



**Central Manchester
University Hospitals**
NHS Foundation Trust



**CENTRAL MANCHESTER UNIVERSITY HOSPITALS
NHS FOUNDATION TRUST
ANNUAL REPORT AND ACCOUNTS 2017**

Annual Report covering 1st April 2017 to 30th September 2017

Central Manchester University Hospitals NHS Foundation Trust
Annual Report and Summary Accounts - 1 April 2017 to 30
September 2017

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Welcome from our Chairman and Chief Executive

Welcome to our final report for Central Manchester University Hospitals NHS Foundation Trust (CMFT). This covers the six months leading up to the merger of CMFT with University Hospital of South Manchester NHS Foundation Trust (UHSM) to create the new Manchester University NHS Foundation Trust (MFT) on 1st October 2017.

The merger was the culmination of two years of discussion and planning to deliver a comprehensive Single Hospital Service (SHS) to the people of Manchester and beyond. We are extremely appreciative of the efforts and contributions of all those involved in ensuring the process ran smoothly, and acknowledge the hard work, commitment and support shown by our staff, leadership teams, partner organisations and regulators. You can read more about the rationale behind developing the SHS, the benefits it will bring to patients, their families and our staff plus the next stage of the SHS on page 9.

While considerable effort went into preparing for the merger during the first six months of 2017/18, it was also very much a case of 'business as usual'. Our focus remained firmly on ensuring our patients continued to receive safe, high quality care throughout their treatment journey and across all of our services. This was underpinned by the 'What Matters To Me' programme which continued to grow and involve patients, their families and staff. You can read more about this innovative Trust-wide approach to providing excellent personalised care on page 51.

As a result of our comprehensive turnaround programme during 2016/17, we started the new financial year in a strong position with a trading surplus of £56m. This is before taking account of donated asset income, depreciation (£2.8m) and impairment of £153.9m. Alongside investing in our services and people, this has enabled us to concentrate on two key areas:

- getting patients treated on a more timely basis
- maximising our successful recruitment of permanent, substantive medical and nursing staff.

CMFT's approach to caring for patients, relatives and our staff came under the spotlight after the events at the Manchester Arena on 22nd May. We would like to express again our personal and heartfelt thanks to everyone at CMFT, in both frontline and support roles, who went above and beyond in responding to the aftermath of the bomb attack. They all made such a difference to patients, their families, colleagues and our partner organisations in what they did. We felt enormous pride in how our staff handled an unprecedented and tragic situation.

The visits to CMFT by Her Majesty the Queen, HRH The Duke of Cambridge, the Prime Minister and the Secretary of State for Health reflected the concern and support of the whole country, and the response of the NHS and other emergency services across Manchester has been recognised with a number of national awards. You can read more about this on page 12.

Although the CMFT name has gone, its outstanding legacy will remain and form a

very firm foundation for the new Trust. With UHSM colleagues, we are looking forward to a very positive future and to developing the reputation of Manchester University NHS Foundation Trust for excellent clinical care and world-leading research.



**Kathy Cowell OBE DL
Chairman**

**Sir Michael Deegan CBE
Chief Executive**

Central Manchester University Hospitals NHS Foundation Trust (CMFT) is the leading provider of hospital, community and specialist health services for Manchester and Trafford. We treat more than a million patients every year, and our hospitals are home to an outstanding team of clinicians, nursing and support staff, all committed to providing safe, high quality and compassionate care. We are also proud to be a major teaching hospital, training the health professionals of the future, and to be among the country's leading trusts for research and innovation excellence.

Our vision is:

To be recognised internationally as leading healthcare; excelling in quality, safety, patient experience, research, innovation and teaching; dedicated to improving health and well-being for our diverse population.

Our values underpin everything we do. We have a framework that sets out the core behaviours and attitudes that we expect of our staff, recognising how important these are to delivering a positive patient and staff experience.

Our values are:

- **Pride** - showing pride by being the best in everything we do.
- **Respect** - showing regard for the feeling, rights and views of others.
- **Empathy** - showing empathy by understanding the emotions, feelings and views of others.
- **Consideration** - showing thoughtfulness and regard for others, showing consideration for their feelings and circumstances.
- **Compassion** - showing understanding, concern and contributing to providing a safe, secure and caring environment for everyone.
- **Dignity** - showing respect and valuing all individuals and their diverse needs.

We became a Foundation Trust in 2009, although we can trace our roots back to 1752. We are responsible for running a family of seven hospitals across central Manchester and Trafford. We also provide adult and children's community services for central Manchester, and city-wide services for children, dentistry and sexual health.

Central Manchester University Hospitals NHS Foundation Trust					
Manchester Royal Eye Hospital	Manchester Royal Infirmary	Royal Manchester Children's Hospital	Saint Mary's Hospital	Trafford Hospitals	University Dental Hospital of Manchester
Specialist eye hospital	Emergency care Complex secondary & tertiary services Integrated community services	Specialist children's hospital	Specialist hospital for women, babies and genetics	Secondary services in Trafford and Altrincham	Specialist dental hospital

Major development in hospital services

On 30th September 2017, CMFT was dissolved, making way for a Single Hospital Service (SHS) across Manchester. This is the most significant change in the provision of hospital services in the area for decades.

Our new, city-wide hospital Trust will provide much better, safer, more consistent hospital care that's fit for the future for people living in the City of Manchester, Trafford, and beyond.

It will also bring many opportunities for us to grow our research, education and investment into our region, and attract highly skilled staff. All of this will not only benefit people living in the City of Manchester and Trafford, but also patients from across Greater Manchester who use our hospitals.

We are creating this new organisation in two parts. Firstly, CMFT and the University Hospital of South Manchester NHS Foundation Trust (UHSM) joined together to create **Manchester University NHS Foundation Trust (MFT)** on 1st October 2017. North Manchester General Hospital (which is currently part of The Pennine Acute Hospitals NHS Trust) will join the new organisation around 12-18 months later.

MFT brings together all hospitals that were previously part of CMFT and UHSM: Manchester Royal Eye Hospital, Manchester Royal Infirmary, Royal Manchester Children's Hospital, Saint Mary's Hospital, The University Dental Hospital, Altrincham Hospital, Trafford General Hospital, Wythenshawe Hospital, and Withington Community Hospital, plus Community Services.

Creation of the new Trust was approved by the Competition and Markets Authority in July 2017. In this decision it was recognised that the merger would lead to substantial benefits for patients including those at risk of heart attacks or strokes and those needing vascular surgery or kidney stone removal.

The merger has created the opportunity for us to work together across sites and with partner organisations in unprecedented ways to address the health inequalities that exist in our city and surrounding areas. We will also be able to make an even greater contribution to education, training, research and innovation.

Day 1-100 priorities of the new organisation

Our priority while establishing MFT was always to remain focused on maintaining patient safety and providing high quality care. Thanks to the efforts of staff across all of our hospital sites and community services, we have been able to fulfil this aim, with patients continuing to access services as usual.

Patients may have seen some of the small changes that were made when the new Trust was created, including different signage at main entrances, a new website and social media accounts, and MFT lanyards for staff. Teams from across our services and sites are also already working together in new and beneficial ways. Here are some examples of how our clinical and non-clinical staff are already starting to collaborate to make improvements to our services for patients.

Early Integration examples:

- Patients with kidney stones who have been seen at Manchester Royal Infirmary, Trafford General Hospital or Altrincham Hospital are now being offered the option of treatment at Wythenshawe Hospital, and for many this will mean faster and more convenient care. The Wythenshawe site has its own specialist lithotripsy machine, which uses ultrasound to shatter kidney

Next steps

Now that MFT has been established, the process to bring North Manchester General Hospital (NMGH) into the new Trust has commenced. This is expected to complete in 2019/20. All key stakeholder groups will be kept informed of progress with the integration work at MFT and developments in transferring NMGH to complete the Single Hospital Service (SHS) programme.

MFT has a new website at www.mft.nhs.uk, and you can follow us on Twitter '@MFTNHS' and Facebook at 'Manchester University NHS FT'.

1 Performance Report

1.1 Overview of performance

The purpose of this section is to give a short summary that provides information to help readers understand the Trust, its purpose, the key risks to the achievement of its objectives and how it has performed during the year.

Chief Executive's Statement – Sir Michael Deegan

In common with the rest of the NHS, there are many pressures on our services at CMFT, particularly urgent care. During the past six months we have responded to significant challenges to our clinical, operational and financial performance.

Against this backdrop, the majority of our clinical teams have delivered consistently high quality care in a timely way, with excellent outcomes and patient experience. However, there is still scope for improvement and our Transformation Programme team is leading on initiatives to identify and share opportunities to achieve this, including work across enhancing outpatient services, increasing productivity and reducing length of stay.

Highlights for the first half of 2017/18 include:

- Experts at Manchester Royal Eye Hospital and Saint Mary's Hospital worked together to administer the first gene therapy treatment for the rare genetic eye disease x-linked retinitis pigmentosa.
- The Manchester Antenatal Vascular Clinic (MAViS) at Saint Mary's Hospital celebrated its 5th birthday with families who have gone on to have successful pregnancies following specialised care for high blood pressure.
- Dementia research by CMFT and Manchester University experts was boosted by the opening of one of only seven PET-MR scanners in the UK, at Saint Mary's Hospital, as part of a national multi-million pound project.
- We received the green light for the £60m expansion of the Citylabs biomedical campus based at CMFT. Having additional health and medical technology companies located on our site will speed up access to new diagnostics and treatment for our clinicians and patients.
- Our research teams have recruited the first UK patients to many national and international drug trials and research studies. Drug trials range from antibiotics to treat sepsis in newborn babies to medicines to reduce cardiac risk in renal patients, while innovative research is involving patients with lupus, delayed labour, sickle cell disease plus children and young people with non-Hodgkin lymphoma (cancer).
- A bid led by CMFT was successful in winning the contract to host the UK Clinical Research Facility (UKCRF) Network for five years, and CMFT was chosen as Pharma Times' Clinical Research Site of the Year 2017.
- The Public Health England Public Health Laboratory at CMFT became the first microbiology laboratory in the North West to become automated using COPAN WASPLab (Walk Away Specimen Processor) technology.

I am also very proud of the huge contribution made by CMFT colleagues to the pan-Manchester response to the Manchester Arena attack. This has been recognised with a number of national awards made to the NHS and emergency services teams who went the extra mile to care for and support the victims, their families and each

other. Our staff were among groups of colleagues invited to accept the awards on behalf of all the teams involved:

- *Health Service Journal Patient Safety Award (July 2017)*
- *'Women of the Year' awards (October 2017): eight women representing Manchester's emergency services (Greater Manchester Police, British Transport Police, the NHS and the North West Ambulance Service) accepted an award.*
- *Nursing Times Awards: a special award was accepted on behalf of all the NHS staff who were involved in the response to the Manchester and London terror attacks (November 2017)*
- *Pride of Britain (Nov 2017)*
- *Daily Mail Health Heroes (Nov 2017).*



Turning to our operational and financial performance, in 2015/16 the Board adopted an internal turnaround approach, which meant greater challenge and scrutiny of all our spending. This continued in the first six months of 2017/18, alongside our ongoing programme of efficiencies and improvements, and supported a strong

performance by the Trust.

By focusing on providing the best possible patient care in the most efficient way, we were able to meet the challenges during the first half of 2017/18. For example, there were fewer people waiting for treatment and outpatient activity increased significantly. We also saw a slight reduction in A&E attendances.

The tables below provide more details about our performance.

Accident & emergency attendances	1st April to 30th Sept 2016/17	1st April to 30th Sept 2017/18
Attendances	155,450	152,067
Clinic attendances	2,255	2,047
Total	157,705	154,109

In-patient/day case activity	1st April to 30th Sept 2016/17	1st April to 30th Sept 2017/18
In-patient (Non-elective)	38,198	37,775
In-patient (elective)	9,858	9,962
Day cases	43,207	42,294
Total	91,263	90,031

Day cases as a % of elective activity	81.4%	80.9%
Day cases as a % of total activity	47.3%	47%

In-patient waiting list	As at 30th Sept 2016			As at 30th Sept 2017		
	In-patient	Day case	Total	In-patient	Day case	Total
Total on waiting list	3,520	11,953	15,473	3,139	12,203	15,342
Patients waiting 0-12 weeks	1,920	7,427	9,347	1,855	7,797	9,652
Patients waiting 13-25 weeks	827	2,237	3,064	726	2,209	2,935
Patients waiting over 26 weeks	773	2,289	3,062	558	2,197	2,755

Out-patient activity	1st April to 30th Sept 2016/17	1st April to 30th Sept 2017/18
Out-patients first attendances	154,456	155,962

Out-patients follow-up attendances	414,674	424,223
Total	569,130	580,123

Bed usage	1st April to 30th Sept 2016/17	1st April to 30th Sept 2017/18
Average in-patient stay	4.9 days	4.9 days

How our performance is regulated and monitored

CMFT's performance is regulated by two national statutory bodies: the Care Quality Commission and NHS Improvement.

Locally, CMFT sits within both the Manchester and Trafford local health economies (LHEs). The Manchester and Trafford LHEs are also partners within the Greater Manchester Health and Social Care Partnership. Organisations within these local health economies also look at how our Trust is performing, as part of their remit:

- *Manchester LHE*

In April 2017 the three Clinical Commissioning Groups (CCGs) within Manchester, North, South and Central CCGs, merged into a single organisation. The new single CCG entered into a partnership agreement with Manchester City Council and is now known as Manchester Health and Care Commissioning (MHCC). MHCC is the single body responsible for commissioning both health and care services in Manchester.

CMFT had long-standing and well-developed engagement arrangements in place with Central Manchester CCG and across the city of Manchester which have been retained under the organisational arrangements. During 2017/18 they included:

- *Manchester Health & Well Being Board* – chaired by the leader of Manchester City Council brings together Chairs of the health and social care providers and commissioners across Manchester. It sets the overarching strategy for health improvement and the development of health and social care services. The Health and Well Being Board is supported by the *Health & Well Being Executive* which is attended by the Chief Executives of the health and social care providers and commissioners across Manchester.
- Board and Executive Team meetings – there are regular bilateral meetings of the CMFT and MHCC Board and Executive Teams throughout the year.

- *Trafford LHE*

We have well-established working relationships with senior colleagues at Trafford CCG and Local Authority.

- *Trafford Health and Wellbeing Board (HWB)* - CMFT is represented on the

statutory Health and Wellbeing Board which is a sub-committee of Trafford Council.

Key issues and risks for CMFT – and how we manage them

During 2017/18 (1st April to 30th September), the Trust identified a number of issues and risks that could affect the delivery of our services. These are listed below and covered in greater detail in the Annual Governance Statement (page 102 onwards). The Trust's Risk Management Committee, chaired by the Chief Executive, meets bi-monthly to ensure these risks are monitored and addressed.

Key risks 2017/18 (1st April to 30th September 2017)

Risk	Category	Status
A&E performance and Emergency Department capacity	Clinical	2017/18
SMH Obstetric Capacity	Clinical	2017/18
Infection control – CPE	Clinical	2017/18
Patient records	Organisational	2017/18
Quality of Patient Records	Clinical	2017/18
Never events	Clinical	2017/18 Downgraded
Communication of diagnostic test and screening test results	Clinical	2017/18
Compliance with Building Regulations – Fire Stopping	Organisational	2017/18
Financial control and failure to deliver trading gap savings/financial challenge for future years	Financial	2017/18
Corporate and clinical mandatory training Compliance.	Clinical	2017/18
Diagnostics Waiting Times	Clinical	2017/18
Mortality	Clinical	2017/18
Wrong blood in tube	Clinical	2017/18
Clinical Management and Safety ESTU	Clinical	2017/18
Referral to Treatment (RTT)	Clinical	2017/18-Downgraded
Adult Congenital Heart Services	Clinical	New 2017/18
Cancer 62 day Compliance	Clinical	New 2017/18
RMCH A&E/Urgent Care & ED Capacity	Clinical	New 2017/18
Cyber Security Risk	Organisational	New 2017/18
Appraisal Compliance	Organisational	2017/18 (separated out from a combined risk in 2016/17)
Potential Failure of Defibrillators	Clinical	New 2017/18

What's happening across Greater Manchester and managing external risks

CMFT sits within the Greater Manchester (GM) city region. The region is made up of ten localities or local health economies; these are the ten local authority areas and the CCGs and NHS health care providers that sit within their geographic boundaries.

The Greater Manchester region faces some very significant challenges:

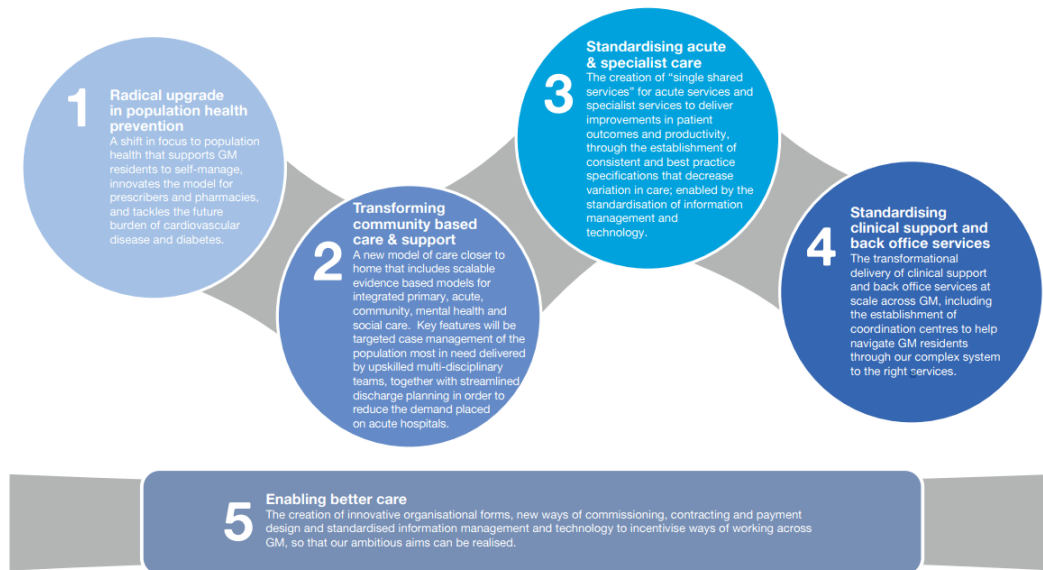
- People die younger than people in other parts of England.
- Cardiovascular and respiratory illnesses mean people become ill at a younger age.
- The number of older people, who often have multiple long term health issues to manage, is growing.
- Many people are treated in hospital when their needs could be better met elsewhere.
- Care is not joined up between teams and not always of a consistent quality
- The configuration of our health services is designed to meet the health needs of the last century.
- Many of the illnesses people suffer from are caused by poverty, stress, air quality, debt, loneliness, smoking, drinking, unhealthy eating and physical inactivity.

