. The divisions and the Central Cheshire Integrated Care Partnership (CCICP) hold local governance meetings, with feedback to Board through the committee structure.

Incident reporting is actively promoted through staff training and further embedded by the management of incident investigations. Patient Safety Summit meetings are held fortnightly and chaired by the Medical Director. A Safety Matters newsletter is disseminated Trust wide to share key messages and learning after each 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 relatives. An externally facilitated workshop 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 incidents, claims and complaints, together with examples of good practice, are disseminated throughout the Trust so that learning can be truly Trust wide.

Data quality and data security risks are managed and controlled via the risk management system. Risks to data quality and data security are continuously assessed and added to the relevant section of the Trust's risk register and reviewed by the Executive Information Governance Group. 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 ensures that the data used to assess the quality of the Trust's performance is reliably collected and prepared by staff. Data quality issues are addressed through the Trust's information governance systems in line with its Data Quality Policy. 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 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 was on track to submit its 2019/20 Data Security and Protection Toolkit by 31 March 2020 but the deadline was extended by NHS Digital to 30 September 2020 due to Covid-19. The Toolkit continues to be monitored and reviewed by the Trust's Executive Information Governance Group, with assurance provided to the Quality Governance Committee which reports through governance reporting processes to the Board of Directors.

Internal assurance is provided by the Trust's internal auditors who provided substantial assurance in-year on the Data Security and Protection Toolkit and cyber security management arrangements. Compliance around Information Governance training was the highest for five years.

The Quality and Safety Improvement Strategy aims to improve on the quality of care provided for patients and reduce avoidable harm. The Board of Directors is assured on progress on delivery of the Strategy against identified via the Quality Governance Committee.

Throughout the year the Chairman, the Chief Executive and members of the Executive team have met regularly with public stakeholders, Clinical Commissioning Groups and with partners in the local health economy to engage in discussions where any issues of risk could be highlighted. The Clinical Commissioning Groups are also invited to contribute to the Trust's strategy, to ensure that the health economy commissioning intentions are incorporated.

Governors and Members provide vital channels of communication with the general public and are encouraged to bring issues of concern swiftly to the attention of the Trust.

The Trust's Workforce and Organisational Development Strategy (Our Workforce Matters strategy) provides short, medium and long term measures to ensure that the right staff, with the right skills, are in the right place at the right time, in line with the 'Developing Workforce Safeguards' recommendations.

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.

The Transformation and People Committee reviews workforce metrics on a monthly basis, which are informed and escalated firstly through divisional level reporting at ward and departmental level and then through the Executive Workforce Advisory 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 transformation and service change programmes are reported to the 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 Staff Survey results are reported to the Board of Directors annually. Key themes for improvement are driven by the divisions, with oversight from the Transformation and People 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 Advisory Group to monitor themes around grievance, sickness, disciplinary and Freedom to Speak Up concerns. Actions to address concerns are monitored through this Group and escalated through the committee structure as necessary.

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 Executives 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 2019/20

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 robustly monitored by the Board and the Board Committees.

During 2019/20, the major risks related to:

- **Workforce capacity and skill mix to consistently deliver high quality care, seven days a week**
  During 2019/20 the Trust has recruited additional consultants in specialities including gastroenterology rheumatology, dermatology, radiology, pathology, paediatrics, and care of the elderly, which are recognised to be difficult to recruit to. The Trust has also planned to recruit an additional 80 nurses, with 40 international nurses recruited during 2019/20 who are now registered to work on the Trust's wards. The Trust has developed an acute care service model which will extend the critical care outreach service and has commenced providing inreach and interventions to the critically ill patient. National Early Warning Score (NEWS) 2 is now embedded throughout the Trust.

- **Long term financial sustainability of the Trust**
  The Trust delivered below its control total set by NHS England and Improvement (NHSE/I) for 2019/20, ending the financial year with a surplus of £50k before exceptional items and a surplus of £407k post exceptional items. The Trust also underwent a use of resources assessment in November 2019 where it was rated as 'Good'.

  During the year the Trust submitted a five year draft financial plan to NHSE/I and is working alongside other Cheshire organisations on a Cheshire system financial recovery plan for future years. This plan includes three specific elements - Grip and control; Collaboration at scale and Transformational change. The Trust is also working in collaboration with other systems/ organisations around future sustainability including Cheshire & Merseyside Health and Care Partnership and the University Hospitals of North Midlands NHS Trust.

  The current financial regime has been suspended between 1 April and 31 July 2020 and replaced with block funding and reimbursement arrangements, which should see no NHS organisation financially disadvantaged during this period, with appropriate costs associated with Covid-19 reimbursed. It is currently unclear what the financial framework will be post July 2020 although any assumptions made on the basis of the 2020/21 Operational Planning guidance will be fundamentally reset by the events and impacts of the months since March 2020.

- **Lack of funding to implement the Information Management and Technology (IM&T) Strategy**
  The main challenge to delivering the DIGIT@LL Technology Strategy is the financial affordability; however, even with the resources available there will also be the requirement for a high level of organisational development support to undergo the necessary culture change. A Chief Nursing Information Officer and Chief Clinical Information Officer have been appointed to support the electronic patient record (EPR). CCICP has gone live with EMIS Community which has been configured specifically to support care communities. There is an appetite to develop this as an NHS Digital blueprint. Funding to replace aged hardware across the Trust has been identified, and that work is underway. The E-Rostering project has commenced and is on track to deliver within timescales. The Executive Lead for Cyber Security is the Chief Information Officer and cyber security across the Trust has improved with the aid of national funding and the appointment of a cyber security engineer. In 2019/20, the cyber security management arrangements were audited as part of the internal audit programme and reported substantial assurance. The Trust Board has received independent cyber security training.

  Health Service-Led Initiative monies have been received in 2019/20 (£600k) with £2.5m also received in 2019/20 for Electronic Prescribing (EPMA).

- **Delivery of key local and national targets and standards, in particular the 4-hour standard in the Emergency Department**
  Whilst in-year the Trust improved performance against the national referral to treatment (RTT) standard to a position of over delivery, the winter reduction in elective activity to support non- elective pressures saw performance fall just below the 92% national standard. The Trust has maintained its significantly strong position with regards to cancer standards, delivering full compliance. Diagnostic performance was challenged in 2019/20 following a system failure which required a programme of recovery to resolve. The Trust was successful in this and compliance against the 1% six week threshold was delivered. The Trust continues to be significantly challenged with regards to the four hour access standard and recorded increased attendances during the year at the Emergency Department which are double that seen nationally. There have also been challenges in the community to support discharges from hospital, with the Delayed Transfer of Care threshold being breached for most of the year. Therefore, occupancy levels across core wards have increased, with additional beds being opened at premium costs, in part offset by additional NHSE funding.

- **Lack of pace in the significant transformational change required to deliver the Cheshire East Place Strategy and consequently the Health and Care Partnership (HCP) for Cheshire & Merseyside**
  The Health and Care Partnership brings together NHS organisations, local authorities and other partners to work together to deliver the priorities from the NHS Long Term Plan. The Trust, along with other NHS organisations and local authorities, has formed nine discrete areas (Places) across Cheshire and Merseyside to develop ideas and proposals. The local Place is referred to as Cheshire East Place.

  Governance arrangements have been established for the Cheshire East Place to develop in 2020/21 into an Integrated Care Partnership and work continues on the development of the local strategy. Sufficient resource and capacity continue to pose a challenge to the effective delivery of transformational change at the pace desired by the Trust.

Major Risks 2020/21

Due to the Trust's focus on the Covid-19 pandemic, the major risks for 2020/21 are iterative and these indicative risks have not yet been formally signed off by the Board but will be further refined as the Board Assurance Framework for 2020/21 is developed. The risks are aligned to the Trust's revised strategic objectives and are due to be approved by the Board in June 2020.

- **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 organization 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 organization.

- **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.

  The risks to compliance with the conditions of the Provider Licence are monitored through the Board Assurance Framework. This includes compliance with the NHS Foundation Trust Condition 4 (FT Governance). The Board assessed compliance at its meeting in May 2019 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 sub-groups as contained within terms of reference that are reviewed annually, as well as work plans that are reviewed at every meeting

- Reporting lines and accountabilities between the Board of Directors, its sub-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 been identified and will form the basis of an improvement plan agreed by the Board and monitored by the Quality Governance 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 around these is brought together at the Quality Governance Committee.

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 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. Equality objectives are in place and monitored by the Executive Equality & Diversity Group.

In June 2019, the Trust took part in Crewe Pride in Park in celebration and support of the LGBTQ+ community. In January 2020, the Trust launched its Rainbow Badge scheme, showing that the Trust is an open, non-judgmental and inclusive place for people who identify as LGBT+1

To encourage recruitment and progression of Black, Asian and minority ethnic (BAME) staff, through the Trust's international recruitment programme, 51 nurses from overseas have joined the Trust since October 2019, predominantly from Nigeria, Ghana and India with further recruitment drives underway throughout 2020.

All nurses recruited have been allocated to Medicine and Emergency Care, intensive care (ITU) or surgical wards.

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 recently achieved Carbon Saver Gold Standard certification for reducing carbon emissions. Certification has now been held for 11 consecutive years. During 2019/20, the Estates department installed multiple LED light fittings and variable speed drives to reduce electrical consumption.

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 scrutinised on a monthly basis by the Performance and Finance Committee, with key performance indicators and metrics reviewed by the Board of Directors.

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.

The Trust underwent a Care Quality Commission Use of Resources assessment in November 2019 where it was rated as 'Good'. The aim of Use of Resources assessments is to understand how effectively providers are using their resources to provide high quality, efficient and sustainable care for patients.

1 LGBT+ = lesbian, gay, bisexual, transgender; + means that we are inclusive of all identities, regardless of how people define themselves

Information Governance

A summary of serious incidents requiring investigations involving personal data as reported to the Information Commissioner's Office (ICO) in 2019/20 is provided in the table below. No action has been taken by the ICO in this financial year.

Date of Incident (Month)	Nature of Incident	Number affected	How were patients informed	Lessons Learned
April 2019	Incident caused as a result of an IT system error during data transfer of the medical imaging software package Soliton and Endoscopy. The software package used, Zerto, was successful, however, it purged all backups from the Soliton and Unisoft software packages from 7 May - 5 April 2019. Most data was recovered or available within other systems, with the exception of radiologist informal clinical notes and endoscopy recordings. Patient care was affected with delays for routine imaging.	3600	Patients were not informed	1.Standard Operating Procedure (SOP) to be updated for the migration of a machine, to include timeframes for escalation if unable to complete migration. 2. Review process for applying changes to the IT system and the Terms of Reference for the Change Advisory Board. To include review of ongoing and completed changes for future learning. 3. Clinical validation to be implemented where applicable for data migrations. 4. A routine reboot schedule is required to minimise service impact. 5. IT would prepare a log of all IT system support/contracts purchase by the Trust.
April 2019	Clinical handover sheet reported found on floor of staff car park on Trust's premises. The handover sheet included sensitive data relating to 17 pediatric patients.	17	Patients were not informed	1. Highlighted the associated risk with the use of patient paper records. 2. Review required to reduce the amount of patient-identifiable information contained in a handover sheet and staff name and signature to recognise accountability for handover sheets.
August 2019	Quality Health Limited; the Trust's survey contractor (data processor) containing the Data Sampling Instructions for the 2019 National Staff Survey. Following this email, the Trust was directly contacted by a senior staff member from Quality Health to inform the Trust that, as part of the Data Sampling Instructions 2019 email, a spreadsheet attachment was circulated which contained the sampling data-set from the 2018 MCHFT staff survey. The attachment contained details of 1,250 staff who had been randomly selected to take part in the 2018 survey.	1250	Staff were informed about the breach of their personal data	1. The importance of having a GDPR data processing agreement/contract in place to hold suppliers to account for processing personal information. 2. Review of fair processing information provided to staff by Quality Health to ensure data subjects are fully aware and understand what personal information is processed and for what purposes.
February 2020	A ward handover sheet was found on a table in one of the public corridors at the hospital by a member of staff. The handover sheet contained confidential information relating to 24 patients.	24	Patients were not informed	1. Highlighted the associated risk with the use of patient paper records. 2. Review required to reduce the amount of patient-identifiable information contained in a handover sheet and staff name and signature to recognise accountability for handover sheets

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 Governance Committee. A plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board Assurance Framework and Organisational Risk Register are reviewed at least four times a year 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 as part of the internal audit plan. Work undertaken by internal audit is reviewed by the Board sub- committees, including the Audit Committee who may also gain assurance through management reviews they request. The Head of Internal Audit Opinion for the period 1 April 2019 to 31 March 2020 provides Substantial Assurance 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 review of effectiveness is also informed by the external audit opinion, inspections carried out by the Care Quality Commission and other external agencies, and visits of accreditation. In assessing and managing risk, the Trust has well established processes to ensure the effectiveness of the systems of internal control including:

- 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
- Quality Governance Committee review of the Trust's Board Assurance Framework and risk register, the scrutiny of serious incidents and learning, the review of the clinical audit work programme.

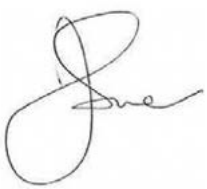
My review is also informed by:

- 'Our Workforce Matters Strategy', which ensures frontline services have appropriately trained staff to carry out the required level of clinical care
- A Transformation and People Committee that reviews projects aimed at improving the efficient and effective use of resources
- Improvements arising from the recommendations of the speciality specific 'Getting It Right First Time' programme and other external reviews which have been reported through the Quality Governance Committee and integrated into the Trust's Divisional quality review process
- A number of assessments and inspections by regulatory authorities and other third parties which have included the Health Protection Agency, the Care Quality Commission, the Medicines and Healthcare Products Regulatory Agency, the United Kingdom Accreditation Service, the Human Tissue Authority, the Bowel Cancer Screening Programme, a Critical Care Peer Review, and quality visits to a number of wards by the South Cheshire and Vale Royal Clinical Commissioning Groups.

Conclusion

In conclusion, on the basis of the evidence provide, I am satisfied that the Trust has a sound system of internal control where controls are generally applied consistently and which supports the achievements of its policies, aims and objectives. The system enables the identification and control of risks reported through the Board Assurance Framework and Organisational Risk Register. Audit Committee scrutiny of controls has taken place during the year and internal and external reviews, audits and inspections provide assurance that there were no significant internal control issues identified during 2019/20.

I have, therefore, concluded that there were no significant control issues identified in 2019/20 and, where weaknesses have been identified, appropriate plans are in place to deliver the required improvements. These are monitored and assurance sought via the Trust's governance framework.



Mr James Sumner
Chief Executive & Accounting Officer
12 June 2020

Independent auditor's report

To the Council of Governors of Mid Cheshire Hospitals NHS Foundation Trust

Report on the audit of the Financial Statements

1. Our opinion is unmodified

We have audited the financial statements of Mid Cheshire Hospitals NHS Foundation Trust ("the Trust") for the year ended 31 March 2020 which comprise the Group and Trust Statements of Comprehensive Income, Group and Trust Statements of Financial Position, Group and Trust Statements of Changes in Equity and Group and Trust Statements 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 and the Trust's affairs as at 31 March 2020 and of the Group and Trust's income and expenditure for the year then ended; and
- the Group and the Trust's financial statements have been properly prepared in accordance with the Accounts Direction issued under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006, the NHS Foundation Trust Annual Reporting Manual 2019/20 and the Department of Health and Social Care Group Accounting Manual 2019/20.

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 and Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview	
Materiality: Group financial statements as a whole	£5.1m 2.0% of total revenue
Risks of material misstatement	
Recurring risks	Valuation of land and building assets
	Revenue recognition
	Expenditure recognition

2. Key audit matters: our assessment of risks of material misstatement

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

All of these key audit matters relate to the Group and the parent Trust.

	The risk	Our response
Valuation of land and building assets	**Subjective valuation**	**Our procedures included:**
	Land and buildings are required to be measured at up-to-date estimates of current market value in existing use (EUV) for non-specialised property assets in operational use, and, for specialised assets where no market value is readily ascertainable, the depreciated replacement cost (DRC) of a modern equivalent asset that has the same service potential as the existing property (MEAV). The Trust's accounting policy requires an annual review for impairment, a periodic desk top valuation (usually every three years) and a full valuation (usually in five yearly intervals). When considering the cost to build a replacement asset the Trust may consider whether the asset would be built to the same specification or in the same location. Assumptions about changes to the asset must be realistic. The valuation is undertaken by an external expert engaged by the Trust, using construction indices and so accurate records of the current estate are required. The Trust commissioned a full revaluation of all land and buildings as at 31 March 2020. In addition, the Trust has performed a review of impairment indicators across the Trust's estate. **Accounting treatment** There is a risk that the valuation is not applied to the financial statement balances appropriately to recognise the valuation gains and impairment losses in line with the requirements of the Department of Health and Social Care Group Accounting Manual 2019/20. There is also a risk that uncertainties expressed by the Trust's valuers around the impact of the Covid- 19 pandemic on the values of land and buildings will be inappropriately disclosed.	**Assessing valuer's credentials:** We assessed the competence, capability, objectivity and independence of the Trust's external valuer and considered the terms of engagement of, and the instructions issued to, the valuer for consistency with the requirements of the Department of Health and Social Care Group Accounting Manual 2019/20; **Assessing valuation assumptions:** We critically assessed the appropriateness of the valuation bases and assumptions, including the 'alternative' site basis used at the Trust.; **Tests of details:** We critically assessed the Trust's formal consideration of indications of impairment and surplus assets within its estate, including the process undertaken; **Tests of details:** We agreed movements in asset valuation per the Trust's Fixed Asset Register to the reports provided by the valuer; and **Tests of details:** We undertook work to understand the basis upon which movements in the valuation of land and buildings as per the Fixed Asset Register have been identified and treated in the financial statements and determined whether they have complied with the requirements of the Department of Health and Social Care Group Accounting Manual 2019/20. **Assessing transparency:** We considered the adequacy of the disclosures about the the uncertainty caused by the Covid- 19 pandemic on market data used to underpin the valuer's assumptions, and management's consideration of these factors when arriving at the year-end valuation figures.

	The risk	Our response
Revenue recognition	**Subjective estimate**	**Our procedures included:**
Income from patient care activities from NHS England and Clinical Commissioning Groups (£243.3 million) Refer to page 58 (Audit Committee Report), note 1.5 (accounting policy) and note 3 (financial disclosures – Annual Accounts)	The main source of income for the Trust is the provision of healthcare services to the public under contracts with NHS commissioners. The Trust participates in the national Agreement of Balances (AoB) exercise for the purpose of ensuring that intra- NHS balances are eliminated on the consolidation of the Department of Health and Social Care's resource accounts. The AoB exercise identifies mismatches between income and expenditure and receivable and payable balances recognised by the Trust and its commissioners, which will be resolved after the date of approval of these financial statements. Mis-matches can occur for a number of reasons, but the most significant arise where: • the Trust and Commissioners record different accruals for completed periods of healthcare which have not yet been invoiced; or • income relating to partially completed periods of healthcare is apportioned across the financial years and the Commissioners and the Trust make different apportionment assumptions. Where there is a lack of agreement, mis- matches can also be classified as formal disputes as set out in the relevant contract.	**Test of detail:** We compared the actual income for the Trust's most significant commissioners against the block contracts agreed at the start of the year and checked the validity of any significant variations between the actual income and the contract via agreement to appropriate third party confirmations; **Test of detail:** We inspected confirmations of balances provided by the Department of Health and Social Care as part of the AoB exercise and compared the relevant income recorded in the Trust's financial statements to the expenditure balances recorded within the accounts of Commissioners. Where applicable we investigated variances and reviewed relevant correspondence to assess the reasonableness of the Trust's approach to recognising income from Commissioners; **Test of detail:** We considered the impact of any identified audit adjustments on the delivery of the Trust's control total and reconciled the year-end performance to the original plan to understand any deviations.

	The risk	Our response
Accrued expenditure recognition	**Effects of irregularities**	**Our procedures included:**
Trade and other payables (£22.3 million) Other liabilities deferred income (£2.0 million) Refer to page 58 (Audit Committee Report), note 1.24, (accounting policy) and note 18 and 19 (financial disclosures – Annual Accounts)	As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may be greater than the risk of fraud related to revenue recognition. There is a risk that the Trust may manipulate expenditure to meet externally set targets and we had regard to this when planning and performing our audit procedures. This risk does not apply to all expenditure in the period. The incentives for fraudulent expenditure recognition relate to achieving financial targets and the key risks relate to the manipulation of creditors and accrued non-pay expenditure at year-end, as well as the completeness of the recognition of provisions or the inappropriate release of existing provisions.	**Test of detail:** We inspected all material items of expenditure in the March and April 2020 cashbooks and evaluated whether these had been accounted for correctly by reference to when the service had been delivered; **Test of detail:** We inspected all material items of expenditure in the April 2020 bank statements to identify if there were any unrecorded liabilities that should have been accounted for in the 2019/20 financial statements; **Test of detail:** We vouched a sample of individual accruals to supporting documentation to confirm the method of calculation and to confirm inclusion in the correct period; **Test of detail:** We agreed a sample of journals posted before and after the year end to supporting documentation to confirm inclusion in the correct period and to critically assess whether any manual adjustments to expenditure were appropriate; **Test of detail:** We agreed a sample of creditor balances to supporting documentation and post year-end cash payments to agree the correct treatment as a payable at year-end; and **Test of detail:** We inspected confirmations of balances provided by the Department of Health as part of the AoB exercise and compared the relevant payables recorded in the Trust's financial statements to the receivables balances recorded within the accounts of other providers and other bodies within the AoB boundary. Where applicable we investigated variances and reviewed relevant correspondence to assess the reasonableness of the Trust's approach to recognising expenditure to other providers and other bodies within the AoB boundary.