At the same time as demand for services is rising, the available funding is falling. It is projected that if we carry on as we are now, by 2021 more people will be suffering from poor health and there will be a £2 billion shortfall in funding for health and social care.

The health and social care organisations across GM believe that these challenges can best be met by working together and taking charge of spending and decision-making locally.

In April 2016 the Greater Manchester Health and Social Care Partnership was established and took control of the combined health and social care budget for GM, a sum of more than £6 billion. The aim of the Partnership is to achieve the greatest and fastest improvement to the health, wealth and wellbeing of the 2.8 million people living in Greater Manchester. In order to achieve this, there needs to be a radical change in how health and social care are provided.

The Partnership received funding which is to be used to support the transformation of the health and social care system. Five key changes have been agreed that need to take place to transform the health and social care system. These are known as 'transformation themes' and are shown below.



What does this mean for CMFT?

The key strategic changes for CMFT sit under transformation themes 2, 3 and 4, shown in the table below:

Theme 2	Transforming care in localities	Manchester Local Care Organisation
Theme 3	Standardising acute and hospital care	Single Hospital Service
		Healthier Together
		Specialty chains
Theme 4	Standardising clinical support and back office services	Pathology
		Radiology

• **Manchester Local Care Organisation**

The vision for the Manchester Local Care Organisation (LCO) is a partnership between the main statutory health and social care providers in the city and a wide range of non-statutory organisations such as the voluntary, community and social enterprise sector.

This means it will co-ordinate care across primary, community and secondary settings and will focus upon six key population groups in the first instance:

- Frail older people.
- Adults with long term conditions and at the end of life.
- Mental health, learning difficulties and dementia.
- Children and young people.
- People with complex lifestyles.
- Prevention and those at greater risk of hospital admission.

The LCO will provide a high standard of care closer to home, co-ordinated partnership working to simplify care pathways and accessibility to services, and deliver population health.

During 2016/17, the Manchester Provider Board members received the draft LCO prospectus which was developed by the three Manchester Clinical Commissioning Groups and Manchester City Council. This described from a commissioner’s point of view what the LCO will deliver and how it will work.

In March 2017 MHCC began a procurement exercise to award a contract for the LCO commencing April 2018. Following the successful submission of a Pre-Qualification Questionnaire in April 2017, the Manchester Provider Board were invited to submit a formal proposition to MHCC. This proposition was submitted in early November 2017.

An interim Executive Team has been appointed to lead the Manchester Provider Board’s work to establish an LCO. The interim Executive Team draws on the strengths of the management teams of the Manchester Partners, and other proven leaders working in health and social care in Greater Manchester.

During the past year, the integrated neighbourhood teams have been mobilised, with a range of transformation funded projects ready to start as soon as funding is received. In organisational delivery terms, the overarching governance for the LCO has now been agreed with all partners, and people and resources are mobilised around getting the LCO infrastructure up and running. The final two quarters of 2017/18 will have significant activity as the LCO moves towards shadow working. This will test structures, systems and processes prior to ‘go live’ in April 2018.

Looking ahead

MHCC’s prospectus describes the scope and phasing of services that the LCO will be responsible for – these are outlined below:

	2018/19	2019/20	2020/21
Services (both provided and commissioned)	<ul style="list-style-type: none"> Majority of adult social care (direct provision) Majority community health services across the city Extended primary care services 	<ul style="list-style-type: none"> Primary care services Remainder of adult social care direct provision Small amount of health provision 	<ul style="list-style-type: none"> Remainder of adult social care direct provision (very small)
Contracts	<ul style="list-style-type: none"> Majority of health contracts 	<ul style="list-style-type: none"> Majority of social care contracts Remainder of health contracts Continuing care in mental health 	<ul style="list-style-type: none"> Mental health contract related to community provision Remainder of social care contracts

The LCO is embedding the foundations for a fundamentally different way of delivering out of hospital community and primary care health and care services in Manchester.

- **Single Hospital Service (SHS)**

Details of the SHS, including the rationale and the benefits it will bring to patients, their families and staff are set out on page 9.

- **Healthier Together**

Healthier Together is the programme of work to create single services for acute care across UHSM and CMFT. Under this arrangement, clinical teams within A&E, acute medicine and general surgery will come together across both hospitals to form three single teams i.e. A&E, Acute Medicine and General Surgery. Each team will deliver acute care across both MRI and Wythenshawe hospitals, all working to the same high quality and safety standards.

CMFT will be the 'hub site' with 24/7 A&E and a full emergency general surgical team will be on site 24/7 to undertake emergency general surgery. UHSM will be the 'non-hub site', which will have a full A&E department 24/7. It will still assess and care for the majority of acutely ill patients but will not undertake any emergency general surgery.

Patients who require immediate admission for emergency or urgent general surgery will be transferred to the hub site at CMFT. In addition, the hub site will also undertake all general surgery for complex, high risk, elective general surgical patients. Low risk general surgery, diagnostics and outpatient services will all continue to be provided at both hospital sites.

Progress to September 2017 includes:

- Development of a detailed operational plan describing how the service will work day to day
- Drafting routine and emergency clinical pathways and clinical guidelines, to understand how patients will be cared for at every step in their pathway
- Analysis of activity and capacity planning to make sure that services are timely and well-prepared
- Due diligence exercise completed across both sites
- Ensuring mechanisms are in place to provide a fair and equal service for all patients
- 'Patient Partnership Group' set up to work with patients and carers directly
- Implementation of a joint Colorectal MDT across both hospitals
- Definition of roles and start of recruitment for new consultant posts
- Engagement with GM Oesophago-gastric cancer service changes
- A working group has been established to develop the central site ambulatory care service.

- **Specialty Chains**

A Specialty Chain is where one organisation takes responsibility for the provision of a service across the whole of GM, irrespective of which hospital site it is delivered on. Services continue to be provided locally, but the clinicians are all part of the same single team working to the same procedures and protocols.

This model is likely to be applied in the more specialist areas such as children's

surgery and ophthalmology. During 2017/18 we commenced projects to review service at a Greater Manchester level in vascular surgery and paediatrics.

- **Standardising Clinical Support**

In 2016, ten Trusts across Greater Manchester, including East Cheshire, came together to form a consortium for the procurement of a replacement picture and archiving system (PACS), which is the system used to transfer medical images electronically across hospitals. The new system is to be implemented in April 2018 and will standardise the way that images are shared across GM which will lead to quicker turnaround times as expert opinion across GM will be more readily available.

A GM Project Board was formed with representatives from each of the ten Trusts, to produce an outline business case (OBC) which shows the likely costs and benefits and an output based specification (OBS) which defines the outputs that are required from the project i.e. what the system will enable us to do. The OBC and OBS have been finalised. The output based specification has been issued to potential suppliers and responses will be considered by the Project Board.

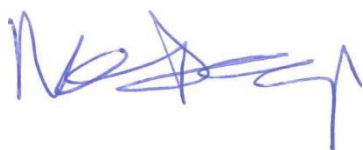
Important events after the financial year end

On 1st October 2017 the Trust merged with UHSM to create a new Foundation Trust (FT). This change in organisational structures arising from the transaction will be accounted as a Machinery of Government change, and therefore does not impact the Going Concern status of the entity or require any of the Trust's activities to not be considered as 'continuing'.

There were no other events following the Statement of Financial Position date, either requiring disclosure, or resulting in a change to the financial statements of the Trust or the Group.

Going concern

After making enquiries, the directors have a reasonable expectation that the NHS foundation trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.



Sir Michael Deegan CBE
Chief Executive Officer
23rd May 2018

1.2 Performance Analysis

Measuring our operational performance

The Trust has a number of specific local measures against which we check our performance. These cover clinical quality and safety, patient experience, service development, research and innovation, staff development and finance. We also assess how we are performing against a range of national standards and targets.

We develop an **operational plan** each year which summarises all our aims, key priorities and how we will measure success. Our staff, partner organisations, Governors and members all contribute to developing this plan, which is below.

Vision	<i>To be recognised internationally as leading healthcare; excelling in quality, safety, patient experience, research, innovation and teaching; dedicated to improving health and well-being for our diverse population</i>	
Strategic Aims	Key priorities – what we need to do in 2017/18	Metrics – how we will know we have delivered
To improve patient safety, clinical quality and outcomes	1. Delivering safe, harm-free care focusing on evidence based pathways, supervision and clinical leadership and embedding CMFT Clinical Standards in day to day practice.	Improvement on 2016/17 position for Never Events achieved. Improvement on 2016/17 position for mortality: Hospital Standardised Mortality Ratio, Summary Hospital-level Mortality Indicator, crude mortality achieved. Improvement on 2016/17 position for 7 day services achieved.
	2. Ensure professionally informed, evidence based nursing and midwifery establishments supported by recruiting and retaining an engaged workforce able to respond to future care delivery needs.	Band 5 staff nurse vacancies reduced from 2016/17 level. Improvement on 2016/17 staff survey results for nurses and midwives achieved. Spend on locum and agency staff reduced from 2016/17 level.
	3. Achieve all key NHS commissioned standards and deliverables, including access and quality outcomes.	4 hour emergency access target delivered. Waiting time targets delivered. National quality outcome measures achieved.
	4. Delivery against the Trust's Transformation strategy with the aim to reach the top decile for quality - clinical outcomes, safety, patient and staff engagement & experience and operational efficiency measures.	Average length of stay reduced from 2016/17 level. Theatre utilisation improved on 2016/17. Improvement on the 2016/17 position for National Patient Survey achieved.
To improve the experience for patients, carers and their families	5. Deliver well-led compassionate, individualised care in partnership with patients and families in appropriate environments, safeguarding vulnerable people.	Improve on 16/17 Friends & Family Test percentage likely/extremely likely to recommend CMFT. Full compliance with requirements for access to care for people with a learning disability.

		Individualised care plans utilised for all patients identified as at end of life.
To develop single services that build on the best from across all our hospitals	6. Playing our part in transforming the health and social care system through supporting Greater Manchester Devolution, the delivery of Locality Plans (particularly in Manchester and Trafford) and achieving a successful merger with UHSM.	Integrated health and social care teams established across Central Manchester. Achieve Competition and Markets Authority approval for merger with UHSM. Achieve approval for development of CMFT-led specialty chains across GM.
To develop our research portfolio and deliver cutting edge care to patients	7. Strengthen and drive the translation of cutting-edge science into new tests and treatments that benefit patients.	Successful applications for National Institute for Health Research grants to support CMFT research. Development of Citylabs 2 and 3. Competence established in advanced therapeutics (e.g. gene therapy).
	8. Drive engagement with research through participant recruitment, public and patient involvement (PPI), and communications.	Number of patients taking part in research studies increased on 2016/17 levels.
To develop our workforce enabling each member of staff to reach their full potential	9. Delivering excellent education and learning with the aim of further developing reputation, innovation and attracting and retaining a highly skilled workforce	Mandatory training compliance at 90%. 10% increase in the number of apprentice starts achieved. Above average score in staff survey for providing staff with personal development.
	10. Implement the Organisational Development Strategy, focusing on: developing a high performing, inclusive and values based culture that increases organisational resilience and agility and City of Manchester system leadership and integration (Local Care Organisation).	Maintain the 16/17 response rate to staff survey. Staff engagement score achieved within the top 20%. Number of key findings scoring in the top 20% increased on 2016/17.
	11. Implement the people strategy focussing on: workforce information and policies, workforce design and succession planning, attraction and resourcing; staff engagement; talent and performance management.	Retention of staff (over 12 months' service) rate >80% achieved. Vacancies reduced to 5% (all staff groups). Time taken to fill vacancies reduced to 65 days.
	12. To deliver the Equality, Diversity and Inclusion Strategy 2016-2019 Action Plan and to develop a strategy for working in partnership with the communities we serve.	Three year plan in place and progress. Annual Report produced.

Remaining financially stable	13. Fully deliver our control total for the year through ensuring short and medium term stabilisation, the full delivery of the identified financial improvement savings target and the on-going management of cash.	Monthly deficit progressively reduced throughout the year. Trust liquidity position maintained. Cost improvement programmes delivered.
	14. To implement the 'Going Digital' Informatics review for 2016-21, following engagement and consultation on this with stakeholders.	Information Management and Technology strategy reviewed (IM&T revised strategy deferred in line with Single Hospital Service).

- **Performance Governance**

CMFT's performance is measured against an extensive range of indicators and targets, which are set by the NHS nationally and also by our local commissioners. These indicators cover a wide range of areas, including: quality, clinical performance, patient safety and experience, finance, human resources and key performance standards subject to the regulatory framework. Some of the indicators within the contract are subject to the national Sustainability and Transformation Fund (STF) and therefore, delivery of the required target thresholds is associated with funding.

- **External**

Organisational performance is subject to external governance through the formal contracting process and structures, whereby Commissioners oversee and seek assurance of Trust delivery against the national and locally agreed KPIs within the contract. These review meetings with commissioners enable our teams to ensure everything is on track to provide excellent care to our patients, and to manage financial and other resources effectively. Furthermore, the Trust is an active partner within the Greater Manchester (GM) economy and attends a number of Boards that are focused on GM performance against the planned and urgent care agendas.

- **Internal**

The Trust has a corporate governance structure in place to support the achievement of organisational performance against our key standards.

The Trust Board of Directors is responsible for the oversight of CMFT performance which is underpinned by a number of Committees that provide scrutiny, risk management and seek assurance that standards will be achieved. Operational groups are in place that focus on planned and emergency/urgent care delivery, the outcomes of which feed into organisational committees and the Board of Directors. The corporate structure is mirrored within Divisions, which have in place Boards to oversee how the Division is performing against its strategy, plans and agreed standards and indicators. These are underpinned by operational meetings that focus on the day to day management of the broad agenda each Division needs to deliver.

The Trust corporate performance team strengthens organisational governance through supporting regular external and internal auditing of trust data to ensure compliance with national reporting rules, ensuring that learning and best practice from outside of the organisation is considered for adoption, liaison with the Trust

external Regulator and Commissioners with regards to performance issues, a source of expertise and independent opinion on national standards and reporting rules to Divisional teams, and furthermore provide additional capacity and support to the Divisions to rectify and enable performance improvement.

- **Performance Reporting**

Information on organisational performance is available to Board members and Governors through the online Board Assurance Framework system, in a clear Red, Amber, Green (RAG) rated graphical format. Each Executive Director has responsibility for a range of indicators related to their areas of operation, and monitors progress on resolving any issues identified. The data within the system feeds the monthly Board of Directors integrated Trust Board Assurance Report that comprises quality, patient safety and experience, operational performance, human resources and financial performance. The report provides oversight of trends and historical performance, highlights areas of risk, factors impacting on performance and the actions being taken to bring performance back to the required standard.

The Trust uses a reporting and analysis platform to support the organisation to manage its services and performance. The system is available to all staff from Board to ward, who can view the system on a daily basis and access up to date performance information. The system is used to support the internal governance structure described above and any performance reporting required by external organisations.

In addition, our clinical and operational staff use the information to produce bespoke reports which analyse patient activity and assist with planning and administration as well as performance management tracking. Using this information tool reinforces that performance management is part of everyone's job.

- **Identifying and responding to trends**

All Trust performance reporting to the Board, Committees and underpinning operational groups, and our reporting and analysis platform includes trend analysis to provide early identification of any deterioration or positive improvement in performance. Using our reporting and analysis platform, we are continually tracking both performance and demand and adjusting our services to deliver the patient care that is needed.

Looking beyond our own hospitals and community services, CMFT works closely with the Operational Delivery Group for Urgent Care. This group assesses demand for health services across our entire local health economy, and collaborates on forward planning. Having robust CMFT performance information enables us not only to assess past performance delivery, but also to anticipate and plan for likely future demand alongside other Trusts, primary care and social services across Greater Manchester.

- **Our financial performance**

In the first six months of 2017/18, our income was £529 million for the Trust (£531 million including the Charity) and we spent £518.1m (£520.5 million including the Charity). This included impairment charges (which are not counted within meeting regulatory duties) on delivering services, but excluded finance costs. The Trust's

financial performance for the first half of 2017/18 is a deficit for the period of £4.6m, which is a reported surplus on a control total basis of £4.7m compared to a planned surplus of £3.7m.

During the period to the end of September 2017 we delivered £19.1m of savings against a plan of £26.8m.

The CMFT Charity



Central Manchester University Hospitals NHS Foundation Trust **Charity**

We are also the Corporate Trustee to the CMFT Charity (registration no 1049274) and have sole power to govern the financial and operating policies of the Charity so as to benefit from the Charity's activities for the Trust, its patients and its staff. The Charity is therefore considered to be a subsidiary of CMFT and has been consolidated into the accounts in accordance with International Financial Reporting Standards.

The accounts disclose the Trust's financial position alongside that of the Group which is the Trust and the Charity combined. A separate set of accounts and annual report are prepared for the Charity for submission to the Charities Commission. <http://www.cmftcharity.org.uk/>

Our impact on the environment

We are committed to being a leading sustainable healthcare organisation, and to carrying out our business with the minimum impact on the environment.

Our Sustainable Development Management Plan (SDMP) priorities are:

- To reduce our carbon footprint by a minimum of 2% year on year, through a combination of technical measures and staff behaviour change
- To embed sustainability considerations into our core business strategy
- To work collaboratively with our key contractors and stakeholders to deliver a shared vision of sustainability
- To comply with all statutory sustainability requirements and implement national strategy.

During the first half of 2017/18, across the Trust we:

- Were awarded overall winner at the NHS Sustainability Day Awards 2017
- Increased the proportion of our waste recycled by 1.5%
- Decreased energy consumption by 8.5%, and associated carbon emissions by 15%.

- Refitted the Hathersage Road multi-storey car park with LED lighting
- Maintained 1 in 6 staff using active travel modes to travel to work and increased train travel by 1.7%
- Continued to deliver our Green Impact staff sustainability behaviour change programme with ten new teams engaging this year.

Equality, Diversity and Inclusion

Our vision for Equality, Diversity and Inclusion is: 'Valuing the voices of our diverse people to be the best we can'. Our aims are to:

- Be accessible to all
- Listen and respond to all our people
- Benefit from the diverse skills and knowledge of our people
- Work in partnership to provide opportunities for our communities to live healthy lives.