3. Our application of materiality and an overview of the scope of our audit

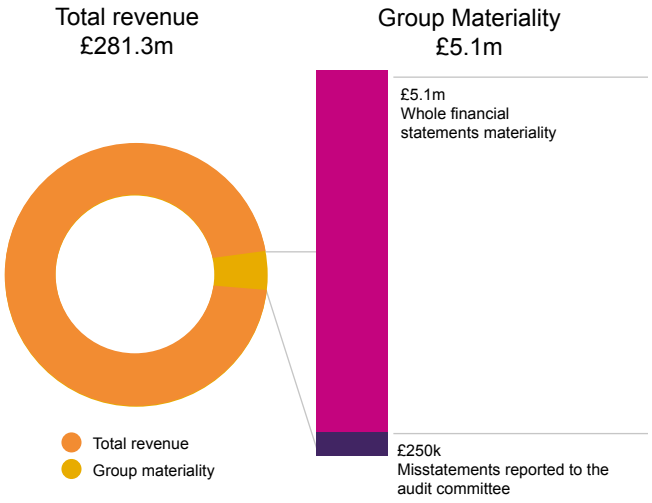
Materiality for the Group financial statements as a whole was set at £5.1 million, determined with reference to a benchmark of total revenue (of which it represents approximately 2.0%). We consider total revenue to be more stable than a surplus- or deficit-related benchmark.

Materiality for the parent Trust's financial statements as a whole was set at £5.0 million, determined with reference to a benchmark of total revenue (of which it represents approximately 2.0%.

We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £250k, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's two reporting components, we subjected one to full scope audits for group purposes. The components within the scope of our work accounted for 100% of group income, 100% of the surplus for the year and 100% of total assets.

Our audit of the Trust was undertaken to the materiality level specified above and was all performed at the Trust's headquarters in Crewe.



4. We have nothing to report on going concern

The Accounting Officer has 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 or the 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").

Our responsibility is to conclude on the appropriateness of the Accounting Officer's conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. 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 or the Trust will continue in operation.

In our evaluation of the Accounting Officer's 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.

The risk that we considered most likely to adversely affect the Group's and Trust's available financial resources over this period was the availability and extent of temporary revenue and capital support from DHSC to enable them to meet their liabilities.

This is in the context of changes to the cash and capital regime published by DHSC in April 2020 alongside revised arrangements for NHS contracting and payment applicable for part of the 2020/21 financial year and published in March and May 2020.

As these were risks that could potentially cast significant doubt on the Group's and Trust's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's and Trust's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Accounting Officer consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the Accounting Officers statement in page 77 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Trust's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

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

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

In our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements.

Remuneration report

In our opinion the part of the remuneration report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2019/20.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Group's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2019/20, is misleading or is not consistent with our knowledge of the Group and other information of which we are aware from our audit of the financial statements.

We have nothing to report in these respects.

6. Respective responsibilities

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 77, 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 parent 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 parent 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

We have nothing to report on the statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice issued by the Comptroller and Auditor General ('the Code of Audit Practice') to report to you if:

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

We have nothing to report in these respects.

Our conclusion in respect of our work on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources is qualified

Under the Code of Audit Practice we are required to report to you if the Trust has not made proper arrangement for securing economy, efficiency and effectiveness in the use of resources.

Qualified conclusion
Subject to the matters outlined in the basis for qualified conclusion paragraph below we are satisfied that in all significant respects Mid Cheshire Hospitals NHS Foundation Trust put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2020.

Basis for qualified conclusion
The Trust reported a surplus of £0.4 million after net impairments of (£0.2) million in 2019/20. The Trust achieved £4.3 million of cost savings in 2019/20 of which £4.0 million was recurrent, against a target of £5.3 million in year.

Due to the global Covid-19 pandemic, operational planning was suspended for 2020/21 and therefore plans were not finalised. The draft plan submitted in March 2020 indicated a forecast deficit of £15.2m, a £7m variance from the control total. This deficit position included £7.4m of cost savings, £6.0m of which are identified as high risk. The requirement to submit final plans was removed, and therefore the Trust did not perform further work to close this variance to the control total by negotiating an agreed contract position or identify the remaining cost savings.

The local health economy have submitted a system Financial Recovery Plan to NHS Improvement, however at this stage the Trust's medium and long-term plans are not yet sufficiently defined and progressed to achieve a return to a cumulative break-even position in the foreseeable future.

These issues are evidence of weaknesses in proper arrangements for planning finances effectively to support the sustainable delivery of the Trust's strategic priorities.

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

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

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

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

Report on our review of the adequacy of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required by guidance issued by the C&AG under Paragraph 9 of Schedule 6 to the Local Audit and Accountability Act 2014 to report on how our work addressed any identified significant risks to our conclusion on the adequacy of the Trust's arrangements to secure economy, efficiency and effectiveness in the use of resources. The 'risk' in this case is the risk that we could come to an incorrect conclusion in respect of the Trust's arrangements, rather than the risk of the arrangements themselves being inadequate.

We carry out a risk assessment to determine the nature and extent of further work that may be required. Our risk assessment includes consideration of the significance of business and operational risks facing the Trust, insofar as they relate to 'proper arrangements'. This includes sector and organisation level risks and draws on relevant cost and performance information as appropriate, as well as the results of reviews by inspectorates, review agencies and other relevant bodies.

The significant risks identified during our risk assessment are set out overleaf together with the findings from the work we carried out on each area.

Significant Risk	Description	Work carried out and judgements
Overall financial performance	Due to a combination of regulatory scrutiny and significant financial challenge in the sector and locally across the health economy, we undertook a detailed review of the Trust's arrangements for planning its finances effectively to support the sustainable delivery of strategic priorities and the maintenance of its statutory functions.	Our work included: • Performing an analysis of the Trust's forecast position against plan; • Considering the core assumptions in the Trust's 2020/21 Annual Plan submission; • Considering the extent to which recurrent cost improvement schemes were achieved in 2019/20 and identified for 2020/21; and • Reviewing the number of material contracts with commissioners which had been agreed for 2020/21 and the supporting risk analysis as reported to the Board. **Our findings on this risk area:** The Trust reported a surplus of £0.4 million after net impairments of (£0.2) million in 2019/20. The Trust achieved £4.3 million of cost savings in 2019/20 of which £4.0 million was recurrent, against a target of £5.3 million in year. Due to the global Covid-19 pandemic, operational planning was suspended for 20/21. The draft plan submitted in March 2020 indicated a forecast deficit of £15.2m, a £7m variance from the control total. This deficit position included £7.4m of cost savings, £6.0m of which are identified as high risk. The requirement to submit final plans was removed, and therefore the Trust did not perform further work to close this variance to the control total by negotiating an agreed contract position or identify the remaining cost savings. The local health economy have submitted a system Financial Recovery Plan to NHS Improvement, however at this stage the Trust's medium and long-term plans are not yet sufficiently defined and progressed to achieve a return to a cumulative break-even position in the foreseeable future. These issues are evidence of weaknesses in proper arrangements for planning finances effectively to support the sustainable delivery of the Trust's strategic priorities.

Significant Risk	Description	Work carried out and judgements
Partnership arrangements	The Trust is involved in a number of Partnership arrangements, as well as the wider system economies in the area. The Trust's partnerships include the Central Cheshire Integrated Care Partnership (CCICP) which provides community health services for people across South Cheshire and Vale Royal. The Trust also has a formal clinical partnership with the University Hospitals of North Midlands. The Cheshire Health economy is currently developing a financial recovery plan to mitigate the risks in the systems. This may have implications for the Trust either directly or indirectly through commissioner actions.	Our work included: Reviewing the governance arrangements in place, within the Trust, to deliver these partnerships; Reviewing the processes the Trust has in place for identifying risks that the Trust is exposed to and how these are mitigated; Reviewing the arrangements the Trust has in place to achieve the aims of these partnerships, including resources to deliver and prioritisation of the key aims. **Our findings on this risk area:** We reviewed the governance arrangements for the Trust's existing partnership arrangements. We also reviewed how the Trust identifies, monitors and reports on the risks relating to these partnerships via the Board Assurance Framework. We did not identify any issues as part of this work.

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 2020 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office.

Timothy Cutler
for and on behalf of KPMG LLP (Statutory Auditor)
Chartered Accountants 1 St Peter's Square Manchester M2 3AE

Foreword to the accounts

These accounts, for the year ended 31 March 2020, 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.

Mr James Sumner
Chief Executive & Accounting Officer
12 June 2020

Statement Of Comprehensive Income For The Year Ended 31 March 2020

		Group		Foundation Trust	
		2019/20	2018/19	2019/20	2018/19
	Note	£000	£000	£000	£000
Operating Income from patient care activities	3	245,851	227,075	245,851	227,075
Other operating income	4	35,470	29,421	34,982	29,337
Operating expenses	5	(278,463)	(258,795)	(278,184)	(258,642)
OPERATING SURPLUS/(DEFICIT)		2,858	(2,299)	2,649	(2,230)
Finance Income/(Costs):					
Finance Income	8	147	114	134	101
Finance expense – financial liabilities	9.1	(358)	(403)	(358)	(403)
Finance expense – unwinding of discount on provisions	9.1	(8)	(4)	(8)	(4)
PDC Dividends paid	28	(2,010)	(1,953)	(2,010)	(1,953)
NET FINANCE COSTS		(2,229)	(2,246)	(2,242)	(2,259)
Other Gains		5	4	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		634	(4,541)	407	(4,489)
Other comprehensive income					
Impairments on property, plant and equipment	23		(2,127)	(303)	(2,127)
Revaluations gains on property, plant and equipment	23	4,202	18	4,202	18
Other reserve movements		1	1	1	1
Fair Value (losses)/gains on Available-for-sale financial investments		(55)	13		
Total Other comprehensive income		3,845	(2,095)	3,900	(2,108)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		4,479	(6,636)	4,307	(6,597)

The notes on pages 111 to 122 form part of these accounts.
All income and expenditure is derived from continuing operations.

Impact of Property Plant and Equipment valuations

	Group		Foundation Trust	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
Operating (Deficit)/Surplus before adjustments for valuation	2,858	(2,299)	2,649	(2,230)
Net reversal of impairments credited to the Statement of Comprehensive Income	209	5,499	(209)	5,499
Net Operating surplus excluding impact of impairment	2,649	3,200	2,440	3,269

Group Statement Of Financial Position As At 31 March 2020

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Intangible assets	10	2,479	1,427
Property, plant and equipment	11	100,740	90,875
Other Investments	12	582	622
Trade and other receivables	15	1,181	593
Total non-current assets		104,982	93,517
Current assets			
Inventories	14	3,863	3,831
Trade and other receivables	15	14,926	13,169
Cash and cash equivalents	24	14,464	11,252
Non-current assets held for sale	13	76	
Total current assets		33,329	28,252
Current liabilities			
Trade and other payables	18	(22,305)	(20,140)
Borrowings	20	(15,120)	(6,853)
Provisions	22	(283)	(337)
Other liabilities	19	(2,013)	(1,650)
Total current liabilities		(39,721)	(28,980)
Total assets less current liabilities		98,590	92,789
Non-current liabilities			
Trade and other payables	18	-	-
Borrowings	20	(6,707)	(11,551)
Provisions	22	(1,948)	(1,423)
Total non-current liabilities		(8,655)	(12,974)
Total assets employed		89,935	79,815
Financed by taxpayers' equity			
Public dividend capital		83,149	77,508
Revaluation reserve	23	17,285	13,414
Income and expenditure reserve		(11,519)	(11,955)
Others' equity			
Charitable Fund Reserve		1,020	848
Total taxpayers' and others' equity		**89,935**	**79,815**

The financial statements on pages 103 to 110 were approved and authorised for issue by the Board and signed on its behalf on 12 June 2020.

Mr James Sumner
Chief Executive & Accounting Officer
12 June 2020

Foundation Trust Statement Of Financial Position As At 31 March 2020

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Intangible assets	10	2,479	1,427
Property, plant and equipment	11	100,740	90,875
Other Investments	12	-	-
Trade and other receivables	15	1,181	593
Total non-current assets		104,400	92,895
Current assets			
Inventories	14	3,863	3,831
Trade and other receivables	15	14,926	12,921
Cash and cash equivalents	24	14,016	11,249
Non-current assets held for sale	13	76	-
Total current assets		32,887	28,001
Current liabilities			
Trade and other payables	18	(22,301)	(20,127)
Borrowings	20	(15,120)	(6,853)
Provisions	22	(283)	(325)
Other liabilities	19	(2,013)	(1,650)
Total current liabilities		(39,717)	(28,955)
Total assets less current liabilities		97,570	91,941
Non-current liabilities			
Trade and other payables	18	-	-
Borrowings	20	(6,707)	(11,551)
Provisions	22	(1,948)	(1,423)
Total non-current liabilities		(8,655)	(12,974)
Total assets employed		88,915	78,967
Financed by taxpayers' equity			
Public dividend capital		83,149	77,508
Revaluation reserve	23	17,285	13,414
Income and expenditure reserve		(11,519)	(11,955)
Total taxpayers' equity		**88,915**	**78,967**

Statement Of Changes In Taxpayers' And Others' Equity For The Year Ended 31 March 2020 – Group

	Note	Public dividend capital (PDC)	Retained Earnings	Revaluation Reserve	Foundation Trust Total	NHS Charitable Fund Reserve	Group Total
		£000	£000	£000	£000	£000	£000
Taxpayers' and Others' Equity at 1 April 2019		**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)	-
Taxpayers' and Others' Equity at 31 March 2020		**83,149**	**(11,519)**	**17,285**	**88,915**	**1,020**	**89,935**

Statement Of Changes In Taxpayers' Equity For The Year Ended 31 March 2020 – Foundation Trust

	Note	Public dividend capital (PDC)	Retained Earnings	Revaluation Reserve	Foundation Trust Total
		£000	**£000**	**£000**	**£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 Changes In Taxpayers' And Others' Equity For The Year Ended 31 March 2019 – Group

	Note	Public dividend capital (PDC)	Retained Earnings	Revaluation Reserve	Foundation Trust Total	NHS Charitable Fund Reserve	Group Total
		£000	£000	£000	£000	£000	£000
Taxpayers' and Others' Equity at 1 April 2018		**76,791**	**(7,604)**	**15,592**	**84,779**	**887**	**85,666**
Impact of implementing IFRS 15 on opening reserves		-	68	-	68	-	68
Retained Deficit for the year		-	(4,696)	-	(4,696)	155	(4,541)
Transfer between reserves	23	-	70	(70)	-	-	-
Fair value loss on Available for sale financial investments	12	-	-	-	-	13	13
Net Impairments	23	-	-	(2,127)	(2,127)	-	(2,127)
Revaluations	23	-	-	18	18	-	18
Public Dividend Capital Received		717	-	-	717	-	717
Other reserve movements		-	-	1	1	-	1
Other reserve movement – charitable funds consolidation adjustment		-	207	-	207	(207)	-
Taxpayers' and Others' Equity at 31 March 2019		**77,508**	**(11,955)**	**13,414**	**78,967**	**848**	**79,815**

Statement Of Changes In Taxpayers' Equity For The Year Ended 31 March 2019 – Foundation Trust

	Note	Public dividend capital (PDC)	Retained Earnings	Revaluation Reserve	Foundation Trust Total
		£000	**£000**	**£000**	**£000**
Taxpayers' Equity at 1 April 2018		**76,791**	**(7,604)**	**15,592**	**84,779**
Impact of implementing IFRS 15 on opening reserves		-	68	-	68
Retained deficit for the year			(4,489)	-	(4,489)
Transfer between reserves	23	-	70	(70)	-
Impairments	23	-	-	(2,127)	(2,127)
Revaluations	23	-	-	18	18
Public Dividend Capital Received		717	-	-	717
Other reserve movements		-	-	1	1
Taxpayers' equity at 31 March 2019		**77,508**	**(11,955)**	**13,414**	**78,967**

Statement Of Cash Flows For The Year Ended 31 March 2020

		Group		Foundation Trust	
		2019/20	2018/19	2019/20	2018/19
	Note	£000	£000	£000	£000
Cash flows from operating activities					
Operating (Deficit)/Surplus		2,858	(2,299)	2,649	(2,230)
Non-Cash income and expense					
Depreciation and amortisation	5.1	4,848	5,300	4,848	5,300
Impairments and Reversals	9.2	(209)	5,499	(209)	5,499
(Gain)/loss on disposal	11.1	-	-	-	-
Income recognised in respect of capital donations (cash and non-cash)		(26)	(10)	(26)	(206)
(Increase)/Decrease in trade and other receivables	15	(2,823)	2,293	(2,797)	2,291
(Increase) in Inventories	14	(32)	(375)	(32)	(375)
Increase in trade and other payables	18.1	2,030	2,414	2,030	2,414
Increase in other current liabilities	19	363	583	363	583
Increase/(Decrease) in provisions	22	491	(54)	491	(54)
NHS Charitable Funds – movements in Charitable Fund working capital		259	4	-	-
Other movements in operating cash flows		(3)	(2)	(3)	(2)
Net cash generated from operations		7,756	13,353	7,314	13,220
Cash flows from investing activities					
Interest received	8	134	101	134	101
Payments for intangible assets		(1,423)	(733)	(1,423)	(733)
Payments for property, plant and equipment		(8,905)	(6,708)	(8,905)	(6,708)
Receipt of cash donations to purchase capital assets		26	10	26	206
NHS Charitable funds - net cash flows from					
investing activities		3	(2)	-	-
Net cash (used in)/from investing activities		(10,165)	(7,332)	(10,168)	(7,134)
Cash flows from financing activities					
Public dividend capital received		5,641	717	5,641	717
Loans received from the Department of Health		4,138	1,600	4,138	1,600
Other Loans received		-	-	-	-
Loans repaid to the Department of Health		(522)	(417)	(522)	(417)
Other loans repaid		(56)	(56)	(56)	(56)
Capital element of finance lease rental payments		(1,418)	(1,950)	(1,418)	(1,950)
Interest Paid	9.1	(234)	(202)	(234)	(202)
Interest element of finance lease	9.1	(135)	(194)	(135)	(194)
Other interest	9.1	(1)	(1)	(1)	(1)
Public Dividend Capital Dividend paid	28	(1,792)	(2,095)	(1,792)	(2,095)
Net cash used in financing activities		5,621	(2,598)	5,621	(2,598)
Increase in cash and cash equivalents	24	3,212	3,423	2,767	3,488
Cash and Cash equivalents at 1 April		11,252	7,829	11,249	7,761
Cash and Cash equivalents at 31 March		14,464	11,252	14,016	11,249

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 2019/20, issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the DHSC Group Accounting Manual permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the 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 has 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.

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected loans totaling £13,214,000 are classified as current liabilities within these financial statements. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust.

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 July 2020.

DHSC has confirmed that temporary revenue support arrangements will continue, in order to support providers with demonstrable cash needs. At the point when contracting was abandoned for 2020/21 the Trust was budgeting for additional working capital support of £12.6m and an additional £5.5m of interim capital support. It is unlikely that this level of support will now be required with current updated forecasts showing this level to be around £5m of working capital support required in the form of Public Dividend Capital, although it is not clear what alternative assumption should be considered most likely.

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 our 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 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by Covid-19.

The 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 has stated that it considers 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. However, at the present time, BCIS has advised and the District Valuer agrees that it is too early for Covid-19 related issues to impact on BCIS indices published and adopted in the Trust's valuations.

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

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. Their basis of valuation is however current value in existing use, having regard to comparable market evidence and early commentary as it exists regarding direction of travel tends to suggest and support a downward movement in value. It is too early at this stage in the Trust's professional judgement to accurately evidence this impact and it is the Trust's opinion at the date of valuation on the information then available that the assessed impact falls within normal valuation tolerances.

The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

1.5 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).

The main source of revenue for Mid Cheshire Hospitals NHS Foundation Trust is contracts with commissioners in respect of healthcare services. Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation. At the year end, Mid Cheshire Hospitals NHS Foundation Trust accrues income relating to performance obligations satisfied in that year. Where a patient care spell is incomplete at the year end, revenue relating to the partially complete spell is accrued in the same manner as other revenue. Income from commissioners relating from healthcare are satisfied on set days of the month.

Where income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred. The method adopted to assess progress towards the complete satisfaction of a performance obligation is if over time and extends into the following year, the amount this equates to will be deferred. If the obligation is one which requires the trust to fully complete the obligation then the whole of the income is deferred.

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.

The Provider sustainability fund (PSF) and Financial recovery fund (FRF) enables 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.

Health Education England commissions a broad range of education and training services from the Trust to ensure that Trust staff 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, and staff & visitor car parking fees, which are recognised over time.