From April to September 2017 we:

- Held workshops with community and voluntary sector partner organisations to assess the impact on equality of the merger of Central and South Manchester NHS Foundation Trusts.
- Developed our Equality Impact Assessment to support the development of a single hospital trust, running training sessions for staff across CMFT and UHSM on Equality Impact Assessments.
- Initiated our Fast Track Accessibility Programme including a partnership with DisabledGo to create access guides to each department, ward and facility. The access guides look at 'access' and 'disability' from lots of different perspectives and will be integrated into www.mft.nhs.uk in spring 2018, as well as being published on www.disabledgo.com. The guides will provide crucial, practical information that enables patients and visitors to plan their visit.
- Continued to engage with our patients through the Disability Patient Forum, delivering improvements in accessibility from letters to signage.
- Put in place training on good recruitment practice and rolled out a diverse panel scheme.
- Put in place a reverse mentoring scheme and took part in the NHS Leadership Academy Stepping Up Programme, designed to support aspiring BME leaders to progress into more senior roles.
- Started building a programme of work on Challenging Poor Behaviour in response to what colleagues have said through the staff survey and incident reports. Two Think Tank sessions have been held and a proposal is being developed that will look at a campaign as well as reviewing, revising or building the systems, support and training and working with Greater Manchester Police to become a hate crime reporting centre. The aim is to ensure staff are supported in challenging poor behaviour.
- Continued to offer programmes that support local people into employment. In the six month reporting period we offered 65 entry level programme places including a pre-employment programme with guaranteed Interview on completion and a supported internship programme aimed at young people with learning disabilities.
- Offered 262 work experience placements for school and college students from

the communities we serve.

- Completed our annual Equality Delivery System report which has shown progress in how we advance equality across our services for our patients and visitors.

Research update

Through our pioneering research and innovation we are improving lives by giving patients the opportunity to shape and take part in clinical studies and evaluations.

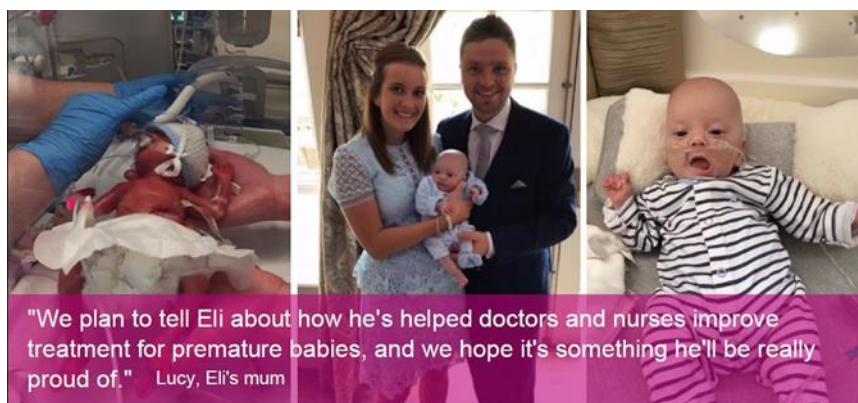
We support some 300 principal investigators, who undertake research across a diverse range of clinical areas to deliver improved diagnostics, treatments and devices for patients in Manchester and beyond. During the first half of 2017/18, patients and healthy volunteers participated in many clinical studies and trials across our hospitals, including Eli and his family.

Eli's story

Eli was born prematurely at 23 weeks and 6 days, weighing only 730g. He needed specialist care immediately and was rushed to the Neonatal Intensive Care Unit (NICU).

About a week into his stay, Eli's family were approached to take part in a research study investigating the best time to give blood platelet transfusions to premature babies. Lucy (mum) and Shaun (dad) agreed to take part in the study as they were keen to play a part in improving the care and understanding of premature babies.

During his stay at NICU Eli took part in four studies. These were all linked to his standard clinical care, meaning there were no added demands on the family. Eli is now doing well at home with his family after being in NICU for 18 weeks.



Delivering a pan-Manchester approach to research

In June 2017, over 100 delegates attended a launch event to celebrate the £41m National Institute for Health Research (NIHR) investment in Greater Manchester research (2017–22). The event provided an overview of the NIHR Manchester Biomedical Research Centre's (BRC) and Clinical Research Facility's (CRF) five-year strategies.



The BRC is funding biomedical research in the areas of: cancer (advanced radiotherapy, precision medicine and prevention and early detection), dermatology, hearing health, musculoskeletal medicine and respiratory disease. The CRF provides a safe, quality assured environment for delivering early phase clinical research studies (adults and children's) across four sites: Manchester Royal Infirmary, Royal Manchester Children's Hospital, The Christie and Wythenshawe Hospital.

The Manchester BRC and CRF are hosted by our Trust and The University of Manchester, in partnership with The Christie NHS Foundation Trust and Salford Royal NHS Foundation Trust.

Trust Membership

As an NHS Foundation Trust, we share all the same values, quality and safety standards as other NHS Trusts, with the key difference being that we are granted more freedoms and instead of being directly accountable to Central Government, we are accountable to our members (which include our patients, staff and stakeholders). This means that we are able to respond much more quickly and effectively to the identified needs of our patients. One of the key benefits of being an NHS Foundation Trust is that those living in the communities that we serve can become members.

Our Membership Community is made up of both public (including patients and carers) and staff members. As of 30th September 2017, we had 13,988 public members and 14,054 staff members giving an overall total membership of 28,042 members.

From these members, Governors are elected to our Council of Governors, to represent their interests and influence the Trust's future plans. Members are therefore given a bigger say in the management and provision of our services with us, in response, ensuring that our services more accurately reflect the needs and expectations of the communities that we serve.

Public Membership

Public membership is voluntary and free of charge and is open to anyone who is aged 11 years or over and resides in England and Wales. Our Public Member constituency is subdivided into 4 areas:

- Manchester
- Trafford

- Greater Manchester
- Rest of England & Wales.

Public Constituencies	Number of public members
City of Manchester	5,758
Rest of Greater Manchester	5,255
Trafford	1,369
Rest of England & Wales	1,606
Total	13,988

We are committed to having a representative membership that truly reflects the communities that we serve and we welcome members from all backgrounds and protected characteristics. Becoming a member of an NHS Foundation Trust is completely free and it gives you the opportunity, through your elected representatives (Governors), to shape our future services.

Staff Membership

Staff membership is open to individuals who are employed by the Trust under a contract of employment including temporary or fixed-term (minimum of 12 months) or exercising functions for the Trust with no contract of employment (functions must be exercised for a minimum of 12 months).

All qualifying members of staff are automatically invited to become members as we are confident that our staff want to play an active role in developing better quality services for our patients. Staff are however able to opt out if they wish to do so.

The Staff Member constituency is subdivided into 4 staff classes: -

- Medical & Dental
- Other Clinical
- Nursing & Midwifery
- Non-Clinical & Support.

Staff classes	Number of staff members
Medical & Dental	1,374
Nursing & Midwifery	4,136
Other clinical staff	4,597
Non-clinical & support	3,947
Total	14,054

As an NHS Foundation Trust, we are committed to engaging with both our members and the public. We try to achieve this in many ways, with one of our key engagement initiatives being to hold regular membership events with the following initiatives and activities being (or have recently been) available to our members and the wider public:

- Attending our interactive Membership Events, including our Annual Members' Meeting and Open Day for Young People with the latter recently including dedicated 'Chairman Single Hospital Service Engagement Sessions'

- Talking to Governors at our membership events and participating in interactive questionnaires
- Joining our Youth Forum
- Becoming a Hospital Volunteer
- Receiving information about our hospital charities and becoming involved in fundraising events
- Sharing views on our future priorities and participating in our Forward Planning process
- Contacting Governors to share views and opinions around our hospital services
- Receiving information and updates about the 'Single Hospital Service' programme of work, the Trust's services and achievements through our Foundation Focus Newsflash (membership newsletter) and via our Membership/Governor webpages
- Participation in the 'Single Hospital Service' questionnaire, enabling members and the public to describe what top three things mattered to them most when creating the new organisation (MFT) in addition to forwarding any improvement ideas
- Attending dedicated 'Single Hospital Service Briefing Sessions' hosted by the Chairman and which included a Delegate's Information Pack/Frequently Asked Questions, and provided members and the public the opportunity to forward their views and interests in relation to this programme of work.
- Personalised letters sent to all members providing key information/progress made in relation to the 'Single Hospital Service' programme of work and the invitation to automatically become a member of the new organisation (MFT).

As a member, you decide how involved you want to be - you may simply wish to receive regular newsletters about the Trust's activities or you may wish to be more involved and stand for election as a Governor on our Council of Governors, which works with the Board of Directors (people responsible for running the Trust).

The Board of Directors and Council of Governors have distinct roles. The Board is responsible for the direction, all aspects of operation and performance, and for effective governance of the Trust, with the Council of Governors being responsible primarily for assuring the performance of the Board.

Children and Young People

As an NHS Foundation Trust that has a large Children's Hospital, we are committed to ensuring that young people have a way to articulate their views. Our membership is therefore open to anyone (living in England and Wales) aged 11 years or over.

Membership Aim & Key Priorities

Our membership aim and key priorities are:

Aim: for the Trust to have a representative membership which truly reflects the communities that it serves, with Governors actively representing the interests of members as a whole and the interests of the public.

Priorities:

- **Membership Community** – to uphold our membership community by addressing natural attrition and membership profile short-falls.
- **Membership Engagement** – to develop and implement best practice engagement methods.
- **Governor Development** – to support the developing and evolving role of Governor by equipping Governors with the skills and knowledge in order to fulfill their role.

Upholding our membership community so that it continues to reflect the communities that we serve, and having the majority of our Council of Governors elected from and by our members to actively engage with and represent their and the wider public's interests, will provide as many people as possible the opportunity to contribute and be involved in the development of our services so that they mirror our patients' needs.

Membership Engagement & Membership Strategy

The Membership Engagement & Membership Strategy outlines how patients, carers, members of the public and the local communities that we serve can become more involved by becoming members of our Trust. The strategy defines our membership community, outlines how we recruit, retain, engage, support and involve our membership and also communicate effectively with our members. It also outlines the Governor role and duties, and key areas to support and develop the evolving role of Governors.

Council of Governors

We have 35 Elected and Nominated Governors on our Council of Governors, the majority of whom are directly elected from and by our members.

As set out in the Health & Social Care Act (2012), Governors have two key duties:

- to represent the views and interests of our members and the public
- to hold the Non-Executive Directors to account for the performance of the Board of Directors.

From these duties, we have developed the following Governor aim and key objectives:

Aim - Governors proactively representing the interests of members as a whole and the interests of the public via active engagement and effectively holding the Non-Executive Directors, both individually and collectively, to account for the performance of the Board of Directors.

Objectives

- **Governor Engagement** – Governors to be proactive in developing and implementing best practice membership and public engagement methods.
- **Governor Assurance** – Governors to act as the conduit between the Foundation Trust Board of Directors and members and the wider public by conveying membership and public interests and providing Board performance assurance.

- **Governor Development** – the Foundation Trust to support the developing and evolving role of Governor by equipping Governors with the skills and knowledge in order to fulfill their role.

The Chairperson is responsible for leadership of both the Board of Directors and the Council of Governors and ensures that the views of Governors and members are communicated to the Board. The interaction between the Board of Directors and the Council of Governors is seen primarily as a constructive partnership, seeking to work effectively together in their respective roles. Governors are encouraged to act in the best interests of the Trust and are bound to adhere to its values and code of conduct.

Governors are therefore the link between our members and the wider public, determining their need/views on the delivery of our services, and our Directors who make the decisions and hold responsibility for our services.

Members of the Council of Governors in office 1st April to 30th September 2017

Lead & Public Governor:

- David Edwards – Greater Manchester Constituency

Public Governors:

- Jayne Bessant - Manchester Constituency
- Janet Heron - Manchester Constituency
- Philip Largan - Manchester Constituency
- Susan Rowlands – Manchester Constituency
- Sue Webster – Manchester Constituency
- Abebaw Yohannes – Manchester Constituency (Term of Office ending July 2017)
- Nik Barstow – Trafford Constituency
- Cheryl Rivkin – Trafford Constituency
- Christine Turner – Trafford Constituency
- Ivy Ashworth-Crees - Greater Manchester Constituency
- Carol Shacklady – Greater Manchester Constituency
- Michael White - Greater Manchester Constituency
- Kate Johnson – Rest of England & Wales Constituency

Staff Governors:

- Isobel Bridges – Non-Clinical & Support Constituency
- Sharon Green – Nursing & Midwifery Constituency
- Malgorzata (Gosia) Siekowska – Other Clinical Constituency
- Selton Smith – Non-Clinical & Support Constituency
- John Vincent Smyth – Medical & Dental Constituency
- Geraldine Thompson – Other Clinical Constituency

Nominated Governors:

- Rabnawaz Akbar – Manchester City Council
- Angela Harrington – Manchester City Council
- Alexander Heazell – University of Manchester
- Mariam Naseem – Youth Forum

- Paul Lally – Trafford Borough Council
- Graham Watkins – Volunteer Services
- Jane Worthington - University of Manchester

Governors in action

Governors welcome the views and opinions of members, patients and the public, and it's a key part of their role to consider and share them with the Board of Directors. Areas of particular focus to Governors are in relation to the Trust's performance and future plans, with Governors being responsible for representing the needs of members, the public and the communities that the Trust serves.

Governors are also encouraged to feed information back to members and the public about how the Trust is performing and help to keep them up to date with developments at CMFT with regular updates being provided to our members and the public via the Trust's membership newsletter and our Governor/Membership webpages. Members and the public are also encouraged to contact Governors directly and attend bespoke membership events/meetings in order to share their views and opinions.

At our membership events/meetings, there are dedicated Governor Engagement Sessions during which Governors actively seek views from members and the public and encourage attendees to participate in interactive questionnaires.

Governors also attend regular meetings with the Board of Directors to share and exchange views, striving to ensure that the interests of members, patients and the public are represented. As part of these meetings, Governors also seek performance assurances from the Board of Directors on behalf of members.

Governors actively participate in groups focusing on key areas such as patient experience, corporate citizenship, staff experience and membership matters.

Key meetings that Governors are involved in:

- attending regular Performance Meetings to review the Trust's performance across patient quality, clinical effectiveness, patient experience, finance and productivity.
- working closely with the Board of Directors, being actively involved in the Trust's Annual Forward Plan decision-making process.
- Assisting in the identification of a number of quality priorities as part of the Annual Forward Planning process and, agreeing a local quality indicator (metric for testing).
- participating in the performance review process/panels which includes setting the remuneration for the Chairman and Non-Executive Directors.
- active participation in the Single Hospital Service programme of work including attendance at dedicated Briefing Sessions/Workshops, Chairman Drop-In Sessions and receiving regular updates at formal Council of Governors Meetings. Governors also attend independent legal sessions and actively contributed during Joint Workshops with UHSM Governor colleagues,

with Governors ultimately fulfilling their statutory duty to approve the merger between CMFT and UHSM.

- As part of the Single Hospital Service programme, Governors also actively contributed to the development of the new organisation’s Constitution and guided by legal representatives, developed the evidence criteria for the merger process. In addition, Governors also received regular updates and actively contributed to the ‘Single Hospital Service Engagement and Communication’ plans.
- Regular updates were also received in relation to the ‘Local Care Organisation’ and ‘Single Commissioning’ plans.

Governors also play an important role in helping to assess, improve and recognise quality across the Trust, including:

- actively participating in Ward Assessments including Quality Mark Assessments for ‘Elder Friendly Hospital Wards’ and ‘15 Step Challenge’.
- attending Complaints Scrutiny Panel meetings to gain assurance that lessons are learnt and corresponding improvements are put into action.
- involvement in several staff initiatives including the selection panels for our staff recognition programme - the ‘We’re Proud of You’.
- continuing to be actively involved in driving improvements in relation to our Outpatient Services, including participating in Outpatient Review Visits to assess the improvements made as part of the Trust’s ‘Transforming Outpatient Services’ programme of work.
- attending hospital tour to see the services being provided with a recent tour of Trafford General Hospital being undertaken.

Declaration of interests

Details of the Council of Governors’ declarations of interests are held by the Foundation Trust Membership Office. Please contact the Foundation Trust Membership Office to obtain a copy (contact: 0161 276 8661 or ft.enquiries@mft.nhs.uk).

The Governors’ Declaration of Interest Register is updated on an annual basis following which it is formally recorded at a Council of Governors’ Meeting. The register discloses the details of any company directorships or other material interests held by Governors with none of our Council of Governors holding at the same time positions of Director and Governor of any other NHS Foundation Trust.

Our Constitution outlines the clear policy and fair process for the removal from our Council of Governors, any Governor who has an actual or potential conflict of interest which prevents the proper exercise of their duties. A copy of MFT’s Constitution is available via ‘The Trust’ webpage <https://mft.nhs.uk/the-trust/> or by contacting the Foundation Trust Membership Office (contact: 0161 276 8661 or ft.enquiries@mft.nhs.uk).

Governor attendance at Council of Governor Meetings 2017/18


(including 1 Extraordinary Council of Governors’ Meeting)

Governor name/title	5 th July 2017	13 th September 2017
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Rabnawaz Akbar	✓	✓
Ivy Ashworth-Crees	✓	✓
Nik Barstow	✓	✓
Jayne Bessant	X	✓
Isobel Bridges	✓	✓
David Edwards	✓	✓
Sharon Green	✓	✓
Angela Harrington	✓	✓
Alexander Heazell	✓	✓
Janet Heron	✓	✓
Kate Johnson	✓	✓
Paul Lally	✓	X
Philip Largan	✓	✓
Mariam Naseem	✓	✓
Cheryl Rivkin	✓	✓
Sue Rowlands	✓	✓
Carol Shacklady	✓	✓
Malgorzata (Gosia) Siekowska	✓	✓
Selton Smith	✓	✓
John Vincent Smyth	✓	✓
Geraldine Thompson	✓	✓
Christine Turner	✓	✓
Graham Watkins	✓	✓
Sue Webster	✓	✓
Michael White	✓	✓
Jane Worthington	X	✓
Abebaw Yohannes	X	

✓=attended

X= did not attend

 = not applicable

Director attendance at Council of Governor Meetings 2017/18


(including 1 Extraordinary Council of Governors' Meeting)

Director name/title	5th July 2017	13th September 2017
John Amaechi Non-Executive Director	X	X
Colin Bailey Non-Executive Director	X	X
Darren Banks Executive Director of Strategy	✓	
Ivan Benett Non-Executive Director	X	✓
Julia Bridgewater Chief Operating Officer	✓	
Rod Coombs	X	X

Director name/title	5th July 2017	13th September 2017
Non-Executive Director		
Kathy Cowell Chairman	✓	✓
Sir Mike Deegan Chief Executive	✓	
Nic Gower Non-Executive Director	✓	✓
Gill Heaton Deputy Chief Executive	✓	
Margot Johnson Executive Director of Human & Corporate Resources	✓	
Cheryl Lenney Chief Nurse	✓	
Anthony Leon Deputy Chairman/ Non-Executive Director	X	✓
Chris McLoughlin Senior Independent Director/ Non-Executive Director	✓	✓
Robert Pearson Medical Director	X	
Adrian Roberts Executive Director of Finance	✓	
Anil Ruia Non-Executive Director	X	X

✓=attended

X= did not attend

 = not applicable

2. Accountability Report

2.1 Directors' Report

The CMFT Board of Directors is responsible for preparing the Trust's annual report and accounts. We believe that, taken as a whole, the report and accounts is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess CMFT's performance, business model and strategy.