1.6 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.

1.7 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.

1.8 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's last full revaluation of the buildings was as at 31 March 2020. The Trust, in this valuation, 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'.

1.9 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.

1.10 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.

1.11 De-recognition
Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria 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. 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.

1.12 Borrowing costs
Borrowing costs are recognised as expenses as they are incurred.

1.13 Donated, government grant and other grant funded assets
Donated and grant funded property, plant and equipment assets are capitalised at their current value in existing use, if they will be held for their service potential, or otherwise at fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the donation/grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

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

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

1.15 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.

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 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 0.50% for 2019/20 (0.29% 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 2020, the only charge to operating expenditure in relation to clinical negligence in 2019/20 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 on the Statement of Financial Position when the Trust becomes party to the financial instrument contract 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 the asset has been transferred and the trust has transferred substantially all of the risks and rewards of ownership or has not retained control of the asset.

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

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

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 2020.

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 2019/20 is 21.79%. If it is material, 21.79% 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 Mid Cheshire Hospitals NHS Foundation Trust does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies.

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

1.24 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
Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

The Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for

(i) Donated and grant funded assets,

(ii) Average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and

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

1.30 Losses and Special Payments
Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way 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 2021. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The Trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2021, the 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 1.27% 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 2021 for existing finance leases.

For leases commencing in 2021/22, 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.

HM Treasury revised the implementation date for IFRS 16 in the UK public sector to 1 April 2021 on 19 March 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2021 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impracticable. However, the Trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

IFRS 17
IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

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. This recommendation was approved by the Board of Directors during its April 2020 meeting.

	Group			Foundation Trust		
	Total	Community	Other	Total	Community	Other
	2019/20	2019/20	2019/20	2019/20	2019/20	2019/20
	£0	£0	£0	£0	£0	£0
Operating Income						
Operating income from patient care activities:						
Elective Income	30,599		30,599	30,599		30,599
Non Elective Income	64,897		64,897	64,897		64,897
First Outpatient Income	13,429		13,429	13,429		13,429
Follow up Outpatient Income	16,615		16,615	16,615		16,615
A&E Income	12,291		12,291	12,291		12,291
High cost drugs income from Commissioner	11,703		11,703	11,703		11,703
Other NHS Clinical Income	86,711	30,193	56,518	86,711	30,193	56,518
Non NHS Clinical Income	9,606		9,606	9,606		9,606
Total Patient Care 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)
Total Operating 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)

	Group			Foundation Trust		
	Total	**Community**	**Other**	**Total**	**Community**	**Other**
	2018/19	**2018/19**	**2018/19**	**2018/19**	**2018/19**	**2018/19**
	£0	**£0**	**£0**	**£0**	**£0**	**£0**
Operating Income						
Operating income from patient care activities:						
Elective Income	30,245		30,245	30,245		30,245
Non Elective Income	58,918		58,918	58,918		58,918
First Outpatient Income	12,818		12,818	12,818		12,818
Follow up Outpatient Income	15,214		15,214	15,214		15,214
A&E Income	10,515		10,515	10,515		10,515
High cost drugs income from Commissioner	9,991		9,991	9,991		9,991
Other NHS Clinical Income	86,668	28,756	57,912	86,668	28,756	57,912
Non NHS Clinical Income	2,706		2,706	2,706		2,706
Total Patient Care Activity Income	227,075	28,756	198,319	227,075	28,756	198,319
Other Operating Income	29,421	1,771	27,650	29,337	1,771	27,566
Inter trust income	0	0	-	0	0	-
Total Operating Income	256,496	30,527	225,969	256,412	30,527	225,885
Operating Expenses						
Employee expenses - Staff	(175,577)	(21,604)	(153,973)	(175,495)	(21,604)	(153,891)
Non Pay	(83,218)	(6,852)	(76,366)	(83,147)	(6,852)	(76,295)
Inter Trust Charges	0	(1,473)	1,473	0	(1,473)	1,473
Total Operating expenses	(258,795)	(29,929)	(228,866)	(258,642)	(29,929)	(228,713)
Total Operating Deficit	(2,299)	598	(2,897)	(2,230)	598	(2,828)
Finance Costs:						
Finance Income	114	-	114	101	-	101
Finance expense – financial liabilities	(403)	-	(403)	(403)	-	(403)
Finance expense – unwinding of discount on provisions	(4)	-	(4)	(4)	-	(4)
PDC Dividends paid	(1,953)	-	(1,953)	(1,953)	-	(1,953)
NET FINANCE COSTS	(2,246)	0	(2,246)	(2,259)	0	(2,259)
Other Gains & Losses	4	0	4	0	0	0
DEFICIT FOR THE YEAR	(4,541)	598	(5,139)	(4,489)	598	(5,087)

3. Income From Activities

3.1 Operating income from patient care activities by nature comprises:

Group and Foundation Trust

	2019/20	2018/19
	£000	£000
Elective Income	30,599	30,245
Non Elective Income	64,897	58,918
First Outpatient Income	13,429	12,818
Follow up Outpatient Income	16,615	15,214
A&E Income	12,291	10,515
High cost drugs income from Commissioner	11,703	9,991
Other NHS Clinical Income	56,518	55,061
Community Services	30,193	28,756
Income from activities (before private patient income)	236,245	221,518
Other non-protected clinical income	1,147	1,199
Agenda for Change pay award	-	2,851
Additional pension contribution central funding	7,260	-
Private patient income	1,199	1,507
Total Activity Income	245,851	227,075

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

In previous years the elective and non-elective income included the levels of incomplete spells as at 31 March. The calculation is based on all patients who are in a bed at midnight on the 31 March by specialty and point of delivery. This activity is then multiplied by the average spell income for the relevant specialty/point of delivery for that year. The calculation also takes into account any Payment by Results rules with regard to marginal rates and thresholds for non-elective activity. However the Trust is currently on a block contract with its two main commissioners and it has been agreed with them that these movements were included in the block contract. Therefore no adjustment has been made for incomplete spells.

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. This calculation is then based on all patients who have started an ante-natal pathway before 31 March 2020 and have not delivered by this date, which is calculated on the basis of the pathway tariff paid at that point multiplied by the percentage of days left of the incomplete pathway based upon on the patient's expected due date. Again this movement was part of the block contract with the two main commissioners and it has been agreed that no adjustment should be made.

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 21.79% (2018/19: 21.89%) to reflect expected rates of collection.

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:

	2019/20	2018/19
	£000	£000
NHS England	10,133	7,327
Clinical Commissioning Groups	233,214	212,913
NHS Foundation Trusts	85	116
NHS Trusts	-	-
Department of Health and Social Care	-	2,851
NHS other (including Public Health England)	73	1,080
Non NHS: private patients	1,199	1,507
Non NHS: overseas patients (non-reciprocal, chargeable to patient)	101	37
Injury cost recovery scheme	1,046	1,095
Non NHS: other	-	149
Total income from patient care activities	245,851	227,075

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

	2019/20	2018/19
	Total	Total
	£000	£000
Income recognised this year	101	37
Cash payments received in-year (relating to invoices raised in current and previous years)	38	25
Amounts added to provision for impairment of receivables (relating to invoices raised in current and prior years)	50	1
Amounts written off in-year (relating to invoices raised in current and previous years)	-	24

3.4 Income from activities arising from commissioner requested services

Under the terms of its provider licence, the Trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	2019/20	2018/19
	Total	Total
	£000	£000
Income from services designated a commissioner requested services	-	-
Income from services not designated a commissioner requested services	236,245	221,518
Total	236,245	221,518

4. Other Operating Income

	Group		Foundation Trust	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
Other Operating Income recognised in accordance with IFRS 15:				
Education and training	6,909	6,383	6,909	6,383
Non-patient care services to other bodies	12,558	9,904	12,558	9,904
Provider sustainability fund / Financial recovery fund / Marginal rate emergency tariff funding	10,264	7,443	10,264	7,443
Other	3,993	4,606	3,993	4,606
Staff Recharges	303	124	303	124
Other operating income recognised in accordance with other standards:				
Education and training - notional income from apprenticeship fund	318	169	318	169
Received from NHS charities: Cash donations / grants for the purchase of capital assets	-	-	-	196
Received from NHS charities: Other charitable and other contributions to expenditure	-	-	11	11
Received from other bodies: Cash donations / grants for the purchase of capital assets	26	10	26	10
Received from other bodies: Other charitable and other contributions to expenditure	226	133	226	133
Rental Revenue from operating leases	374	358	374	358
NHS Charitable Funds: Incoming Resources excluding investment income	499	291	–	–
Total other operating income	35,470	29,421	34,982	29,337

Other income includes Staff Accommodation, Catering Income, Staff & Visitors car parking fees, Occupational Health Income and Vending Income.

4.2 Additional information On Contract Revenue (IFRS 15) Recognised In The Period

	Total	Revenue recognised from NHS providers	Revenue recognised from other DHSC group bodies	Revenue recognised from non DHSC group bodies	Total
	2019/20	2019/20	2019/20	2019/20	2018/19
	£000	£000	£000	£000	£000
Revenue recognised in the reporting period that was previously included in the contract liability balance (i.e. release of deferred IFRS 15 income)	659	416	243	-	123
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods (e.g. changes in transaction price)	-	-	-	-	-

4.3 Transaction price allocated to remaining performance obligations

The Trust has not entered into any contracts where it expects to recognise revenue where the performance obligations are met in future periods.

4.4 Operating lease income

Group and Foundation Trust

Operating Lease Income	2019/20	2018/19
	£000	£000
Rents recognised in the period	374	358
Total	374	358

Future minimum lease payments due	2019/20	2018/19
	£000	£000
On leases of Land expiring		
- Not later than one year;		2
- Later than one year but not later than five years;		9
- Later than five years.	-	207
Sub Total	-	218
On Leases of Buildings expiring		
- Not later than one year;	358	
- Later than one year but not later than five years;	415	629
- Later than five years.	-	-
Sub Total	773	979
Total	773	1,197

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.

The Trust has been receiving operational income for the use of the Trust's land from South Cheshire Private Hospital. The Trust purchased the building from BMI, who owned the building, and the lease agreement ceased on 14 February 2020.

5. Operating Expenses

5.1 Group operating expenses comprise:

	Group		Foundation Trust	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
Employee expenses – Staff and Executive Directors'	195,810	175,422	195,730	175,340
Employee expenses - Non-Executives' Costs	152	155	152	155
Supplies and services - clinical	17,503	17,503	17,503	17,789
Depreciation on property, plant and equipment	4,455	5,074	4,455	5,074
Amortisation of intangible assets	393	226	393	226
Impairments net of (reversals)	(209)	5,499	(209)	5,499
Premises - business rates payable to local authorities	1,047	1,052	1,047	1,052
Premises	11,448	10,973	11,448	10,973
Inventories written down	80	81	80	81
Drug Costs (non-inventory costs)	222	259	222	259
Drug Costs (inventories consumed)	18,613	16,989	18,613	16,989
Clinical negligence	6,746	6,135	6,746	6,135
Other	1,397	1,715	1,397	1,715
NHS Charitable funds: Other resources expended	195	67	-	-
Consultancy services	189	148	189	148
Supplies and services – general	4,269	3,930	4,269	3,930
Printing, stationery, travel & recruitment advertising	2,062	1,824	2,062	1,824
Services from NHS bodies	3,923	4,237	3,923	4,237
Transport (business travel only)	735	743	735	743
Transport (other including Patient Travel)	957	805	957	805
Rentals under operating lease	1,664	1,134	1,664	1,134
Auditor's remuneration	65	55	61	51
Audit-related assurance services	5	18	5	18
Other Auditor's remuneration		-		-
Internal Audit	86	103	86	103
Purchase of healthcare from non-NHS bodies	4,772	3,175	4,772	3,175
Provision for impairment of receivables (including provision against Road Traffic income)	412	289	412	289
Legal Fees	171	137	171	137
Hospitality	11	8	11	8
Redundancies	-	-	-	-
Training Courses and Conferences	583	315	583	315
Education and training - notional expenditure funded from apprenticeship fund	318	169	318	169
Insurances	147	159	147	159
Other services	107	132	107	132
Change in provisions discount rate(s)	118	(28)	118	(28)
Losses, ex gratia and special payments	17	6	17	6
Total	278,463	258,795	278,184	258,642

5.2 Auditor's Remuneration

The analysis of auditor's remuneration is as follows:

	Group		Foundation Trust	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
Fees payable to the auditor for the audit of the Trust's annual accounts	65	51	61	51
Audit-related assurance services	4	18	4	18
Total audit fees	69	73	65	69

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

	2019/20	2019/20	2019/20	2019/20
	Buildings	Plant and Machinery	Other	Total
	£000	£000	£000	£000
Lease payments	-	899	765	1,664
Total	**-**	**899**	**765**	**1,664**

Group and Foundation Trust

	2018/19	2018/19	2018/19	2018/19
	Buildings	Plant and Machinery	Other	Total
	£000	£000	£000	£000
Lease payments	-	696	438	1,134
Total	**-**	**696**	**438**	**1,134**

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		Foundation Trust	
	2019/20	2019/20	2019/20	2019/20
Future non-cancellable minimum lease payments due:	**Buildings**	**Plant and Machinery**	**Other**	**Total**
	£000	**£000**	**£000**	**£000**
Not later than one year;	-	800	830	1,630
Later than one year and not later than five years;	-	1,677	1,983	3,660
Later than five years.	-	304	-	304
Total	-	2,781	2,813	5,594

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 and Vale Royal CCG 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 £1,700,000 which have not been included in the figures above, however the costs for the 12 months have been recognised in expenditure.

	Group		Foundation Trust	
	2018/19	2018/19	2018/19	2018/19
Future non-cancellable minimum lease payments due:	**Buildings**	**Plant and Machinery**	**Other**	**Total**
	£000	**£000**	**£000**	**£000**
Not later than one year;	-	628	1,024	1,652
Later than one year and not later than five years;	-	1,048	2,300	3,348
Later than five years.	-	5	-	5
Total	-	1,681	3,324	5,005

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	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
Salaries and wages	150,755	141,112	150,755	141,112
Social Security Costs	12,775	11,930	12,775	11,930
Apprenticeship Levy	718	617	718	617
Employer contributions to NHS Pensions Scheme	16,684	15,841	16,684	15,841
Pension cost - employer contributions paid by NHSE on provider's behalf	7,260	–	7,260	–
Pension cost - other	70	42	70	42
Termination Benefits	-	-	-	-
Temporary Staff - Agency and contract staff	7,839	6,079	7,839	6,079
NHS Charitable funds staff		80		82
Total Gross Staff Costs	196,181	175,703	196,101	175,621
Of which				
Costs capitalised as part of assets	371	(281)	371	(281)
Total Employee benefits excluding Capitalised Costs	195,810	175,422	195,730	175,340
Analysed into Operating Expenses (5.1 Op Ex)				
Employee Expenses – Staff and Executive directors	195,810	175,422	195,730	175,340
Redundancy	–	–	-	-
Total Employee benefits excl. capitalised costs	195,810	175,422	195,730	175,340

Staff costs exclude Non-Executive Directors.

6.2 Average number of persons employed (whole time equivalents)

Group and Foundation Trust

	Total 2019/20 Number	Other permanent employees Number	Directors Number	Other Number	Total 2018/19 Number
Medical & Dental	374	360	-	14	351
Administration & estates	951	920	5	26	907
Healthcare Assistants & other support staff	712	612	-	100	674
Nursing, midwifery & health visiting staff	1,218	1,088	-	130	1,179
Scientific, therapeutic and technical staff	399	380	-	19	381
Healthcare Science Staff	355	351	-	3	347
Other	324	289	-	35	326
Total average numbers of which	4,332	4,000	5	327	4,165
WTE engaged on capital projects	7	7	-	-	7

6.3 Employee Benefits

The Trust operates a number of schemes relating to the use of cars. All of 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 2019/20 there were 2 (2018/19: 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 £98,845 (2018/19: £125,000). 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 2020, is based on valuation data as at 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6%, and the Scheme Regulations were amended accordingly.

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

6.5.2 National Employment Savings Trust

The Pensions Act 2008 requires every employer to automatically enroll 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 3.0% and an annual management charge of 0.3% 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	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	-	-	16	57,408	16	57,408	-	-
£10,000 - £25,000	-	-	2	27,449	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**	**18**	**84,857**	**-**	**-**

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	-	-	7.00	18,465	7.00	18,465	-	-
£10,000 - £25,000	-	-	-	-	-	-	-	-
£25,001 - £50,000	-	-	-	-	-	-	-	-
£50,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-	-	-
>£200,000	-	-	-	-	-	-	-	-
Total	**-**	**-**	**7.00**	**18,465**	**7.00**	**18,465**	**-**	**-**

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 2018/19.

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

	2019/20	2019/20	2018/19	2018/19
	Payments agreed	Total value of agreements	Payments agreed	Total value of agreements
	Number	£000	Number	£000
Contractual payments in lieu of notice	18	84	7	19
Exit payments following Employment Tribunals or court orders	-	-	-	-
Total	18	84	7	19

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 £779.76 for the year ended 31 March 2020 (2018/19:£770) under the Late Payment of Commercial Debts (Interest) Act 1998.

8. Finance Income

	Group		Foundation Trust	
	2019/20	2018/19	2019/20	2018/19
Interest on bank accounts	134	101	134	101
NHS Charitable funds: investment income	13	13	-	-
Total	147	114	134	101

9. Finance Costs

9.1 Finance Cost

Group and Foundation Trust

	2019/20	2018/19
	£000	£000
Interest on obligations under finance lease	135	194
Interest on loans from the Department of Health – Capital Loans	158	133
Interest on loans from the Department of Health – Revenue Support	80	75
Interest on the late payment of commercial debt	1	1
Unwinding of discount on provisions	(8)	4
Total	366	407

9.2 Impairment of Assets

Group and Foundation Trust

		2019/20	
	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)

Group and Foundation Trust

		2018/19	
	Net Impairment (Reversal)	Impairment	Reversals
	£000	£000	£000
Changes in market price	5,499	5,500	(1)
Total Impairments charged to operating surplus	5,499	5,500	(1)
Impairments charged to the revaluation reserve	2,127	2,127	-
Total Impairments/(Reversal)	7,626	7,627	(1)

Land, Buildings and Dwellings have been revalued as at 31 March 2020.
Any impairments and reversal of impairments above relate to this revaluation.

10. Intangible Fixed Assets

	Software Licences 2019/20	Assets Under Construction	Total
	2019/20	2019/20	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

	Software Licences	Assets Under Construction	Total
	2018/19	2018/19	2018/19
	£000		£000
Gross cost at 1 April 2018	3,259	76	3,335
Additions purchased	762	6	768
Additions - Donated	-	-	-
Reclassifications	301	(76)	225
Disposals	-	-	-
Gross cost at 31 March 2019	4,322	6	4,328
Amortisation at 1 April 2018	2,675	-	2,675
Provided during the year	226	-	226
Disposals	-	-	-
Amortisation at 31 March 2019	2,901	-	2,901
Net book value			
- Total purchased at 1 April 2018	584	76	660
- Total purchased at 31 March 2019	1,421	6	1,427

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

	Software Licences	Assets Under Construction	Total
	2019/20	**2019/20**	**2019/20**
		£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

	Software Licences 2018/19	Assets Under Construction	Total
	2018/19	**2018/19**	**2018/19**
		£000	
NBV - Purchased at 31 March 2019	1,421	6	1,427
NBV - Finance leases at 31 March 2019	-	-	-
NBV - Donated and government grant funded at 31 March 2019	-	-	-
NBV total at 31 March 2019	1,421	6	1,427

10.2 Economic life of Intangible Assets

The economic life of the intangible assets ranges from 3 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	Buildings Excluding dwellings	Dwellings	Assets under construction & payments on account	Plant and Machinery	Information Technology	Furniture & Fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2019	**3,157**	**75,727**	**2,392**	**828**	**16,669**	**4,416**	**192**	**103,381**
Additions – purchased	167	6,258	-	1,824	471	260	-	8,980
Additions – leased	-	-	-	-	1,282	-	-	1,282
Additions - assets purchased from cash donations / grants	-	-	-	-	26	-	-	26
Impairments charged to operating expenses	-	(2,442)	-	-	-	-	-	(2,442)
Impairments charged to revaluation reserve	-	(303)	-	-	-	-	-	(303)
Reversal of impairments credited to operating expenses		210	-	-	-	-	-	210
Revaluations	-	4,016	157	-	-	-	-	4,173
Reclassifications	-	986	(256)	(730)	-	-	-	-
Transfers to/from assets held for sale and assets in disposal groups	-	-	-	-	(317)	-	-	(317)
Disposals	-	-	-	-	(1,592)	-	-	(1,592)
Cost or valuation at 31 March 2020	**3,324**	**84,452**	**2,293**	**1,922**	**16,539**	**4,676**	**192**	**113,398**
Accumulated depreciation at 1 April 2019	-	-	-	-	9,521	2,892	93	12,506
Provided during the year	-	2,385	85	-	1,889	79	17	4,455
Reversal of impairments to credited to operating expenses	-	(2,356)	(85)	-	-	-	-	(2,441)
Revaluation	-	(29)	-	-	-	-	-	(29)
Transfers to/from assets held for sale and assets in disposal groups	-	-	-	-	(241)	-	-	(241)
Disposals	-	-	-	-	(1,592)	-	-	(1,592)
Accumulated depreciation at 31 March 2020	-	-	-	-	9,577	2,971	110	12,658
Net Book Value								
NBV - Purchased at 31 March 2019	3,157	73,186	2,392	828	508	1,524	99	81,694
NBV – Finance Lease at 31 March 2019	-	-	-	-	5,828	-	-	5,828
NBV - Donated at 31 March 2019		-		2,541		-		-
NBV total at 31 March 2019	3,157	75,727	2,392	828	7,148	1,524	99	90,875
Net Book Value								
NBV - Purchased at 31 March 2020	3,324	81,851	2,293	1,922	982	1,705	82	92,159
NBV – Finance Lease at 31 March 2020					5,308	-	-	5,308
NBV - Donated at 31 March 2020		-		2,601		-		-
NBV total at 31 March 2020	**3,324**	**84,452**	**2,293**	**1,922**	**6,962**	**1,705**	**82**	**100,740**

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.