In preparing this report, the Directors have ensured that so far as we are each aware, there is no relevant audit information of which the auditors are unaware. The Directors have taken all steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Each Director has also:

- made such enquiries of his/her fellow directors and of the Trust'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 Trust to exercise reasonable care, skill and diligence.

The Board of Directors is responsible for determining the Trust's:

- strategy, business plans and budget
- policies, accountability, audit and monitoring arrangements
- regulation and control arrangements
- senior appointment and dismissal arrangements.

The Board is also responsible for approving the Trust's annual report and accounts and ensuring that CMFT acts in accordance with the requirements of its Foundation Trust license.

Our Board of Directors

- Mrs Kathy Cowell OBE DL, Chairman (Appointed November 2016. Previously Non-Executive & Senior Independent Director March 2013-November 2016)
- Sir Michael Deegan CBE, Chief Executive (Appointed September 2001)
- Mrs Gill Heaton OBE, Deputy Chief Executive (Appointed December 2001)
- Professor Robert Pearson, Executive Medical Director (Appointed April 2006)
- Mr Adrian Roberts, Executive Director of Finance (Appointed May 2007)
- Mrs Margot Johnson, Executive Director of Human and Corporate Resources (Appointed May 2013)
- Mrs Julia Bridgewater, Chief Operating Officer (Appointed September 2013)
- Mr Darren Banks, Executive Director of Strategy (appointed April 2015)
- Mrs Cheryl Lenney, Chief Nurse (appointed July 2015)
- Mr Anthony Leon, Non-Executive Director & Deputy Chairman (Appointed April 2001)
- Mr John Amaechi OBE, Non-Executive Director (Appointed March 2015)
- Mr Anil Ruia OBE, Non-Executive Director (Appointed March 2015)
- Mrs Chris McLoughlin Non-Executive Director (Appointed October 2015)
- Dr Ivan Benett, Non-Executive Director (Appointed January 2016)
- Professor Colin Bailey, Non-Executive Director (Appointed March 2016)
- Mr Nicholas Gower, Non-Executive Director (Appointed March 2016)
- Professor Rod Coombs, Non-Executive Director (Appointed December 2016)

Attendance at Board Meetings in 2017

	May 17	Jul 17	Sept 17
Kathy Cowell Chairman	✓	✓	✓
Sir Michael Deegan Chief Executive	✓	✓	✓

	May 17	Jul 17	Sept 17
Professor Robert Pearson Medical Director	✓	✓	✓
Gill Heaton Deputy Chief Executive	X	✓	✓
Margot Johnson Executive Director of Human & Corporate Resources	✓	X	✓
Adrian Roberts Executive Director of Finance	✓	✓	✓
Julia Bridgewater Chief Operating Officer	✓	✓	✓
Darren Banks Executive Director of Strategy	✓	✓	✓
Cheryl Lenney Chief Nurse	✓	✓	✓
Anthony Leon Non-Executive Director and Deputy Chairman	✓	X	✓
John Amaechi Non-Executive Director	✓	✓	✓
Professor Colin Bailey Non-Executive Director	X	X	X
Dr Ivan Benett Non-Executive Director	✓	X	✓
Professor Rod Coombs Non-Executive Director	X	✓	✓
Nicholas Gower Non-Executive Director	✓	✓	✓
Chris McLoughlin Non-Executive Director	✓	✓	✓
Anil Ruia Non-Executive Director	X	X	X

✓ attended the meeting, X = did not attend the meeting

The Trust maintains a Register of Interests for Directors, which is open to the public. This can be accessed by contacting the Trust Secretary.

To communicate with the Board of Directors, please contact the Director of Corporate Services/Trust Secretary by email trust.secretary@mft.nhs.uk or telephone 0161 276 6262

The Trust has in place a research based Leadership and Culture Strategy which details the plans in place to further develop an inclusive, compassionate and collective leadership culture necessary to develop and sustain high quality care. These plans have been developed based on the results of in depth cultural diagnostics, quarterly pulse check surveys and the annual staff survey and are aligned to the NHSI Well-Led Framework.

In line with the Leadership and Culture Strategy more detailed plans which respond to this year's result will be developed across hospital and corporate sites.

Financial compliance

The Trust has complied with the cost allocation and charging guidance issued by HM Treasury.

The Trust has made no political donations during the period to September 2017 (2016/17: nil)

The Better Payment Practice Code requires the Trust and the Group to aim to pay all undisputed invoices by the due date, or within 30 days of receipt of goods or a valid invoice, whichever is later.

The Trust continues to process all ordering and receipting of goods and services via an electronic purchase to pay system and this is reflected in the overall performance.

The results in the period to the end of September 2017 were, overall, 95% (95% in 2016/17) by volume and 95% (94% in 2016/17) by value of invoices paid within the target of 30 days.

No payments were made under the Late Payment of Commercial Debts (Interest) Act in either 2016/17 or 2015/16.

Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purposes.

Central Manchester University Hospitals NHS Foundation Trust has complied with this requirement and is satisfied that the income received from provision of non-NHS goods and services does not have any significant impact on the provision of NHS goods and services for the purposes of the health service in England.

Enhanced quality governance reporting

We have a number of arrangements in place to govern service quality, including our Board Assurance Framework, internal Quality Reviews, Quality Committee, Clinical Effectiveness Committee and Clinical Accreditation Programme. These are explained in more detail in the Annual Governance Statement on page 102 onwards.

We use NHS Improvement's quality governance framework to help us reach our overall evaluation of the Trust's performance, internal control and board assurance

framework and a summary of action plans to improve the governance of quality. You can read more about this in the Annual Governance Statement.

Performance disclosures

There is more information about the following performance and policy areas on the pages indicated:

- Research and innovation activities – page 26 onwards
- The way we treat disabled staff – page 78 in the Staff Report
- Action on employee participation – page 79 in the Staff Report
- The use of financial instruments – note 28 in the financial statements

Patient care

Providing high quality, safe and compassionate care to patients and their families is at the heart of what we do each and every day. We have listened to the views and experiences of our staff and patients, the wider public and our commissioners throughout our drive for consistent quality across all our services.

Here are some highlights showing the key achievements and priorities for our Divisions in the first six months of 2017/18.

Manchester Royal Infirmary (MRI)

Manchester Royal Infirmary is a large acute teaching hospital, providing an extensive range of complex secondary and specialist services. We are a specialist regional centre for kidney and pancreas transplants, haematology and sickle cell disease. The Accident and Emergency Department sees more than 300,000 patients every year.

We also provide a wide range of adult and children's community services in health centres, children's centres, schools and patients' own homes.

These include adult services such as district nursing, continence care and podiatry in central Manchester and specialist services including children's services, contraception and sexual health, community dentistry and learning disability services for the city of Manchester.

Surgical Services

Our team is proud of three key successes in 2017/18:

Response to the Manchester bombing - the bombing in May 2017 was a tragic event. It did show the quality of the staff within the Division and the way they reacted to events. From the moment of the first patients arriving to months afterwards, the whole team went over and above in caring for our community.

Improvements in elective care: quality and efficiency – our Division has focused on developing a sustainable and well defined transformation programme. This has helped in driving service improvements in terms of quality and efficiency. Elective

care throughput has increased 16% and length of stay reduced by 12% while reducing mortality scores and increasing patient satisfaction.

Outpatient services and engagement work - the new team in MRI Main Outpatients have really looked to improve the delivery of services and engage with both patients and staff. The Outpatient Team have led the way in positively engaging staff working 'on the shop floor' in improving patient care while taking account of patient feedback. More widely, we have recognised the need for, and engaged with the wider teams in getting, more people of every level involved in our improvement and service development work. This will continue to be a key need in the future.

Our top three ongoing priorities are:

Service reconfiguration – the Single Hospital Service and other Greater Manchester service reconfigurations are a major set of programmes for our Division. Great opportunities exist to shape and improve services, making them a higher quality and financially sustainable. This is a key focus for us in the coming months.

Creating capacity - the service reconfiguration has significant impact on our Division's resources and capacity. It is vitally important that our key facilities; theatres, beds, clinic space, meet the needs of the reconfigured services. This work will continue to be combined with work to improve our quality and efficiency through our comprehensive transformation programme.

Staff engagement, recruitment and retention - with new and reconfigured services, a fully engaged workforce is essential. Our Division will be building on and improving staff engagement, ensuring all staff groups and levels are involved in changes. We want to keep our great staff, develop them and recruit new staff to enhance our services.

Specialist Medicine

Our team's top three successes for the first six months of 2017/18 were:

Continuing to deliver transformation improvement projects within the Division – increasing patient flow through the Specialist Medicine Day Unit (SMDU), by maximising the timeslots aimed to reduce time allocated for some procedures though still ensuring they could be carried out safely, has shown a rapid rise in the number of procedures undertaken in the unit.. The "Add one more" project looked at increasing the activity by one extra procedure per day, on some days leading to adding more than one procedure. Between September 2016 and September 2017, a total of 285 patients have been treated with the "Add one more" project, which supports admission avoidance.

Accommodating new and expanding facilities - the Haematology Outpatient Services (HOPS) has moved from its previous location to expand the Haematology service. The ward has been fully refurbished with decorative wall art and coloured panels providing patient care in a welcoming and friendly environment.

Improving patient access to services and reducing waiting times - work is progressing on the new Endoscopy Unit at MRI with a planned completion date of

December 2017. Continued focus has shown significant improvements in service delivery and access. The Endoscopy Unit has been successful in the recruitment of nurse endoscopists who will contribute to the strategic development of the endoscopy service.

Our top three ongoing priorities are:

- Service development to continue to improve delivery of safe, caring, effective, responsive, and well led endoscopy services.
- Recruiting into nursing, nursing assistants, physician's associates and medical staff vacancies and encouraging stakeholder participation and engagement.
- Commitment to delivering effective, timely treatment and care to patients at risk of sepsis.

Medicine and Community Services

Our team's top 3 successes in the first six months of 2017/18 were:

Recruitment and retention of staff - we continued to progress the recruitment of nursing and medical staff, including from overseas.

Recruitment and retention remains a challenge and we looked at innovative ways to attract staff across nursing roles and also to provide development opportunities for staff to support retention.

Ambulatory Care Unit (ACU) – we increased streaming of patients through the Emergency Department (ED) to the ACU, which improves the quality and experience for patients and their families and supports flow in line with the four hour standard.

Embedded support for North Manchester Emergency Department - we are helping our colleagues at North Manchester General Hospital to provide safe, effective emergency care whilst maintaining our MRI ED service delivery.

Our ongoing priorities include the continued recovery of our financial sustainability, building on the progress already made in 2017/18. Our community services will work with GPs, Social Care, local patients and carers across the neighbourhoods in Manchester to support the 'local care organisation'. We will also continue the focus on urgent care admission and avoidance schemes across the MRI as a hospital and support the implementation of the centralised site management team.

Clinical & Scientific Services (CSS)

During the first six months of 2017/18, CSS focused on achieving success in three key areas:

Improvements in patient experience - the continued implementation of the Outpatient Standards has included a review of how our directorates promote quality improvements in their outpatient departments. We have also undertaken initiatives to improve the environment to ensure it is clean and fit for purpose whilst promoting dignity and privacy.

Work is ongoing on way finding and signposting, with Radiology undertaking an improvement project in this area which includes review of maps and signage. Our teams are working hard ahead of accreditation, including reporting timescales for tests and Did Not Attend (DNA) reduction, to optimise patient satisfaction and increase productivity.

End of Life Care – this has been a priority focus for Critical Care throughout 2017. As well as ensuring that our Units comply with Trust wide policy, changes to policy and participation in audits, the End of Life Champions have carried out knowledge surveys amongst the Critical Care team, to ensure that the emphasis of education and teaching sessions remains relevant and responsive to the needs of the team. We have introduced a more appropriate device to deliver pain relief at end of life, endeavoring to deliver care in the least clinical environment possible.

During 2017 our incidents and complaints regarding end of life care have reduced significantly.

We have received many letters from the families of patients who have died in our care and their feedback has been extremely positive - they explain how the care and compassion our team have shown has enabled them to take comfort during a very difficult time.

The Mortuary corridor has been redecorated and the signage to the Visiting Suite for relatives has also been enhanced to improve their experience after their loved one dies. Mortuary capacity is also a key priority with ongoing work to upgrade and expand current facilities.

Equality, Diversity and Inclusion (ED&I) – improvements to education, training and data collection have enabled us to improve standards, plus patient and staff experience, following a successful assessment of the Division against the nine protected characteristics both for our client groups and for staff. Increasing numbers of staff have undertaken the online disability training.

Work has been underway to ensure our facilities are more inclusive, for example with new signage for gender neutral toilets. Focus groups are held across the Division and we have used information from the 'What Matters to Me' campaign to improve services for staff and patients. Other initiatives include a Breakfast Club, Mental Health awareness sessions and, in response to a survey of staff, 12.5 hour shifts across the Critical Care Units.

We continue to develop a library of filmed patient stories, which are based on compliments or complaints that have been received. These are shown at various staff forums across the Division for the training and education of staff.

Our ongoing priorities after the formation of Manchester University NHS Foundation Trust include integrating CSS services across all sites as a newly managed clinical service and identification of key work streams to improve productivity and efficiency. We will also develop a robust communication and engagement strategy to promote

staff development and support, and to ensure the patient and staff experience is the best it can be in line with the Trust values.

Work will also continue to strengthen the processes for communicating of diagnostic and screening test results across all sites of MFT in order to reduce any patient harm due to the failure to communicate, interpret or act on results.

Manchester Royal Eye Hospital (MREH)

The hospital provides an extensive range of services and facilities for both adults and children. These include the Emergency Eye Department, Ophthalmic Imaging, Ultrasound Unit, Electrodiagnosis, Laser Unit, Optometry, Orthoptics, the state-of-the-art Manchester Eye Bank and Ocular Prosthetics.

Our key successes in the first half of 2017/18 were:

Staff engagement - having improved our staff engagement scores to within the top 5% nationally, we were delighted to be shortlisted for the Health Service Journal Awards.

Access to treatment - approximately 97% of our patients now begin treatment within 18 weeks, well above the national target and the best performance we have ever achieved.

Supporting children's services – as Lead Provider we have worked with the Greater Manchester Ophthalmology Collaborative to support services for children in Stockport, and assumed the service as our own recently.

Our top three ongoing priorities are:

Extending services - leading the Greater Manchester Ophthalmology Collaborative to improve quality and service provision across the conurbation, including opening new MREH Specialist Clinics in Cheetham Hill and Wythenshawe and supporting children's services.

Outpatient Improvement Programme (OIP) - developing a patient facing map that will roll out from the Macular Treatment Centre to other MREH clinics. This will ensure patients are kept informed of their place in the clinic and estimated waiting time, an issue that is often the subject of complaints.

Patient and staff experience – using the 'What Matters to Me' programme to improve patient and staff experience by incorporating this work into the appraisal, accreditation and improvement programmes.

Royal Manchester Children's Hospital (RMCH)

The Royal Manchester Children's Hospital provides specialist healthcare services for children and young people throughout the North West of England and beyond. RMCH sees 230,000 patient visits each year across a wide range of specialties including endocrinology, immunology, bone marrow transplant, critical care, respiratory and urology.

Our top three successes in the first half of 2017/18 were:

Opening the new Gene Therapy and Stem Cell Transplant Unit - following the production of a business case developed with research partners a new four bedded facility was opened in July 2017. Designed to house those children undergoing therapy for leukaemia and complex metabolic disorders, the unit complements the existing Bone Marrow Transplant Unit with staff working flexibly across both units.

Improvements in the standards and efficiency of Outpatients – in order to ensure an increased number of children could be seen within the outpatient setting, a programme of transformation has been introduced involving the multi-disciplinary users of the facility.

A number of initiatives have been implemented and maintained, including telephone reminder calls to patients. As a result of this the DNA rate has fallen from around the 12% mark to 8%. This work is ongoing.

Development of the Accelerated Children's Nursing Programme – as a result of an initiative to increase the number of experienced nurses available to the RMCH workforce, a programme designed to allow adult Registered Nurses to convert to children's nurses was designed and implemented. The programme ran successfully and as a result eight nurses converted, seven of whom are now working in RMCH.

Our top three ongoing priorities are:

Workforce – like many areas within the NHS, aiming to have a workforce fit to meet the needs of the service is a high priority within RMCH. Innovative ways of recruiting staff as well as ways developing and retaining our current staff will feature highly in our 2018/19 work programme.

Hospital at night team – RMCH is looking to create a multi-disciplinary workforce that can help meet the needs and demands of the hospital during the night-time period. Consisting of Medical, Nursing and non-qualified staff this team will be responsible for ensuring that patients' needs continue to be met, day and night.

Capital projects – to address some strategic and operational issues, two capital developments are in the advanced stages of business case development. The first relates to the need to increase the capacity of the Paediatric Emergency Department to address overcrowding at times of increased demand. This will be a major undertaking in terms of both financial and operational implications. The second will see the continuing development of the Intra Operative theatre business case. This will hopefully secure neurosurgical services within RMCH in the future.

Saint Mary's Hospital (SMH)

Saint Mary's Hospital provides a wide range of world-class medical services for women, babies and families, which includes one of the leading centres for clinical and laboratory genomics in Europe and an internationally recognised teaching and research portfolio. Our services meet the needs of our local population and also patients with complex medical conditions referred from across the North West and beyond. The Saint Mary's Sexual Assault Referral

Centre (SARC) was the first of its kind and has been operating for 30 years. The team's expertise is nationally and internationally respected.