Group and Foundation Trust

	Land	Buildings Excluding dwellings	Dwellings	Assets under construction & payments on account	Plant and Machinery	Information Technology	Furniture & Fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2018	**3,540**	**80,062**	**2,512**	**861**	**17,242**	**5,402**	**222**	**109,841**
Additions – purchased		4,755	75	830	7	866	60	6,593
Additions – leased	-	-	-	-	1,008	-	-	1,008
Additions – Donations of physical assets	-	-	-	-	-	-	-	-
Additions - assets purchased from cash donations / grants	-	-	-	-	206	-	-	206
Impairments charged to operating expenses		(5,500)		-	-	-	-	(5,500)
Impairments charged to revaluation reserve	(383)	(1,549)	(195)	-	-	-	-	(2,127)
Reversal of impairments credited to operating expenses		(2,626)	-	-	-	-	-	(2,626)
Revaluations		(24)	-	-	-	-	-	(24)
Reclassifications	-	609	-	(863)		29	-	(225)
Disposals	-	-	-	-	(1,794)	(1,881)	(90)	(3,765)
Cost or valuation at 31 March 2019	**3,157**	**75,727**	**2,392**	**828**	**16,669**	**4,416**	**192**	**103,381**
Accumulated depreciation at 1 April 2018	**-**	**-**	**-**	**-**	**9,417**	**4,297**	**152**	**13,866**
Provided during the year	-	2,567	102	-	1,898	476	31	5,074
Reversal of impairments to credited to operating expenses	-	(2,525)	(102)	-	-	-	-	(2,627)
Revaluation	-	(42)	-	-	-	-	-	(42)
Disposals	-	-	-	-	(1,794)	(1,881)	(90)	(3,765)
Accumulated depreciation at 31 March 2019	**-**	**-**	**-**	**-**	**9,521**	**2,892**	**93**	**12,506**
Net Book Value								
NBV - Purchased at 31 March 2018	3,540	77,280	2,512	861	663	1,105	70	86,031
NBV – Finance Lease at 31 March 2018	-	-	-	-	6,284	-	-	6,284
NBV - Donated at 31 March 2018	-	2,782	-	-	878	-	-	3,660
NBV total at 31 March 2018	**3,540**	**80,062**	**2,512**	**861**	**7,825**	**1,105**	**70**	**95,975**
Net Book Value								
NBV - Purchased at 31 March 2019	3,157	73,186	2,392	828	508	1,524	99	81,694
NBV – Finance Lease at 31 March 2019	-	-	-	-	5,828	-	-	5,828
NBV - Donated at 31 March 2019	-	2,541	-	-	812	-	-	3,353
NBV total at 31 March 2019	**3,157**	**75,727**	**2,392**	**828**	**7,148**	**1,524**	**99**	**90,875**

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
Assets under construction	-	-
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	Foundation Trust
	NHS Charitable Funds: Other investments	NHS Charitable Funds: Other investments
	2019/20	2019/20
	£'000	£'000
Carrying Value 1 April 2018	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	-

	Group	Foundation Trust
	NHS Charitable Funds: Other investments	NHS Charitable Funds: Other investments
	2018/19	2018/19
	£'000	£'000
Carrying Value 1 April 2018	590	-
Acquisitions in year - other	146	-
Movement in fair value of Available-for-sale financial assets recognised in Other Comprehensive Income	13	-
Disposals	(127)	-
Carrying Value 31 March 2019	622	-

13. Non-Current Assets Held For Sale And Assets In Disposal Groups

	PPE: Plant & Machinery	Total
	£000	£000
NBV of non-current assets for sale and assets in disposal groups at 1 April 2019 - brought forward	-	-
Plus assets classified as available for sale in the year	76	76
NBV of non-current assets for sale and assets in disposal groups at 31 March 2020	76	76

14. Inventories

Group and Foundation Trust

Inventory Movements 2019/20	Drugs	Consumables	Energy	Other	Total
	£000	£000	£000	£000	£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

Group and Foundation Trust

Inventory Movements 2018/19	Drugs	Consumables	Energy	Other	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April	1,113	2,192	97	54	3,456
Additions	17,377	15,133	87	636	33,233
Inventories recognised in expense	(16,989)	(15,104)	(51)	(633)	(32,777)
Write down of inventories recognised in expense	(81)	-	-	-	(81)
Carrying value at 31 March	1,420	2,221	133	57	3,831

The other category includes wheelchairs which are part of the Community Services contract.

15. Trade and Other Receivables

Group

	2020	2019
	£000	£000
Current:		
Contract Receivables Invoiced	4,475	3,038
Contract Receivables not yet invoice/non invoiced	7,985	7,318
Allowance for impaired contract receivables / assets	(405)	(289)
Allowance for impaired other receivables	-	-
Prepayments	2,480	2,219
PDC Receivable	-	197
VAT Receivable	249	142
Other receivables	115	237
NHS Charitable funds: Trade and other receivables	27	307
Total current trade and other receivables	14,926	13,169
Non-current:		
Contract Receivables Invoiced	273	284
Contract Receivables not yet invoice/non invoiced	552	521
Allowance for impaired contract receivables / assets	(219)	(212)
Clinician pension tax provision reimbursement funding from NHSE	575	-
Allowance for impaired other receivables	-	-
Total non-current trade and other receivables	1,181	593
Total trade and other receivables	16,107	13,762

Foundation Trust

	2020	2019
	£000	£000
Current:		
Contract Receivables Invoiced	4,475	3,038
Contract Receivables not yet invoice/non invoiced	7,985	7,318
Allowance for impaired contract receivables / assets	(405)	(289)
Allowance for impaired other receivables (comparative		
only)	-	-
Prepayments	2,480	2,219
PDC Receivable	-	197
VAT Receivable	249	142
Other receivables	148	296
Total current trade and other receivables	14,932	12,921
Non-current:		
Contract Receivables Invoiced	273	284
Contract Receivables not yet invoice/non invoiced	552	521
Allowance for impaired contract receivables / assets	(219)	(212)
Clinician pension tax provision reimbursement funding from NHSE	575	-
Allowance for impaired other receivables	-	-
Total non-current trade and other receivables	1,181	593
Total trade and other receivables	16,113	13,514

The Trusts receives payments from its customers based on an invoice schedule, as established in the contract. The contract receivables are recognised when the right to consideration has become unconditional.


NHS

15.1 Allowances for credit losses (doubtful debts) – 2019/20

	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**

Included above is a £326,134 which is based on 21.79% on the outstanding receivables from the Compensation Recovery Unit. The allowances written off of £288,000 relate to Injury Cost Recovery debts instructed by the Compensation Recovery Unit.

	2018/19
	£000
Allowance for credit losses at 1 April 2018 - brought forward (before IFRS 9 and IFRS 15 implementation)	**511**
Impact of IFRS 9 (and IFRS 15) implementation on 1 April 2018 balance	(68)
New allowances arising	311
Changes in the calculation of existing allowances	(1)
Reversals of allowances (where receivable is collected in-year)	(18)
Utilisation of allowances (where receivable is written off)	(231)
Changes arising following modification of contractual cash flows	(3)
Total allowance for credit losses at 31 March 2019	501
Loss recognised in expenditure	**289**

16. Other Financial Assets

The Group and Foundation Trust have no other financial assets as at 31 March 2020 or 31 March 2019.

17. Other Current Assets

The Group and Foundation Trust have no other current assets as at 31 March 2020 or 31 March 2019.

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 2020	31 March 2019
	£000	£000
Current:		
Trade Payables	14,586	12,303
Trade payables capital	833	710
Social Security costs	2,118	1,886
Other taxes payable	1,586	1,446
Other payables	66	61
PDC dividend payables	21	-
Accruals	3,091	3,721
NHS Charitable funds: Trade and other payables	4	13
Total current trade and other payables	22,305	20,140

	31 March 2020	31 March 2019
	£000	£000
Non-current:		
Other payables	-	-
Total non-current trade and other payables	-	-
Total Trade and other Payables	22,305	20,140

Foundation Trust

	31 March 2020	31 March 2019
	£000	£000
Current:		
Trade Payables	14,586	12,303
Trade payables capital	833	710
Social Security costs	2,118	1,886
Other taxes payable	1,586	1,446
Other payables	66	61
PDC dividend payables	21	-
Accruals	3,091	3,721
T**otal current trade and other payables**	22,301	20,127

	31 March 2020	31 March 2019
	£000	£000
Non-current:		
Other payables	-	-
Total non-current trade and other payables	-	-
Total Trade and other Payables	22,301	20,127

19. Other Liabilities

Group and Foundation Trust		
	31 March 2020	31 March 2019
	£000	£000
Current		
Deferred income	2,013	1,650
Total current liabilities	2,013	1,650

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.

Included in the balance is £991,861 (2018/19: £991,861) relating to Maternity income. The main movements relate to income received for expense which will be incurred in 2020/21 for salaries and training.

20. Borrowings

Group and Foundation Trust		
	31 March 2020	31 March 2019
	£000	£000
Current		
Capital loans from the Department of Health	8,559	546
Working capital loans from the Department of Health	5,013	5,008
Other Loans	-	56
Obligations under finance lease	1,548	1,243
Total current borrowings	15,120	6,853
Non-current		
Capital loans from the Department of Health	3,651	8,049
Working capital loans from the Department of Health	-	-
Other Loans	-	-
Obligations under finance lease	3,056	3,502
Total non-current borrowings	6,707	11,551

Other loans relate to a loan for the funding of environmental schemes where the funding is provided up front and paid back over the payback period of the scheme. The significant increase in current loans relates to DHSC and NHS England and NHS Improvement announced reforms to the NHS cash and capital regimes for 2020/21. This has meant that both Interim Capital and Working Capital loans will be paid in September 2020. This will be backed by Public Dividend Capital.

20.1 Reconciliation Of Liabilities Arising From Financing Activities

	DHSC Loans	Other Loans	Finance Leases	Total Liabilities from financing activities
	£000	£000	£000	£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

	DHSC Loans	Other Loans	Finance Leases	Total Liabilities from financing activities
	£000	£000	£000	£000
Carrying value at 1 April 2018 – brought forward	12,385	112	5,690	18,187
Impact of applying IFRS 9 as at 1 April 2018	29	-	-	29
Cash movements				
Financing cash flows -principal	1,183	(56)	(1,950)	(823)
Financing cash flows – interest	(202)	-	(194)	(396)
Non-cash movements				
Additions	-	-	1,008	1,008
Interest charge arising in year	208	-	194	402
Other Changes	-	-	(3)	(3)
Carrying Value at 31 March 2019	13,603	56	4,745	18,404

21. Finance Lease Obligations

Group and Foundation Trust

Minimum Lease Payments	31 March 2020	31 March 2019
	£000	£000
Gross liabilities	4,889	5,110
of which liabilities are due		
• not later than 1 year	1,658	1,304
• later than 1 year but not later than 5 years	2,769	3,463
• later than five years	462	343
Finance charges allocated to future periods	(285)	(365)
Net lease liabilities	4,604	4,745
• not later than 1 year	1,548	1,243
• later than 1 year but not later than 5 years	2,610	3,184
• later than five years	446	318
	4,604	4,745

All the finance lease obligations relate to plant and equipment.

22. Provisions

Group and Foundation Trust

	Current		Non-Current	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Legal Claims	67	65	-	-
Pensions - Early departure costs	69	68	530	591
Pensions – Injury Benefits	37	38	843	832
Other	110	154	575	-
Total Foundation Trust	283	325	1948	1,423
Charitable Provisions	-	12	0	-
Total Group	283	337	1,948	1,423

	Legal Claims	**Pensions Early Departure Costs**	**Pensions Injury Benefits**	**Other**	**Total**	**Charitable**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2019	65	659	870	154	1748	12	1,760
Change in the discount rate	-	24	94	-	118	-	118
Arising during the year	45	34	20	575	674	-	674
Utilised during the year	(21)	(69)	(37)	-	(127)	-	(127)
Reversed unused	(22)	(46)	(62)	(44)	(174)	-	(174)
Unwinding of discount	-	(3)	(5)	-	(8)	-	(8)
Movement in charitable provision	-	-	-	-	-	(12)	(12)
At 31 March 2020	67	599	880	685	2,231	-	2,231
Expected timing of cash flows :							
Not later than 1 year	67	69	37	110	283	-	283
Later than 1 year and not later than 5 years	-	281	151	575	1,007	-	1,007
Later than 5 years	-	249	692	-	941	-	941
At 31 March 2020	67	599	880	685	2,231	-	2,231

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 £575,000.

Also, other provision also relates to an employment case (£110,000).

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 2020 (2018/19: £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.

£135,680,246 (2018/19: £130,649,653) is included in the provision of the NHS Resolution at 31 March 2020 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	Total 2020
	£000	£000
Revaluation reserve at 1 April 2019	13,414	13,414
Impairments	(303)	(303)
Revaluations	4,202	4,2
02		
Transfer to I&E reserve upon asset disposal	(28)	(28)
Other reserve movements	-	-
At 31 March 2020	17,285	17,285

Group and Foundation Trust

	Revaluation Reserve Property, plant and equipment	Total 2019
	£000	£000
Revaluation reserve at 1 April 2018	15,592	15,592
Impairments	(2,127)	(2,127)
Revaluations	18	18
Transfer to I&E reserve upon asset disposal	(70)	(70)
Other reserve movements	1	1
At 31 March 2019	13,414	13,414

24. Cash And Cash Equivalents

	Group and Foundation Trust			
	Cash and Cash equivalents (excluding charitable funds)	NHS Charitable Funds : cash and cash equivalents	Cash and Cash equivalents (excluding charitable funds)	NHS Charitable Funds: cash and cash equivalents
	31 March 2020	31 March 2020	31 March 2019	31 March 2019
	£000	£000	£000	£000
At 1 April	11,249	3	7,761	68
Net change in year	2,767	445	3,488	(65)
At 31 March	14,016	448	11,249	3
Broken down into				
Cash at commercial bank and in hand	401	448	499	3
Cash with Government Banking Service	13,615	-	10,750	-
Cash and Cash equivalents as in SoFP and SoCF	14,016	448	11,249	3

25. Capital commitments

Commitments under capital expenditure contracts at the Statement of Financial Position date for both Group and Foundation Trust were £159,000 (2018/19: £763,000). For Property Plant and Equipment assets these are £110,000 relating to telecomms equipment and £49,000 for a number of Backlog Maintenance schemes.

26. Events After The Reporting Period

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totaling £13,214,000 as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

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	Other	Total
	31 March 2020	31 March 2020	31 March 2020
	£000	£000	£000
Total value of contingent liability	(579)	-	(579)
Payable by NHS Resolution	549	-	549
Net contingent liability	(30)	-	(30)

Group and Foundation Trust			
	NHS Litigation legal claims	Other	Total
	31 March 2019	31 March 2019	31 March 2019
	£000	£000	£000
Total value of contingent liability	(416)	-	(416)
Payable by NHS Resolution	372	-	372
Net contingent liability	(44)	-	(44)

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 £1,792,000 (2018/19: £2,095,000) which included a receivable of £197,000 from 2018/19, however based on actual average relevant net assets this figure should be £2,010,000 (2018/19: £1,953,000) and a payable of £21,000 has been recognised.

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 is 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:

- South Cheshire CCG
- Vale Royal CCG
- Eastern Cheshire CCG
- Western Cheshire CCG
- North Staffordshire CCG
- Stoke-on –Trent CCG
- NHS England
- East Cheshire NHS 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 2020	Total 31 March 2020	Financial assets at amortised cost 31 March 2020	Financial assets at fair value through OCI - mandated
	£000	£000	£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

Carrying value and fair of financial assets 31 March 2019	Financial assets at amortised cost 31 March 2019	Financial assets at amortised cost 31 March 2019	Financial assets at fair value through OCI - mandated
	£000	£000	£000
Receivables (excluding non-financial assets) - with DHSC group bodies	8,212	8,212	8,212
Receivables (excluding non-financial assets) - with other bodies	2,670	2,670	-
Cash and cash equivalents	11,249	11,249	-
Consolidated NHS Charitable fund financial assets	932	-	932
Total	23,063	22,131	932

Foundation Trust

Carrying value and fair of financial assets 31 March 2020	Total 31 March 2020	Financial assets at amortised cost 31 March 2020
	£000	£000
Receivables (excluding non-financial assets) - with DHSC group bodies	11,268	11,268
Receivables (excluding non-financial assets) - with other bodies	1,913	2,868
Cash and cash equivalents	14,016	14,016
Total	27,197	27,197

Carrying value and fair of financial assets 31 March 2019	Total 31 March 2019	Financial assets at amortised cost 31 March 2019
	£000	£000
Receivables (excluding non-financial assets) - with DHSC group bodies	8,212	8,212
Receivables (excluding non-financial assets) - with other bodies	2,670	2,670
Cash and cash equivalents	11,249	11,249
Total	22,131	22,131

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 2020	**Total 31 March 2020**	**Financial liabilities at amortised cost 31 March 2020**
	£000	**£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	3572
Trade and other payables (excluding non-financial liabilities) - with other bodies	15,004	15,004
NHS charitable funds: financial	-	-
Total	40,403	40,403

Carrying value and fair value of financial liabilities – 31 March 2019	**Total 31 March 2019**	**Financial liabilities at amortised cost 31 March 2019**
Loans from the Department of Health and Social Care	13,603	13,603
Other borrowings	56	56
Obligations under finance leases	4,745	4,745
Trade and other payables (excluding non-financial liabilities) - with DHSC group bodies	3,786	3,786
Trade and other payables (excluding non-financial liabilities) - with other bodies	13,009	13,009
NHS charitable funds: financial	13	13
Total	35,212	35,212

Foundation Trust

Carrying value and fair value of financial liabilities – 31 March 2020	Total 31 March 2020	Financial liabilities at amortised cost 31 March 2020
	£000	£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	15,403
Total	40,403	40,403

Carrying value and fair value of financial liabilities – 31 March 2019	Total 31 March 2019	Financial liabilities at amortised cost 31 March 2019
	£000	£000
Loans from the Department of Health and Social Care	13,603	13,603
Other borrowings	56	56
Obligations under finance leases	4,745	4,745
Trade and other payables (excluding non-financial liabilities) - with DHSC group bodies	3,786	3,786
Trade and other payables (excluding non-financial liabilities) - with other bodies	13,009	13,009
Total	35,199	35,199

30.4(iii) Maturity of Financial liabilities

Group

	31 March 2020	31 March 2019
	£000	£000
In one year or less	33,696	23,661
In more than one year but not more than two years	1,601	1,928
In more than two years but not more than five years	2,390	3,343
In more than five years	2,716	6,280
Total	40,403	35,212

Foundation Trust

	31 March 2020	31 March 2019
	£000	£000
In one year or less	33,696	23,648
In more than one year but not more than two years	1,601	1,928
In more than two years but not more than five years	2,390	3,343
In more than five years	2,716	6,280
Total	40,403	35,199

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 2020.

31. Third Party Assets

Group and Foundation Trust	2019/20	2018/19
	Money on deposit	Money on deposit
	£000	£000
At 1 April		
Gross inflows	11	11
Gross outflows	(11)	(11)
At 31 March	-	-

The Trust held £178 cash at bank and in hand at 31 March 2020 (£424 at 31 March 2019) 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 2020.

33. Losses And Special Payments

Group and Foundation Trust	2019/20	2019/20	2018/19	2018/19
	Total number of Cases	Total number of Cases	Total number of Cases	Total number of Cases
	Number	£000's	Number	£000's
Losses:				
Overpayment of Salaries			3	1
Fruitless payments and constructive losses	7	9	2	0
Bad debts and claims abandoned in relation to:	-	-		
private patients	-	-	10	1
overseas visitors	-	-	19	24
other	-	-	149	11
Damage to buildings, property and stores losses				
Theft, fraud, etc.	3	6	4	-
Stores losses	1	81	1	81
Other	-	-	-	-
Total Losses	11	96	188	118
Special payments:				
ex gratia payments	12	2	17	5
Total special payments	12	2	17	5
Total Losses and special payments	23	98	205	123

During 2019/20 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.

Mid Cheshire Hospitals
NHS Foundation Trust

Mid Cheshire Hospitals NHS Foundation Trust

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