Key successes in 2017

In addition to working towards providing a Single Hospital Service for Obstetrics, Gynaecology and Newborn Intensive Care, highlights have included:

Gynaecology:

- Developing a dual-clinician model for out-patient hysteroscopy to increase the number of patients seen in each clinic.
- Implementing a separate Gynae-Oncology Consultant on call rota which means that Gynae-Oncology patients will be reviewed by a sub-specialist Consultant out of hours
- Appointing a Clinical Nurse Specialist to support miscarriage services. The postholder provides information and support to patients and very positive feedback has been received about this new service.

Newborn Intensive Care Unit (NICU)

- Introducing the 'Safer Care Bundle' to reduce discharge delays, improve patient flow and reduce overall length of stay, plus introducing nasogastric tube feeding in the community to enable babies to leave hospital sooner.
- As a result of high demand, the department are therefore progressing NICU expansion plans to ensure that the optimum number of cots, staff and equipment are available for the babies who need our specialist care.

Research

We continue to expand our research portfolio by increasing the number of funded studies, publications/conference presentations and commercial trials. Two key studies running in 2017/18 include:

- CHERRY - a trial investigating the effects of an amino acid supplement L-Citrulline for the treatment of high blood pressure and prevention of pregnancy complications;
- BabyGRO - a study of whether babies affected by fetal growth restriction in the womb may be at risk of diabetes, heart disease and stroke as they grow up.

In addition, our research teams are setting up a commercially funded vaccine study for pregnant women, along with a new male contraceptive study.

Saint Mary's has also

- Implemented a single North West Neonatal Transport Service.
- Transferred Merseyside SARC services to CMFT, and opened a fifth Greater Manchester site to provide counselling services to victims of sexual assault, in Ashton-under-Lyne.

Trafford Hospitals

Services at Trafford General Hospital include in-patient medical facilities, day case surgery and a dedicated elective orthopaedic centre. Altrincham Hospital provides a high quality, modern and user-friendly environment for patients and

staff, and a wide range of general and specialist outpatient and diagnostic services.

At Trafford Hospital, one of our highlights for the first half of 2017/18 is the work done to rehabilitate patients and enable them to return home.

For example, from April to September 2016, patients spent 91 days in hospital on average while for the same period in 2017 they spent just under 73 days in hospital receiving rehabilitation support and care.

Patients recovering from a broken hip were also able to complete their rehabilitation sooner and leave hospital. From April to September 2016, these patients spent 88 days in hospital on average, while for the same period in 2017 they spent just under 69 days in hospital.

Our Intermediate Neurological Rehabilitation Unit (INRU) based on Ward 3 has also achieved a number of major improvements over the past 12 months, including:

- Treating more patients - admissions per bed per year have more than doubled from 2.0 to 4.6.
- Reducing length of stay by over 50% from 159 days to 75 days.
- Reducing delayed transfer of care per episode by 40%
- Delivering a benefit to the health and social economy from the efficiencies we have achieved, which we estimate is close to £1million.

All these improvements have led to a positive patient experience locally and across the region. Thanks to the hard work of our staff, Ward 3 has become the best performing level 2 unit in the region.

University Dental Hospital of Manchester (UDHM)

UDHM is one of the key specialist dental hospitals in the UK. Around 90,000 patients come to us for treatment every year, and we look after both adults and children.

Our top three successes in the first half of 2017/18 were:

Staff engagement - having improved our staff engagement scores to within the top 5% nationally, we were delighted to be shortlisted for the Health Service Journal Awards.

Access to treatment - approximately 97% of our patients now begin treatment within 18 weeks, well above the national target and the best performance we have ever achieved.

Quality recognition – we became the first hospital in the Trust to receive Gold Accreditation Status for our standards throughout our outpatient departments.

Our top three ongoing priorities are:

Activity and income - UDHM has undergone a number of significant and wide-ranging improvements in recent years, to introduce digital technologies throughout the hospital and dental school. The next step of the Digital First project involves

upgrading the clinical and dental laboratory systems - initial scoping of available systems is now underway. We are also seeking access to adequate paediatric theatre lists to ensure waiting times are kept within acceptable limits. A full review of our nursing establishment will be carried out to ensure that adequate support is available to patients to sustain the increased activity as a result of additional clinical appointments.

Environment - we will continue to improve patient and staff areas as finances allow - this will include patient toilets and the lift. We are also looking at long term plans for a sustainable and modern hospital facility.

Patient and staff experience – we will use the ‘What Matters to Me’ programme to improve patient and staff experience by incorporating this work into our appraisal, accreditation and improvement programmes.

We have launched an administration and clerical (A&C) career framework to recognise this staff group’s profession, support rising stars and improve engagement, beginning with an A&C Professional Development Day.

Trials of My On Line Advice and Referral Service (MOLARS) are to commence. This system offers General Dental Practitioners a simple and effective system to enable them to obtain clinical advice from, and refer patients to, our consultants.

Research & Innovation

Through our pioneering research and innovation we are improving lives by giving patients the opportunity to shape and take part in clinical studies and evaluations.

We support some 300 principal investigators, who undertake research across a diverse range of clinical areas to deliver improved diagnostics, treatments and devices for patients in Manchester and beyond.

Our top three successes in the first half of 2017/18 were:

- The Trust won a competitive bid to host the UK Clinical Research Facility Network
- The Trust was awarded Pharma Times’ Clinical Research Site of the Year 2017
- Plans were approved for a £60m investment in a two-phase expansion of the Citylabs biomedical campus

Our top three ongoing priorities are to:

- Play a key role in developing a co-ordinated approach to research and innovation across Greater Manchester.
- Further develop our capability and capacity to deliver new and innovative technologies for patients.
- Work with our university partner to continue to increase our research infrastructure across Greater Manchester.



1. New services and patient care projects

During the first six months of 2017/18, a number of projects contributed to improving the care that our patients receive. These included:

- The opening of a new PET-MR scanner that will enable enhanced research into dementia. Based at Saint Mary's Hospital, it is one of only seven PET-MR scanners in the UK.
- Investment in the PHE Public Health Laboratory at CMFT, making it the first microbiology laboratory in the North West to become automated using COPAN WASPLab (Walk Away Specimen Processor) technology. It will enable major improvements in clinical and public health microbiology.
- Delivering gene therapy for the first time at Manchester Royal Eye Hospital (MREH). MREH is participating in a gene therapy clinical trial, in collaboration with Saint Mary's Hospital, for patients with a rare genetic eye condition, x-linked retinitis pigmentosa (XLRP).
- Patients and relatives who attended the Trafford Urgent Care Centre (UCC) and Walk-in Centre at Trafford General Hospital benefited from a smart new reception area and a larger waiting room with seating for 50 people. Launched in 2016, the UCC is a popular choice for local people, with an average of 70 people presenting every day over the course of a week, with a wide range of illnesses and injuries requiring immediate attention.

2. Transforming Care for the Future programme

The Transformation Strategy was approved by the Trust Board in September 2014 and a three-year plan produced. The aim of our transformation strategy is to ensure we go from 'Good' to 'Great' by reaching the top decile for quality. 'Year 3 2017/18 Plan and Commitments' was approved in May 2017 setting out how we will organise and deliver our transformation programme and management capability, in the context of delivering 'Transforming Care for the Future'.

Key successes during April to September 2017 were:

- Two Transform Together events bringing together best practice and shared learning from across the Trust with 50 projects showcased to over 170 staff.
- The outpatient transformation programme has resulted in reductions in 'Did Not Attend' (DNAs) across a number of outpatient specialties. RMCH saw a 4% reduction in DNAs through running a 'Perfect Week' in September, an improvement that has been sustained through calling parents prior to clinic appointments.

- Being a finalist at the Health Service Journal Value in Healthcare awards for improvements made across the elective pathway in Surgery. These include:
 - a new pre-operative assessment one stop service introduced in surgical clinics, reducing the need for 62% of patients screened not needing to come back to the hospital prior to surgery.
 - improved scheduling processes in Surgery and Cath Labs.
 - targeted support provided to RMCH and Trafford to transform their elective pathways and optimise their theatres
- The Endoscopy programme has seen around a 25% improvement in optimising lists through robust 6-4-2 scheduling resulting in more activity which is supporting the six-week wait delivery
- Length of stay plans across the MRI have delivered against trajectory a reduction equivalent to 25 fewer beds at the end of September 2017.

3. Service improvements following staff/patient surveys and comments

Patient Experience

Patient experience is one of the three dimensions of quality alongside patient safety, clinical outcomes and can support a wide range of benefits for patients and healthcare organisations.¹



In 2015/16 the CMFT Board of Directors approved a new approach to sustaining a high quality, personalised patient experience across the Trust: **What Matters to Me**. The ambition of this work is for 'the Trust to be nationally and internationally renowned for excellence in providing every patient with a high quality, personalised experience at every contact'.

During the first six months of 2017/18, there has been continued momentum across the Trust to embed the **What Matters to Me** (WMTM) approach across all our services.

Social media

Social media has been extensively utilised to communicate and publicise the programme and to create momentum and local ownership. Information to the end of September 2017 indicates that there have been 9.14 million unique views of tweets using the hashtag **#WMTM**, with a total of 5,744 tweets having been published. This activity demonstrates the involvement of staff and the continued high profile of the Trust's new approach to patient experience.

First Impressions Training Programme

Often, the first interaction a patient has with the Trust's services is with a receptionist or another member of Administrative and Clerical (A&C) staff. In recognition of this

¹ <https://www.gov.uk/government/publications/high-quality-care-for-all-nhs-next-stage-review-final-report>

- The number of local resolutions has increased.

Looking forward

What Matters to Me will continue to be built into the everyday activity of the organisation such as clinical assessments, policies, annual appraisals, objective setting processes, staff induction and mandatory training.

Initial work was undertaken in 2016 between CMFT and UHSM to develop a shared approach to patient experience. This provided a platform for **What Matters to Me** to support the integration process as the new Trust is formed.

The impact of the **What Matters to Me** approach will continue to be measured through existing metrics, undertaking targeted and bespoke work with teams in response to analysis of these data as required.

Accreditation Programme

The Accreditation Programme was launched in 2011, as part of the Trust's assurance mechanisms for ensuring high quality care and the best patient experience. The process is underpinned by the Trust's values and behaviours framework and the Nursing and Midwifery Strategy and initially included inpatient wards, day case areas, critical care areas and dialysis units. During 2016/17, the process was successfully rolled out to all the Emergency Departments, Theatre areas and Clinical Research Units and successfully piloted in an Outpatient Department and two Community Services.

Progress in 2017/18

We have continued to develop the Accreditation process in 2017/18:

- Following the successful pilot of the Outpatient Department Accreditation and Community Services Accreditations, the Outpatient Accreditation process has been rolled out to other Outpatient Department areas with other Community Services areas scheduled for this year.
- We have developed the Accreditation Programme to include departments where specific treatment/investigations are provided.
- As part of the annual Accreditation review, all assessment standards and processes have been evaluated to ensure they align to the clinical area, services provided and care delivery. The review has involved collaborative working with the Divisions and specialty areas to develop a standard for pain which is included in our Emergency Department Accreditations and an Infant Feeding standard for our Maternity areas.
- In collaboration with our Allied Health Professionals (AHP) colleagues we have commenced a programme of work to develop further metrics to ensure the Accreditations assess standards across the multi-disciplinary team (MDT).
- We have commenced a review of the former CMFT and UHSM Accreditation Programmes to 'take the best from both' to develop the MFT Accreditation Programme.

The Accreditation process at the former CMFT was well embedded and supported continuous improvement to enhance patient experience and recognise excellence.

Accreditation Results April to September 2017

For the 2017/18 schedule of Accreditations, 50 Accreditations have been undertaken from May to September 2017. The results to date are below:

April to September 2017

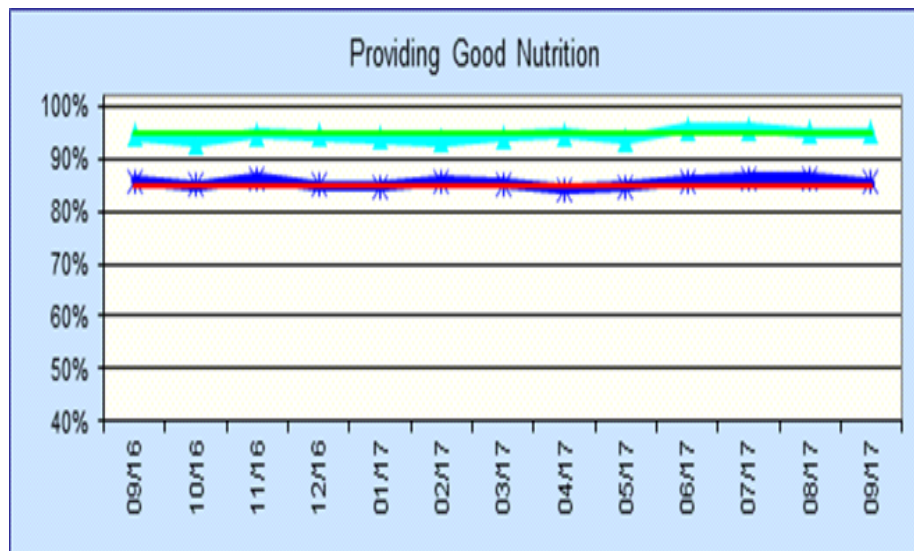
	Number	% (based on n=50)
Gold	12	24.0%
Silver	32	64.0%
Bronze	6	12.0%
White	0	0.0%
Total	50	100.0%

The Dining Experience – What Matters to Me

It is important that food and snacks are presented and served to patients in a timely manner to ensure their dining experience is enjoyable based on their personal preferences and needs, as well as being therapeutic and providing good nutrition. Patient experience feedback provides a rich source of data to support continuous improvement of the Trust’s services and is sought continuously through a range of formats.

Local feedback from our patients about the quality of the meals shows us that our overall patient satisfaction has increased during the period May-September 2017 (Table 1).

Patient Experience Tracker (PET) data: Providing Good Nutrition (Sept 16-Sept 17)



Blue – Patient Experience Tracker feedback **Turquoise** - Ward Managers Quality of Care Round

Over the previous two to three years, considerable improvement work has been undertaken to review and improve our patients’ dining experience.

In order to support and encourage a continued emphasis on, and to deliver sustained improvements to, the patient dining experience, the Trust has built upon the success of its **Perfect Dining Week**, held in July 2016. CMFT has made significant investment in its commitment to improving the patient dining experience. To support the continued improvement work, a Facilities Management Matron has been appointed specifically to focus on patient dining.

The Dining Experience: progress from April–September 2017

- Collaborative working utilising Improving Quality Programme (IQP) methodology with individual wards has resulted in an improved breakfast time experience. Following on from this work, a Standard Operating Procedure (SOP) is being developed which once complete, will be rolled out Trust wide to ensure a consistent approach.
- An extensive staff engagement project has taken place. This involves seeking the opinions of clinical staff within CMFT and our PFI partners, Sodexo, to understand the challenges faced to improve the patient dining experience and to gather their ideas of what a great dining experience would look like for our patients. All ideas and feedback were collated and a **Good to Great** action plan was formulated. This action plan identifies the work streams and work priorities on which the Dining Facilities Management Matron will focus.
- A Trust wide Housekeeper Forum has been established with positive feedback from participants. Our Housekeepers are an integral part of our ward and department teams and the bi-monthly forum was established to ensure Housekeepers input into key quality improvement work, including patient dining. The Forum has provided the opportunity to hold master classes to maximise the Housekeeper role in improving the overall dining experience for our patients.
- Initiatives to promote patient preparation and ensuring Registered Nurse/Midwife involvement are being developed commencing with the introduction of a Ward Managers dining resource pack.

Conferences and Events

- The Perfect Dining Week was presented at the Patient Experience Network Awards (PENNA) (see picture below). The project was awarded the winner of the Patient Environment of Care Award. Following the PENNA success, the team was delighted to share the good practice developed within the Trust with other healthcare organisations at the PENNA Insight for Improvement Conference London in July 2017.



- The Perfect Dining Week will be presented at the Trust's Nursing & Midwifery Conference on 3rd October 2017. This will provide an opportunity to disseminate and share the already extensive work with our colleagues in the newly formed Manchester University NHS Foundation Trust.

4. Communicating with patients and carers

Friends and Family Test (FFT)

The Friends and Family Test is a single question survey which asks patients whether they would recommend the NHS service they experienced to friends and family who need similar treatment or care:

The FFT survey question was launched nationally in 2013 and initially feedback was asked of adult patients who attended Accident and Emergency Departments, received inpatient care and all women using Maternity Services. During 2015, the FFT survey was expanded to include patients in the community, outpatients and children and young people with the requirement to provide patients with a free text option for narrative comments.

The FFT is an important feedback tool that supports the fundamental principle that people who use NHS services should have the opportunity to provide feedback on their experience. FFT results are published monthly on the NHS England website and the NHS Choices website.

The FFT is a one of a number of tools used to collect feedback from patients. A key benefit of FFT over other patient feedback tools is that patients are able to provide feedback in near real time, meaning results are available to staff more quickly. This allows timely action to address poor experiences and celebrate and promote good practice.

Within CMFT we use the valuable FFT feedback, alongside other data (such as our Quality of Care Round and Patient Experience Tracker) to further inform continuous improvements to patient care whilst truly providing an insight into ***'What Matters to Our Patients'***.

Feedback is captured from patients through several collection methods including; FFT postcards, the Trust's electronic Patient Experience Tracker (PET) survey,

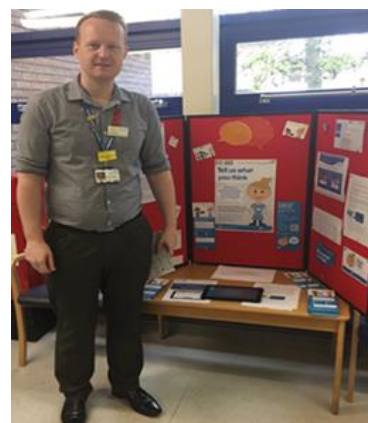
kiosks, bedside TVs, online surveys and within one department SMS text messaging. Significant activity has been undertaken to improve FFT response rates across the Trust, including:

- The Trust-wide monthly review meeting established in January 2017 continues. The meeting monitors FFT response rates and scores across all divisions; this includes reviewing what can be learned about the overall quality of the processes for capturing FFT and identifying any future improvements about the overall management of FFT within the Trust.
- Our Trust volunteers continue to support FFT collection in our clinical areas and have supported Road Show events, which aim to promote the importance of the feedback from FFT.
- The use of FFT Feedback postcards (bookmarks) continues to expand with this method of data collection being used in our departments with high patient activity.
- In April 2017, the Quality Improvement Team and Patient Experience Team, with support from our Trust volunteers held a 'Focus on FFT' week. This included holding events across the Trust where we were able to share information with our patients, staff and visitors about FFT and specifically how valuable this feedback is in providing us with information about **What Matters to Our Patients** about the care and treatment they receive.



Volunteers supporting 'Focus on FFT week' at Altrincham Hospital

In September 2017, the Quality Improvement Team held atrium events across the Trust to continue to promote FFT. This included a display of information and provided opportunity to promote FFT to patients and staff.



FFT Feedback from our patients

Comments from patients, who have used our services between April and September 2017 include:

- “... extremely satisfied with all treatment and staff.”
- “All of the nurses and doctors were very helpful and attended all of my needs and made me feel as comfortable as possible.”
- “The ward is very nice staff are lovely; could not ask for anything nicer.”
- “I am fully satisfied with all the day and night staffs. They all were professional and skilled. Looked after very well.”
- “The staff were calm, friendly and helpful. Despite the late hour and the volume of patients in the department I felt they were doing all they could to help me.”
- “Nothing very happy with the service very caring and professional service for the home.”
- “Very professional and helpful staff who done their jobs with a smile on their faces.”

There were also areas where patients and their families indicated we could do better:

- “My nurses have been lovely but I had to wait over 24 hours for my op. I understand emergency come first but I was also was worried I would rupture. So I was a little scared.”
- “Try to reduce waiting times, had to wait over 45 minutes past my original appointment time.”
- “Food - I understand it’s difficult. The menu you have got is alright for 3-4 weeks but not for longer period. The staff is great.”
- “Clinically it is fine. Getting here is challenging and parking is difficult and very expensive if treatment lasts more than 5 hours.”
- “Information. Waited 1hr 40 mins with no communication.”
- “Could do better with medication on discharge.”

The table below shows how CMFT has performed on the Friends & Family Test in 2017/18, compared with the same period in 2016/17.

Friends and Family Test Response and Results				
Area	Sept 2016	Percentage of patients who were 'likely' and 'extremely likely' to recommend our services (Sept 16)	Sept 2017	Percentage of patients who were 'likely' and 'extremely likely' to recommend our services (Sept 17)
Inpatients	16.3%	95.7%	31.6%	95.1%
Emergency Departments	6.3%	85.2%	17.0%	91.7%
Outpatients	N/A	88.0%	N/A	94.4%
Community	N/A	N/A	N/A	99.8%
Maternity	N/A	95.6%	N/A	98.4%

5. Complaints handling

Complaints, Concerns, Compliments & the Complaint Handling Service

During the first six months of 2017/18, efforts have continued across the Trust to improve responsiveness to complaints and to improve the proportion of complaints

responded to within the timeframe agreed with the complainant. There has also been a sustained effort to maintain our focus on using learning from complaints, compliments and concerns to continuously improve the quality of the Trust's services.

Formal complaints, PALS concerns and compliments

Complaints data was reported monthly to members of the CMFT Board of Directors, the Trust Management Board and the CCG. In addition, the Trust has published in-depth quarterly Complaints Reports and an Annual Complaints Report. This table provides a comparison of the number of Formal Complaints, PALS concerns and Compliments received by the Trust since 2012/13.

Formal complaints, PALS concerns and compliments

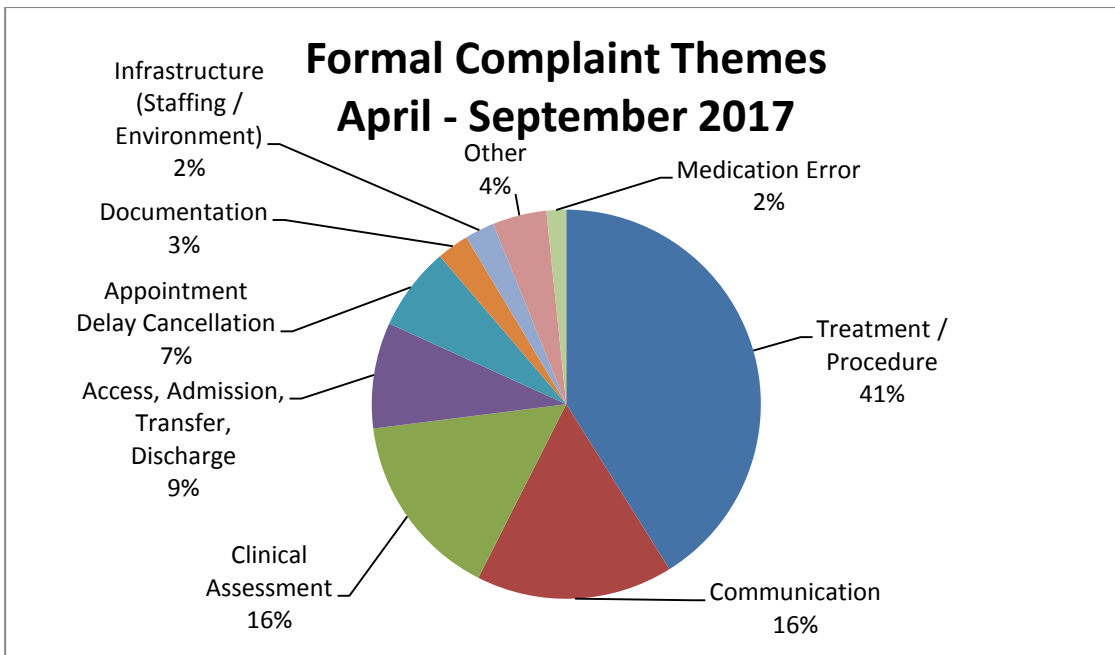
	2012/13	2013/14	2014/15	2015/16	2016/17	First six months of 2017/18
Formal Complaints	1044	1112	1023	1160	1051	506
PALS Concerns	2777	2768	3573	4138	4363	2265
Compliments	*	*	*	604	974	376

* Compliments received have been formally recorded since 2015/16

Formal complaints received in context of clinical activity

		2014-15	2015-16	2016-17	First six months of 2017/18
Inpatients	Formal Complaints received(FC)	445	446	404	185
	Finished Consultant Episodes (FCE)	291537	288519	289295	143971
	Rate of FCs per 1000 FCEs	1.53	1.55	1.40	1.28
Out-patients	Formal Complaints received (FC)	413	481	476	206
	Number of appointments	1606953	1656731	1706663	862732
	Rate of FCs per 1000 appointments	0.26	0.29	0.28	0.24
A&E	Formal Complaints received (FC)	85	109	69	43
	Number of attendances	295869	305810	309428	152062
	Number of FCs per 1000 attendances	0.29	0.36	0.22	0.28

Formal complaint themes



Parliamentary and Health Service Ombudsman (PHSO)

If a complainant remains dissatisfied following completion of the local resolution process for a complaint (the first stage of the NHS complaints procedure), they can refer their complaint to the PHSO. The PHSO will then assess their complaint and may decide to undertake a further investigation. This table provides the number and outcome of Trust complaint cases closed in the first six months in 2017/18 compared to the number closed in 2016/17.

Closed and current PHSO cases

	Current cases under investigation at end of period	Closed cases during period	Number fully-upheld	Number partly-upheld	Number not-upheld/withdrawn
First six months 2017-18	15	7	1	1	5
2016-17	12	31	3	7	21

Patient feedback via Patient Opinion and NHS Choices

During the first six months of 2017/18, CMFT has continued to provide individualised responses to all patient feedback received via patientopinion.org.uk or NHS Choices websites. If on-going care is affected the relevant clinical staff respond promptly to address the concern and improve the patient’s experience. Local teams use the learning from this feedback to make any identified service improvements.

PALS and complaints improvements: staff support

In recognition that working within the Complaints and PALS teams can be personally challenging, and to support the health and wellbeing of team members, formal Staff Support sessions were introduced during Quarter 1, 2017/18 for members of the Complaints and PALS teams. The sessions are available to both the PALS and Formal Complaints Teams and are facilitated by the Trust's Staff Support Service.

The sessions offer staff the opportunity to talk with trained counsellors and psychologists about some of the cases they may have found difficult to manage and offer peer support in a safe and confidential environment. Initial feedback from staff has indicated that these sessions have been well received and are a welcome addition to the psychological support offered to staff working in this area. An evaluation of the service will take place during Quarter 4, 2017/18.

Single Hospital Service

Work commenced during the first six months of 2017/18 to start the process of scoping and assessing how the Complaints and PALS functions at CMFT and UHSM might begin to work more closely together as part of the Single Hospital Service. Part of this work involved exploring how Manchester University NHS Foundation Trust (MFT) will establish a complaints process that is compliant with the NHS Complaints Regulations (2009) from day one, whilst maintaining the status quo prior to the two complaints functions being integrated as a single service.

A Complaint Policy Addendum was developed and ratified for implementation on 1st October 2017. This interim Complaints Policy Addendum refers to the two respective incumbent complaint policies for CMFT and UHSM and draws together a unified process for the escalation, grading and reporting of complaints. The Complaints Policy Addendum will remain in place until such a time that a new overarching MFT Complaints Policy is developed for the new organisation.

The next stage of the work will focus on joint reporting and development of the complaints management system to enable the consistent management of complaints at all sites across MFT.

PALS and Complaints Education Programme

Following on from a successful series of educational sessions for Divisional staff in 2016/17, a further Complaints Educational Session was arranged by the CMFT Patient Services team and externally facilitated during Quarter 1. During Quarter 2, the Corporate Complaint and PALS team held a Safeguard Master Class for divisional staff to support the effective use of the electronic system used to record complaints activity.

An ***Effectively Handling Verbal Complaints Course*** was also undertaken in Quarter 1 of 2017/18 and focused on developing delegates' communication and mediation skills, in order to equip those involved in complaint management with the skills to effectively resolve and manage complaints.

The course enabled delegates to identify and learn skills to overcome the common barriers to verbal complaint resolution and work towards reducing the number of complaints the Trust receives.

Feedback from the course was very positive with the attending staff reporting their 'Average Skills and Knowledge Level before and after the Course' had improved from 52% to 87%.

A **Safeguard Master Class** was undertaken and facilitated by the Customer Services Manager and a PALS Case Manager during Quarter 2, 2017/18. The Master Class focused on deepening divisional staff knowledge and skills in relation to using the Safeguard system for divisional management and reporting of complaints.

The Master Class demonstrated to the delegates the value of reporting directly from Safeguard and provided technical information and insights about strategies and procedures for reporting. This has enabled the delegates to effectively extract their own Customer Service reports for use within the Divisions.

Complainants' Satisfaction Survey

The new National Complaints Satisfaction Survey commenced for all complaints responded to from 1st November 2016.

The survey, which is based upon the '**My Expectations**'² paper, has been developed by the Picker Institute and is sent to complainants four weeks after the final Trust response and followed up with a two-week reminder.

Since implementation, the response rate for the new survey has consistently been between 23-29%. This represents a significant improvement when compared to the response rate of the previous satisfaction survey which had an 8% response in Quarter 2, 2016/17.

Results from the first six months of 2017/18 from the survey indicate:

- 92% - confirmed that the outcome of their complaint explained in a way they could understand
- 88% - felt confident to complain again if required.
- 87% - felt their updates relating to their complain were personal to their complaint
- 84.5% - of complainants found it easy to make a complaint.
- 78% - of complainants felt their complaint was handled professionally by the organisation.
- 76.5% - of complainants felt their complaint was taken seriously when first raised.
- 64% - of complainants felt they were updated enough about their complaint.
- 60% - understood how their complaint would be used to improve services.

When asked '**What went well?**', comments received included:

- *"The professionalism of the PALS office."*
- *"I was happy with the correspondence received updating me about the complaints procedure."*
- *"I thought the outcome letter was thorough; clearly covered each point, how*

² http://www.ombudsman.org.uk/__data/assets/pdf_file/0007/28816/Vision_report.pdf

services could be improved.”

- *“I was treated with respect. The outcome was such that all issues were dealt with, procedures appeared to be put into place being put into place to improve care, procedures.”*
- *“The responses were mostly within time limits and where this did not happen an explanation was given.”*
- *“Staff involved were helpful and interested in understanding detail of the complaint. Correspondence was easy to follow and offered the option to discuss/clarify and respond.”*
- *“I am left convinced your complaints procedure is taken seriously.”*
- *“Personal attention.”*
- *“The friendly manner of all the people concerned at PALS.”*
- *“Speed and efficiency of response impressive.”*

When asked **‘What could be improved?’**, comments received included:

- *“Sending letters saying it would be dealt with by a certain date then not keeping to this.”*
- *“More frequent updates on the progress of my complaint - had to chase myself a few times.”*
- *“Arranging time for a meeting was difficult. I kept giving multiple dates and getting no reply. Once I chased I was told people were on holiday. I chased two or three times for a date. If I hadn't have done this I don't think the complaint would have gone anywhere.”*
- *“Didn't really get an answer as to why things had happened. (Human error?) which means it's likely to happen again to other people.”*
- *“My complaint was measured and did not seek to blame, rather to acknowledge problems and seek improvements. I believe the response to my complaint had a defensive, forensic tone, which missed this opportunity.”*
- *“1. Quicker response 2. More careful thought of words used in responses, grieving individual are extremely sensitive.”*
- *“A face to face interview to get my complaint correct.”*
- *“Initially offered a meeting but this was not mentioned in the final letter.”*
- *“The time to respond to the complaint. Addressing and understanding the issues in full. The resolution financial compensation when financial loss is caused by the hospital. This never seemed to even be a possibility. The hospital needs an incentive not to lose a person's property.”*

Next steps

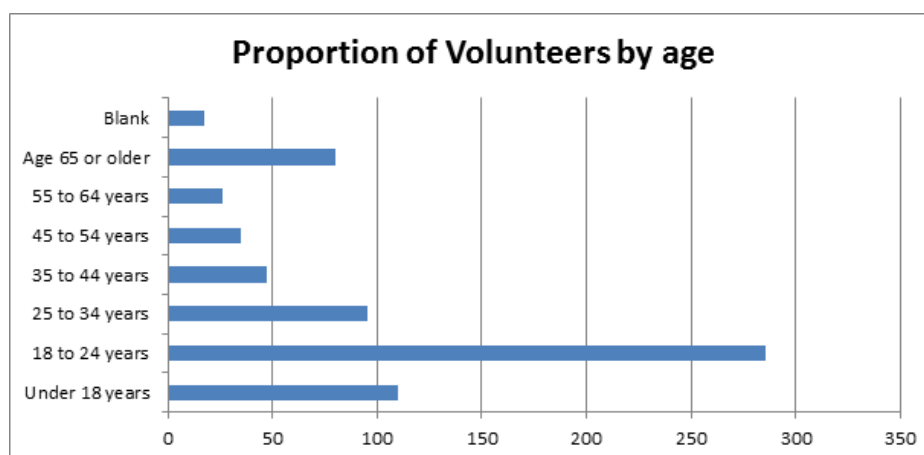
The Patient Service Team will, alongside the Hospital Senior Leadership teams continue to review, develop and improve our complaints handling processes, based on the comments received from the Complaint Satisfaction Survey and underpinned by our **‘What Matters To Me’** approach to improving patient experience.

6. Our Volunteer Service

Volunteers make a personal difference to patients, relatives and visitors through the help they provide to our frontline teams and in the direct support they provide. The service is now in year three of its improvement programme and the overall number of active volunteers at the end of Quarter 2, 2017/18 stood at 770, with a continued

commitment to continue to recruit in order to maximise this number by the end of March 2018.

As the number of volunteers increases, we are very keen to ensure that the volunteer population is representative of the local population and that people with protected characteristics are well represented. Due to the close proximity of the Central Campus to the City of Manchester and city centre based universities, a significant number of Trust volunteers are within the younger age brackets. This table shows the proportion of Trust volunteers by age:



As well as having a large proportion of volunteers in the younger age brackets, 72% of the volunteer population is female. Other groups however are more evenly represented within our volunteer group, for example 14% of our Volunteers follow the Islamic faith compared to 8% of the Greater Manchester population and 15.8% of the Central Manchester population³. There are therefore initiatives underway to attract volunteers from the under-represented groups so that our volunteer population closely represents our patient population.

The new volunteering database that we have implemented: **'Better Impact'**, continues to have a very positive impact upon the day-to-day management of the Volunteer Service and the Trust's new Volunteers Recruitment Day continues to be well evaluated and is currently being rolled out to include a regular session for volunteers at Trafford General Hospital.

The Volunteer Service continues to work towards accreditation under **'Investors in Volunteers'**, a nationally recognised accreditation scheme for volunteer services and is planning for accreditation to take place during Quarter 4, 2017/18.

During the first six months of 2017/18, the Volunteer Service was also audited as part of the Trust's Internal Audit Programme, which provided **'significant assurance'**. The recommendations from the audit will form part of on-going improvement work and will be completed by April 2018.

New roles under development during the first six months of 2017/18 included a **'Safe Space'** volunteer role within the Emergency Department. This role will involve the

³ 2011 Census.

development of trained volunteers working alongside clinical staff to support patients in their journey through our emergency services. A further role under development is that of **'Patient Dining Volunteer'** and a **'Meal Time Assistant'** which will support our focus on continuously improving our patients' dining experience.

Celebrating success

During the first six months of 2017/18 the Volunteer Service was awarded National Association of Voluntary Services Managers (NAVSM) Northwest award for 'Volunteer Management' and also came runner up in the national award. This prestigious award was given in recognition of the improvements made to the management of the Volunteer Service at the Trust.

Priorities for the future

The Patient Services Team will continue to develop the Volunteer Service to ensure it keeps providing a high quality service that supports both patients and staff and achieves the **'Investing in Volunteers'** Quality Standard. The service will also work closely with colleagues at the Wythenshawe site to align processes for the future.

7. Stakeholder relations

CMFT is a leading player in the Greater Manchester health and care system which serves almost three million people. During 2017, our leadership team has built on strong existing partnerships with key stakeholders in order to deliver the best care for our patients, their families and the wider community.

You can read more about how we are working in partnership to deliver improved healthcare, develop services and consulting and communicating with local groups and organisations through the Single Hospital Service and other programmes – see page 9 onwards.



Sir Michael Deegan CBE
Chief Executive
23rd May 2018

2.2 Remuneration Report

Annual report on remuneration

This Remuneration Report describes how the Trust applies the principles of good corporate governance in relation to Directors' remuneration, as required by the Companies Act 2006, Regulation 11 and Schedule 8 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 and elements of the NHS Foundation Trust Code of Governance.

Annual statement on remuneration

During the first six months of 2017/18, no new appointments were made to the role of Executive Director for CMFT.

CMFT's Executive Directors are employed on contracts of employment whose provisions are consistent with those relating to other employees within the Trust. There are no components within the remuneration relating to performance measures, bonuses or benefits in kind. Contracts for directors do not contain any obligations which could give rise to or impact on remuneration payments or payments for loss of office.

Senior managers' remuneration policy

The CMFT executive pay structure is very simple. There is basic pay, which includes a small non-pensionable 'car allowance'. All pay is taxed at source. There are no bonus payments.

Salaries are benchmarked each year against the comparator group of Shelford Trusts or, where necessary, other professional groups. All new appointments are sourced at the benchmark level and adjustments are made only if the market rate or existing salary indicates this is necessary.

The remuneration policy for other senior managers (those reporting directly to Executives) provides a progression ladder between the pay of other employees and that of Executive Directors. CMFT did not consult with employees when preparing the senior managers' remuneration policy, but did consult with individuals about how the application of the policy would apply to them. Individuals were given a choice about whether to remain on an Agenda for Change (AfC) payscale or move onto the new pay framework.

The Trust's underlying principle in respect of Directors' remuneration is to ensure that individuals are appropriately rewarded relative to their responsibility, breadth of portfolio and performance. This principle must be applied consistently and fairly in line with best practice and equality requirements. Only in this way will CMFT be able to attract, retain and motivate high calibre senior managers who can perform to the highest levels of expectations in order to ensure we maintain our excellent standards of clinical outcomes and patient care, functions efficiently and are well positioned to deliver the business strategy.

The recruitment market is competitive for high quality candidates and therefore CMFT must ensure that compensation packages, and any associated benefits, are attractive in order to compete both locally and nationally.

But, at the same time, we must also be flexible enough to accommodate the differing experience levels of candidates, and take into account other variables which may impact on our the ability to attract and retain suitable staff.

Directors of the Trust are employed on a permanent contract basis. Required notice periods are six months, except for the Chief Executive whose notice period stands at twelve months.

Where salaries of very senior managers exceed £150,000 per annum, these have been reviewed and found to be appropriate to match market rate, maintain relativities with other very senior manager posts and to match pay in the jobs from which individuals were recruited.

Performance of the Executive Directors is assessed and managed through regular appraisal against predetermined objectives along with monthly one to one reviews with the Chief Executive. Similarly, the Chairman holds monthly one to one's with the Chief Executive. Any deficit in performance is identified during these regular meetings. Serious performance issues are managed via our organisational performance capability management policy.

Performance of the Non-Executive Directors is assessed and managed through regular appraisal by the Chairman against predetermined objectives along with regular one to one reviews with each NED. Any deficit in performance is identified during these regular meetings along with opportunities for regular professional development.

Appraisals led by the Chairman - for the Chief Executive and Non-Executive Directors – are also used as an opportunity to identify continuing professional development needs.

No performance payment element has been paid to any of the Trust's Executive Directors during the first six months of 2017/18. Equally, there have been no payments to either Executive or Non-Executive Directors for loss of office.

There are no special contractual compensation provisions for early termination of Executive Directors' contracts. Early termination by reason of redundancy is subject to the normal provisions of the Agenda for Change (AfC): NHS Terms and Conditions of Service Handbook (Section 16). For those above the minimum retirement age, early termination by reason of redundancy is in accordance with the NHS Pension Scheme. Employees above the minimum retirement age who themselves request termination by reason of early retirement are subject to the normal provisions of the NHS Pension Scheme.

The principles for determining how payments for loss of office will be approached, including:

- How each component will be calculated
- Whether , and if so how, the circumstances of the loss of office and the senior manager's performance are relevant to any exercise of discretion would all be considered on a case by case basis by the Remuneration Committee and would be approved by NHSI in advance.

Remuneration Committee (of the CMFT Board of Directors)

The CMFT Remuneration Committee is a subcommittee of the CMFT Board of Directors. The Committee met once, in May 2017.

The Committee's main purpose is to set rates of remuneration, terms and conditions of service for any staff on locally determined conditions of service including: the Chief Executive, Executive Directors and Directors, i.e. those people in senior positions having authority or responsibility for directing or controlling the major activities of the Trust.

The Chief Executive, Sir Michael Deegan, and the Executive Director of Human & Corporate Resources, Margot Johnson, are also in attendance to provide information on Directors' performance and a review of general pay and reward intelligence including comparative data on Directors' salaries and NHS guidance on pay and terms and conditions, as requested. Individuals do not participate in any discussion relating to their own remuneration.

Attendance at the meeting held on 8th May 2017 comprised:

- Kathy Cowell Chairman
- John Amaechi Non-Executive Director
- Dr Ivan Bennett Non-Executive Director
- Nic Gower Non-Executive Director
- Anthony Leon Non-Executive Director (Deputy Chairman)
- Chris McLoughlin Non-Executive Director
- Sir Michael Deegan Chief Executive
- Margot Johnson Executive Director of Human & Corporate Resources
- Alwyn Hughes Director of Corporate Services/Trust Board Secretary

Apologies were given by Colin Bailey, Rod Coombs and Anil Ruia.

The Committee received an update report on the Sub-Board Salary Structure which reflected changes in terms of leavers and new appointments during the previous financial year (2016/17).

Following consideration of a paper on local pay, the Committee approved an uplift of 1% for Executive Directors and their direct reports from April 2017, to award doctors and dentists on non-standard terms and conditions the same award as had been agreed nationally for doctors and dentists employed on standards NHS contracts, and to award an uplift of 1% for 'other' groups of staff on ad hoc salaries from April 2017.

The Committee also considered the Clinical Excellence Awards (CEAs) framework. CEAs recognise and reward individuals who provide clear evidence of clinical excellence by demonstrating achievements that are significantly over and above what they would normally be expected to deliver in their roles. There are both national and local CEAs, and the recommendations on a revised process for making local awards were accepted.

Nominations Committee (of the Council of Governors)

The Nominations Committee of the Council of Governors met once during the first six months of 2017/18 to consider the level of allowance to be paid to the Chairman and Non-Executive Directors.

The Non-Executive Directors are not employees of the Trust. They receive no benefits or entitlements other than fees and are not entitled to any termination payments. The Trust does not make any contribution to the pension arrangements of Non-Executive Directors.

Attendance at the Nominations Committee of the Council of Governors meeting held on **27th June 2017** comprised:

Dave Edwards	Lead & Public Governor (Greater Manchester)
Carol Shacklady	Public Governor (Greater Manchester)
Gosia Siekowska	Staff Governor (Other Clinical)
Prof Alexander Heazell	Nominated Governor (Manchester University)

In attendance were:

Mrs Chris McLoughlin (part of meeting)	Non-Executive Director and Senior Independent Director (SID)
Margot Johnson	Executive Director of Human & Corporate Resources
Alwyn Hughes	Director of Corporate Services/Trust Board Secretary

An external appraisal specialist was appointed by the Trust Board Secretary (with support from the Lead Governor) to undertake an independent 360° appraisal of the Chairman. This individual is a Chartered Member of the CIPD and provides a Resourcing & Human Capital Solutions Consultancy Service established in 2005. She is known to the organisation and has been involved in Chairman Appraisals in Central Manchester for a number of years. The fee for the independent input received was £960.

In addition, a Governor questionnaire fed in views on Non- Executive Directors and the Chairman to the Lead Governor and Senior Independent Director respectively.

The following recommendations were made by Committee Members to the Council of Governors at their meeting held on **5th July 2017**, at which the Committee's recommendations were approved:

- The Council of Governors ratified the confirmation of the Senior Independent Director, the Lead Governor and the Council of Governors'

Nominations Committee (Panel of Governors) that the agreed appraisal

process had taken into account all views and that Performance Reports have been received for the Chairman and each Non-Executive Director.

- The Nominations Committee recommended a 1% uplift in the allowance for 2017/18 for the Chairman, Chair of the Audit Committee and Non-Executive Directors

A handwritten signature in blue ink, appearing to read 'M Deegan', with a stylized flourish at the end.

Sir Michael Deegan CBE
Chief Executive Officer
23rd May 2018

Details of Directors' pay

For the part-year 2017/18 – 1st April to 30th September

These tables have been audited

	Salary (Bands of £5000)	Taxable benefits in kind	Annual Performance related bonus (Bands of £5000)	Long term performance related bonuses (Bands of £5000)	All pension related benefits (bands of £2,500)*	Total (bands of £5000)
	£000	Rounded to nearest £100	£000	£000	£000	£000
Kathy Cowell Chairman	30-35	0	0	0		30-35
Kathy Cowell Non-Executive Director (to 6th November 2016)						
Rod Coombs Non-Executive Director (from 12th December 2016)	5-10	0	0	0	0	5-10
Anthony Leon Non-Executive Director	5-10	0	0	0	0	5-10
John Amaechi Non-Executive Director	5-10	0	0	0	0	5-10
Anil Ruia Non-Executive Director	5-10	0	0	0	0	5-10
Chris McLoughlin Non-Executive Director	5-10	0	0	0	0	5-10
Dr Ivan Benett Non-Executive Director	5-10	0	0	0	0	5-10
Prof Colin Bailey Non-Executive Director	5-10	0	0	0	0	5-10
Nic Gower Non-Executive Director	5-10	0	0	0	0	5-10
Sir Mike Deegan Chief Executive	105-110	0	0	0	-2.5-0	105- 110
Gill Heaton Deputy Chief Executive	60-65	0	0	0	0	60-65

	Salary (Bands of £5000)	Taxable benefits in kind	Annual Performance related bonus (Bands of £5000)	Long term performance related bonuses (Bands of £5000)	All pension related benefits (bands of £2,500)*	Total (bands of £5000)
	£000	Rounded to nearest £100	£000	£000	£000	£000
Bob Pearson Medical Director	65-70	0	0	0	0	65-70
Julia Bridgewater Chief Operating Officer	85-90	0	0	0	17.5-20	105- 110
Adrian Roberts Executive Director of Finance	75-80	0	0	0	17.5-20	95-100
Margot Johnson Director of Human & Corporate Resources	65-70	0	0	0	15-17.5	85-90
Cheryl Lenney Chief Nurse	75-80	0	0	0	0	75-80
Darren Banks Executive Director of Strategy	65-70	0	0	0	25-27.5	95-100

The 2016/17 remuneration stated for Kathy Cowell, only reflects the first five months of her appointment as Chairman; annual remuneration for this position would be within the banding £60k - £65k. During 2016/17 Rod Coombs was reappointed as a Non-Executive Director; remuneration reported only reflects his term of office since this date. A full year's remuneration would be in the banding £15k to £20k.

For the full year 2016/17

These tables have been audited

	Salary	Taxable Benefits in Kind	Annual Performance - Related Bonuses	Long-Term Performance-Related Bonuses	All Pension-Related Benefits	Total
	(Bands of £5,000) £000	(Rounded to Nearest £100) £	(Bands of £5,000) £000	(Bands of £5,000) £000	(Bands of £2,500) £000	(Bands of £5,000) £000
Kathy Cowell, Chairman	25-30	0	0	0	0	25-30
Kathy Cowell Non-Executive Director (to 6th November 2016)	5-10	0	0	0	0	5-10
Rod Coombs Non-Executive Director (from 12th December 2016)	0-5	0	0	0	0	0-5
Anthony Leon Non-Executive Director	15-20	0	0	0	0	15-20
John Amaechi Non-Executive Director	15-20	0	0	0	0	15-20
Anil Ruia Non-Executive Director	15-20	0	0	0	0	15-20
Chris McLoughlin Non-Executive Director	15-20	0	0	0	0	15-20
Dr Ivan Benett Non-Executive Director	15-20	0	0	0	0	15-20
Colin Bailey Non-Executive Director	15-20	0	0	0	0	15-20
Nic Gower Non-Executive Director	15-20	0	0	0	0	15-20
Sir Mike Deegan Chief Executive	215-220	0	0	0	27.5-30	245-250
Gill Heaton, Deputy Chief Executive	100-105	0	0	0	0	100-105
Prof Bob Pearson, Medical Director	175-180	0	0	0	0	175-180
Julia Bridgewater, Chief Operating Officer	175-180	0	0	0	37.5-40	215-220
Adrian Roberts, Executive Director of Finance	155-160	0	0	0	40-42.5	195-200
Margot Johnson, Executive Director of	135-140	0	0	0	30-32.5	165-170

	Salary	Taxable Benefits in Kind	Annual Performance - Related Bonuses	Long-Term Performance-Related Bonuses	All Pension-Related Benefits	Total
	(Bands of £5,000) £000	(Rounded to Nearest £100) £	(Bands of £5,000) £000	(Bands of £5,000) £000	(Bands of £2,500) £000	(Bands of £5,000) £000
Human & Corporate Resources						
Cheryl Lenney Chief Nurse	150-155	0	0	0	172.5-175	325-330
Darren Banks, Executive Director of Strategy	135-140	0	0	0	32.5-35	170-175

Pension benefits for the part-year 2017/18 – 1st April to 30th September

These tables have been audited

	Real increase/ (decrease) in pension at age 60	Real increase/ (decrease) in pension lump sum at age 60	Total accrued pension at age 60 at 30 Sept 2017	Lump sum at age 60 related to accrued pension at 30 Sept 2017)	Cash Equivalent Transfer Value at 30 Sept 2017	Cash Equivalent Transfer Value at 31 March 2017	Real increase in Cash Equivalent Transfer Value
	(Bands of £2,500)	(Bands of £2,500)	(Bands of £5,000)	(Bands of £5,000)			
	£000	£000	£000	£000	£000	£000	£000
Sir Mike Deegan, Chief Executive	-2.5 to 0	-2.5 to 0	50 to 55	160 to 165	1,125	1,101	18
Julia Bridgewater, Chief Operating Officer	0 to 2.5	2.5 to 5.0	65 to 70	205 to 210	1,454	1,352	95
Adrian Roberts, Executive Director of Finance	0 to 2.5	2.5 to 5.0	60 to 65	180 to 185	1,228	1,137	85
Margot Johnson, Executive Director of Human &	0 to 2.5	0 to 2.5	55 to 60	175 to 180	1,167	1,098	64

	Real increase/ (decrease) in pension at age 60	Real increase/ (decrease) in pension lump sum at age 60	Total accrued pension at age 60 at 30 Sept 2017	Lump sum at age 60 related to accrued pension at 30 Sept 2017)	Cash Equivalent Transfer Value at 30 Sept 2017	Cash Equivalent Transfer Value at 31 March 2017	Real increase in Cash Equivalent Transfer Value
	(Bands of £2,500)	(Bands of £2,500)	(Bands of £5,000)	(Bands of £5,000)			
	£000	£000	£000	£000	£000	£000	£000
Corporate Resources							
Cheryl Lenney, Chief Nurse	-2.5 to 0	-2.5 to 0	55 to 60	175 to 180	1,376	1,315	55
Darren Banks, Executive Director of Strategy	0 to 2.5	0 to 2.5	35 to 40	95 to 100	605	547	55

The above table gives Pension Benefits accruing from the NHS Pension Scheme up to 30 September 2017 - as Non-Executive Directors do not receive pensionable remuneration, there are no entries for pensions for these Directors.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the Pension Scheme benefits accrued by a Scheme 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 which the individual has accrued as a consequence of their total membership of the Pension Scheme, not just their service in a senior capacity within this Trust and this Group, to which the disclosure applies.

The CETV figures and 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.

Fair pay multiple

Highest paid Director's salary	£227,500
Median Total Remuneration	£29,064
Remuneration Ratio	7.8
Range of staff remuneration	£14,700 to £214,000

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. The fulltime equivalent annual remuneration of the highest paid director in Central Manchester University Hospitals NHS Foundation Trust in the financial period was £227,500 (2016/17 £222,500). This was 7.8 times (2016/17 7.8 times) the median remuneration of the workforce, which was £29,064 (2016/17 £28,462).

In 2017/18 from April to September no employees received remuneration in excess of the highest paid Director (2016/17 nil). Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind, and any severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Directors' Remuneration and Benefits

The aggregate amount of Directors' remuneration for the six month period to 30th September 2017 was £765k (£1,800k in 2016/17). The Trust and the Group made a contribution to the NHS Pension Scheme, a defined benefit scheme, of £45k in respect of five Directors in the period to 30th September 2017 (2016/17: £127k in respect of six Directors).

Expenses – Directors and Governors

- The total number of Directors in office during the period to 30th September 2016/17 was 17 (2016/17 - 18 Directors)
- The number of Directors receiving expenses in the period to 30th September 2017 was 7 (2016/17 - 9)
- The total amount of expenses paid to Directors in the period to 30th September 2017 was £1,222 (2016/17 - £3,759)
- The total number of Governors in office during 2017/18 up to 30th September was 27 (2016/17 - 41 Governors)
- The number of Governors receiving expenses in 2017/18 up to 30th September was 4 (2016/17 - 6)
- The total expenses paid to Governors in 2017/18 up to 30 September was £998 (2016/17 - £832)

2.3 Staff Report

Staff numbers and roles

At CMFT we had a workforce of 13,767 people (at 30th September 2017). The table below gives a breakdown of our staff numbers by role and type of contract.

Staff Group	Permanent	Fixed Term	Sodexo*	Total
Administration and	2,978	315	531	3,824
Health care assistants and other support staff	2,146	166	0	2,312
Medical and dental staff	788	386	0	1,174
Nursing, midwifery, health visiting staff	4,228	227	0	4,455
Healthcare Science and Other Scientific, therapeutic and	1,851	151	0	2,002
All employees	11,990	1,245	531	*13,767

*Some of our administration and estates staff are managed by our facilities management partner Sodexo.

In 2017 the split between female and male employees was:

- Female: 10,904
- Male: 2,863

The gender split for senior managers (defined as anyone who reports to an Executive Director) and Directors was:

- Female: 26
- Male: 22

Our Board of Directors, including Non-Executive Directors, had a gender split of:

- Female: 6
- Male: 12

The staff sickness absence rate for April to September 2017 across the Trust was 4.36%.

Staff policies and actions during the year

• Offering opportunities to disabled people

The Trust is positive about employing disabled people and our recruitment and selection procedure includes provision to ensure that all discriminatory practices are avoided. We require Trust employees to comply with all appropriate policies and procedures, including the equality and diversity policies, when recruiting staff.

The Trust is signed up to the Disability Confident initiative and guarantees providing an interview to any disabled candidate who wishes to be considered under this scheme and meets the essential criteria outlined in the Person Specification for a

role.

If candidates are progressed to short listing through to assessment and selection stage, they will also be asked whether they require any adjustment to be considered to enable them to attend and participate fully in the selection process.

- **The training, care and development we provide for disabled staff**

Every new employee will undergo a comprehensive induction training which includes training on equality and diversity. The Trust also provides Equality & Diversity training as part of annual mandatory training for staff.

Information on training and development opportunities is widely publicised and all employees are encouraged to undertake training and development to enable them to progress within the Trust and the wider NHS.

Employees can self-refer to the CMFT Employee Health & Wellbeing service and there is a 24 hour Employee Assistance Programme which can be accessed via telephone or online.

The Trust has a variety of policies to support disabled staff including Disability in Employment, Equality & Diversity in Employment, Flexible Working, Special Leave, Sickness Absence and Guidelines on Managing Employees with a Disability.

The Trust is taking part in Manchester Health and Care Commissioning's Disability and Inclusion Training for Managers, to support managers to develop the skills and confidence to in turn support disabled staff to thrive at work.

- **The support we offer staff who become disabled**

Our Trust is committed to retaining employees who become disabled or whose disability worsens during their employment with CMFT. Managers are encouraged to speak to the employee to discuss their needs and help to identify and deal with concerns early.

We have a number of services, including Employee Health & Wellbeing, which can advise regarding any reasonable adjustments or specific training required. Health & Safety can assist with the completion of a risk assessment and manual handling training can be arranged if appropriate.

The Trust also engages with external organisations, like Access to Work, that provide independent advice and specialist assessment, and may recommend specific training to support the employee.

- **HR Review**

In April 2017, a new HR delivery model was introduced based on the concept of Business Partnering. This approach refocused attention on how the HR function achieves its aims by redefining the relationship between the function and line managers and the activities each are responsible for delivering.

The main purpose of the introduction of the new business model was to create a more strategic, proactive professional service better aligned to the needs of each business unit.

Some of the high level benefits realised following implementation of the restructure have been:

- Greater integration between the HR function and clinical, operational and corporate teams;
- HR professionals working more closely with business leaders and managers supported by small teams of HR experts with specialist knowledge in areas such as resourcing, and talent management;
- Improved planning and delivery aligned to the overall People Strategy;
- Improved retention of core people skills across the HR function;
- Improved consistency in the application of policy and processes;
- Reduction in timescales for dealing with discipline, and grievance cases.
- Better use of resources;
- Realisation of efficiency savings from the overall HR staff budget.

- **Managing change, consulting and informing our staff**

Ensuring effective employee relations are maintained remains a key objective for the Trust. Over the period in question, much preparatory work was undertaken to support the proposed merger between CMFT and UHSM. In collaboration with UHSM colleagues, a joint interim workforce partnership group was established. The group was responsible for scoping, planning and consulting with staff around what the proposed merger would mean for them as well as ensuring both Trusts were compliant with relevant legislation in relation to any TUPE regulations.

A comprehensive Post Transactional Implementation Plan (PTIP) was developed in readiness for Day 1 to Day 100, should the Trusts' proposal be successful.

- **Involving our staff in our performance.**

All staff have an annual appraisal at which they agree with their manager performance and development objectives that are aligned to divisional business plans and the Trust's key priorities. Over the last 12 months all staff have had the opportunity to attend Divisional staff engagement sessions led by the Chief Executive and Executive Director team that highlight how Divisional performance contributes to the Trust's strategic objectives.

All staff also have the opportunity to make improvement suggestions to support the Internal Turnaround programme that has resulted in very substantial improvements to the Trust's financial and quality performance.

- **Looking after staff health and safety.**

The **Health & Safety Team** are now part of the Clinical Audit and Risk Management Department and have been working closely with colleagues at UHSM over the last six months in preparation of the merger of the two Trusts.

The Health and Safety Teams from both Trusts have identified a number of shared work streams and established strategic objectives. A new Health and Safety Policy Statement has been developed for the new Manchester University NHS Foundation Trust and a policy consolidation schedule will be delivered over the next two years.

There continue to be positive levels of attendance at the Trust's one-day 'Managing Health & Safety' course and the recent health and safety quality assurance audit highlighted more progressive management of health and safety in areas where managers had attended the training.

Over the last 12 months there has been a reduction in the number of accidents reported to the Health and Safety Executive under the Reporting of Injuries, Diseases and Dangerous Occurrence Regulations (RIDDOR) and a reduction in the compensation claims against the Trust.

The **Moving & Handling Co-ordinators** remain an integral part of the Health & Safety Team and continue support all divisions and corporate directorates with all aspects of moving and handling. There are increasing demands for workplace visits and ergonomic assessments, with many successful outcomes to support staff in returning to or remaining in work with reasonable adjustments.

New equipment and techniques are also being reviewed which will enhance the patient experience, reduce risks to staff and help achieve efficiency savings at all levels.

The Employee Health and Wellbeing Services at the Central and Wythenshawe hospital sites have been working collaboratively over the past year in preparation for the Single Hospital Service. Both services have achieved accreditation by SEQOHS as *Safe, Effective, and Quality Occupational Health Services*, providing confidential and impartial health advice to staff and to line managers to protect and promote health, safety and wellbeing at work.

This is achieved in a number of ways including:

- management referral assessments to support attendance and fitness for work, via a recently updated process
- providing advice on rehabilitation and adjustments at work
- immunisation and vaccination screening programmes
- clinical management of staff who sustain accidental inoculation injuries
- workplace risk assessments and health surveillance programmes
- therapeutic interventions including counselling, physiotherapy and osteopathy
- annual influenza vaccine campaign for health care workers providing direct patient care.

The **Staff Support Service** provides support to individuals and teams on managing under pressure and maintaining healthy and effective team working. The service continues to develop new ways to support staff including a Computerised Cognitive Behaviour Therapy (CCBT) programme, and also provides training to promote psychological health and wellbeing, whether personal or work-related. These courses include Stress and Wellbeing Workshops; Mindfulness Drop in Sessions; Performing Under Pressure; Resilience Training for Managers & Senior Clinicians; and Managing Mental Health at Work.

The service co-ordinated and worked closely with a number of stakeholders, including Greater Manchester Mental Health Services, to provide extensive team debriefing and individual support for staff following the **Manchester Arena terrorist attack**.

Schwartz rounds provide a structured forum where all staff, clinical and non-clinical, come together regularly to discuss the emotional and social aspects of working in healthcare. The rounds are designed for all staff in our hospitals and community services, no matter what their role. The underlying premise for Rounds is that the compassion shown by staff can make all the difference to a patient's experience of care, but that in order to provide compassionate care staff must, in turn, feel supported in their work. Rounds are based on either different accounts of one patient or an event, or exploring a particular theme (such as 'when things go wrong' or 'memorable patients').

An Employee Assistance Programme - EAP (including Counselling Services)

CMFT introduced this new service, as part of the Trust's 'Wellbeing @ Work' Programme, in alignment with the EAP service available to staff at Wythenshawe hospital. The EAP provides an additional independent and confidential counselling support service. The service is provided 24 hours a day, 7 days a week by our specialist partner, Health Assured.

Online Health Portal

The EAP also includes access to an online Health Portal, providing useful resources such as Health & Fitness advice, Personal Coaching, Health Assessment and information fact sheets on a variety of useful topics.

Preventing fraud

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

It is also CMFT's policy that no employee will suffer in any way as a result of reporting reasonably held suspicions. All members of staff can therefore be confident about reporting their suspicions. This protection is given under the Public Interest Disclosure Act, which the Trust is obliged to comply with.

NHS staff survey

There was no staff survey during the period covered by this report (April to September 2017). Please see the CMFT 2016/17 Annual Report for the most recent staff survey data.

Developing supportive leadership cultures

The culture at CMFT- 'the way we do things around here' - shapes the behaviour of everyone in the Trust and so affects the quality of care we provide. Research shows that the most powerful factor influencing culture is leadership and in particular collective leadership. Collective leadership is where everyone, no matter what level

or where they work is able to work together to lead positive change and deliver the best for patients.

To help us further develop our culture so that it enables and sustains continuously improving, safe, high quality and compassionate care, we have been working with NHS Improvement and The Kings Fund to co-design, develop and test tools and techniques to develop and implement strategies for collective leadership.

During 2016/17 we completed a culture diagnostic in preparation for our merger and have developed the MFT Leadership and Culture Strategy. The strategy sets out how the leadership and culture we are looking to create is developed, practised and maintained and it builds on what we already do well. It is fundamental to the development of a Single Hospital Service across Manchester and realising the benefits.

Expenditure on consultancy

During the period the Trust spent £1,190k on consultancy (£1,640k in 2016/17).

Off-payroll engagements

The Trust seeks assurance in respect of tax arrangements of individuals engaged off-payroll and the information is recorded centrally. No individuals with significant financial responsibility will be engaged off-payroll.

The Trust has a Policy in this area that reflects HMRC IR35 Guidance along with best practice guidance from the Healthcare Financial Management Association. The Trust applies rigorous controls to all aspect of discretionary spend including consultancy support that would potentially be captured as 'off-payroll.' All proposed engagements are reviewed and IR 35 compliance confirmed prior to commencement.

For all off-payroll engagements as at 30th September 2017, for more than £245 per day and that last for longer than six months

No. of existing engagements as of 30 th September 2017	12
Of which...	
No. that have existed for less than one year at time of reporting.	0
No. that have existed for between one and two years at time of reporting.	10
No. that have existed for between two and three years at time of reporting.	0

No. that have existed for between three and four years at time of reporting.	0
No. that have existed for four or more years at time of reporting	2

All have been risk assessed in line with IR 35 Guidance indicating they are self-employed for the purposes of their services to the Trust.

For all new off-payroll engagements, or those that reached six months in duration, between 1st April 2017 and 30th September 2017, for more than £245 per day and that last for longer than six months

No. of new engagements, or those that reached six months in duration, between 1st April 2017 and 30th September 2017	0
No. of the above which include contractual clauses giving the Trust the right to request assurance in relation to income tax and National Insurance obligations	0
No. for whom assurance has been requested	0

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1st April 2017 and 30th September 2017

Number of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year.	0
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The number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year is 20.

Employee costs

Employee Expenses and Numbers

Employee Expenses	Six months to 30 September 2017			Six months to 30 September 2017			Six months to 30 September 2017			Year to 31 March 2017	
	Permanently Employed Trust	Other Trust	Total Trust	Permanently Employed Charity	Other Charity	Total Charity	Permanently Employed Group	Other Group	Total Group	Total Trust	Total Group
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and Wages	0	230,026	230,026	410	0	410	410	230,026	230,436	447,968	449,538
Social Security Costs	19,471	0	19,471	0	0	0	19,471	0	19,471	38,061	38,061
<u>Pension Costs:</u>											
Employer's Contributions to NHS Pensions	25,405	0	25,405	0	0	0	25,405	0	25,405	49,789	49,789
Pension Cost - Other Contributions	15	0	15	0	0	0	15	0	15	28	28
Temporary staff - bank	0	9,515	9,515	0	0	0	0	9,515	9,515	16,928	16,928
Agency/Contract Staff	0	11,550	11,550	0	0	0	0	11,550	11,550	16,898	16,898
Total	44,891	251,091	295,982	410	0	410	45,301	251,091	296,392	569,672	571,242

Staff exit packages

**Staff Exit Packages
30 September 2017**

	Number of compulsory redundancies	Cost of compulsory redundancies £000	Number of other departures agreed	Cost of other departures agreed £000	Total Cost of Exit Packages £000
	Number		Number		
Exit Package Cost Band:	Trust and Group	Trust and Group	Trust and Group	Trust and Group	Trust and Group
Less than £10,000	2	4	24	85	89
£10,000 - £25,000	4	66	2	40	106
£25,001 - £50,000	2	72	3	101	173
£50,001 - £100,000	2	175	1	96	271
Total Departures	10	317	30	322	639

31 March 2017

	Number of compulsory redundancies	Cost of compulsory redundancies £000	Number of other departures agreed	Cost of other departures agreed £000	Total Cost of Exit Packages £000
	Number		Number		
Exit Package Cost Band:	Trust and Group	Trust and Group	Trust and Group	Trust and Group	Trust and Group
Less than £10,000	4	14	53	168	182
£10,000 - £25,000	6	98	6	95	193
£25,001 - £50,000	6	201	2	53	254
£50,001 - £100,000	2	154	2	149	303
Total Departures	18	467	63	465	932

Exit Packages: Other (Non-Compulsory) Departure Payments

Six months to 30 September 2017

	Payments Agreed Trust and Group Number	Total Value of Agreements Trust and Group £000
Voluntary Redundancies Including Early Retirement Contractual Costs	2	136
Contractual Payments in Lieu of Notice	28	186
Total	30	322

Year to 31 March 2017

	Payments Agreed Trust and Group Number	Total Value of Agreements Trust and Group £000
Voluntary Redundancies Including Early Retirement Contractual Costs	4	191
Contractual Payments in Lieu of Notice	59	274
Total	63	465

2.4 NHS Foundation Trust Code of Governance disclosures

Central Manchester University 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 and the Council of Governors are committed to continuing to operate according to the highest corporate governance standards.

In order to do this, the **Board of Directors:**

- meets formally on a bi-monthly basis in order to discharge its duties effectively. Systems and processes are maintained to measure and monitor the Trust's effectiveness, efficiency and economy as well as the quality of its healthcare delivery.
- regularly reviews the performance of the Trust against regulatory and contractual obligations and approved plans and objectives. Relevant metrics, measures and accountabilities have been developed in order to assess progress and delivery of performance.
- has a balance of skills, independence and completeness that is appropriate to the requirements of the Trust.

All Directors have a responsibility to constructively challenge the decisions of the Board. Non-Executive Directors scrutinise the performance of the Executive management in meeting agreed goals and objectives and monitor the reporting of performance. Where a board member does not agree to a course of action it is minuted. The Chairman should then hold a meeting with the Non-Executive Directors with the Executive Directors present. If the concerns cannot be resolved this should be noted in the Board minutes.

Non-Executive Directors are appointed for a term of three years by the Council of Governors. The Council of Governors can appoint or remove the Chairman or the Non-Executive Directors at a general meeting. Removal of the Chairman or another Non-Executive Director requires the approval of three-quarters of the members of the Council of Governors.

The Chairman ensures that the Board of Directors and the Council of Governors work together effectively and that Directors and Governors receive accurate, timely and clear information that is appropriate for their respective duties.

The **Council of Governors:**

- represents the interests of the Trust's members and partner organisations in the local health economy in the governance of the Trust.
- acts in the best interests of the Trust and adheres to its values and code of conduct.
- holds the Board of Directors to account for the performance of the Trust and receives appropriate assurance and risk reports on a regular basis.

The Governors are consulted on the development of forward plans for the Trust and any significant changes to the delivery of the Trust's business plan.

- meets on a regular basis so that it can discharge its duties, and the Governors have elected a lead Governor. The lead Governor's main function

is to act as a point of contact with Monitor, our independent regulator.

The Directors and Governors continually update their skills, knowledge and familiarity with the Trust and its obligations, to fulfil their role on various Boards and Committees.

Our Constitution, which was agreed and adopted by the Council of Governors, outlines the clear policy and fair process for the removal from the Council of Governors of any Governor who consistently and unjustifiably fails to attend the meetings of the Council of Governors or has an actual or potential conflict of interest which prevents the proper exercise of their duties.

A performance review process involving the Governors, of the Chairman and Non-Executive Directors has been developed. The Senior Independent Director supports the Governors through the evaluation of the Chairman. Each Executive Director's performance is reviewed by the Chief Executive who in turn is reviewed by the Chairman. The Chairman also holds regular meetings with Non-Executive Directors without the Executives present.

Independent professional advice is accessible to the Non-Executive Directors and Trust Board Secretary via the appointed Independent External Auditors, and Senior Associate of a local firm of solicitors. All Board meetings and Board Sub-Committee meetings receive sufficient resources and support to undertake their duties.

The Chief Executive ensures that the Board of Directors and the Council of Governors of CMFT act in accordance with the requirements of propriety or regularity. If the Board of Directors, Council of Governors or the Chairman contemplates a course of action involving a transaction which the Chief Executive considers infringes these requirements, he will follow the procedures set by Monitor (NHSI) for advising the Board and Council for recording and submitting objections to decisions. During the first six months of 2017/18 there have been no occasions on which it has been necessary to apply the Monitor (NHSI) procedure.

CMFT staff are also required to act in accordance with NHS standards and accepted standards of behaviour in public life. In 2014/15, the Trust reported on a programme of work to develop a values and behaviours framework with over 4,000 staff followed by the introduction of the 'Living the Values' training programme in 2015/16. The Trust has also been measuring through quarterly pulse checks how well our values are known by staff. Work to refresh the values with staff ready for the new organization began during September 2017.

The Trust ensures compliance with the Fit and Proper Person (FPP) requirement for the Board of Directors. All existing Directors completed a self-declaration and this exercise will be repeated out on an annual basis. All new appointments are also required to complete the self-declaration and the full requirements of the FPP test has been integrated into the pre-employment checking process.

The Trust holds appropriate insurance to cover the risk of legal action against its directors in the roles as directors and as trustees of the CMFT Charity.

Relationship with stakeholders and duty to co-operate

CMFT has well developed mechanisms for engagement with third party bodies at all levels across the organisation. These include regular arrangements such as standing meetings, as well as time-limited arrangements set up for a specific purpose.

GM Devolution has continued to change the landscape significantly and a set of governance arrangements are well established that are designed to ensure co-operation and close working across the whole of the GM health and social care system.

The Board ensures that effective mechanisms are in place and that collaborative and productive relationships are maintained with stakeholders through:

- Direct involvement – e.g. attendance at Board-to-Board and Team-to-Team meetings, attendance at Partnership Board meetings
- Chair involvement – e.g. attendance at Manchester Health & Wellbeing Board
- Feedback – e.g. from the Council of Governors and in particular nominated Governors
- Board updates on Strategic Development
- Board Assurance report - delivery of key priorities (many of which rely on good working relationships with partners)

The following describes some of the arrangements in place with our key stakeholders.

Commissioners

Effective mechanisms to agree and manage fair and balanced contractual relationships include:

- A range of executive team-to-executive team and board-to-board meetings with key commissioners:
 - Central Manchester CCG and subsequently Manchester Health and Care Commissioning
 - The Christie
- Dedicated Contracts and Income Team that liaise between the Trust, the clinical divisions and commissioners.

Other Providers

The GM Provider Federation Board, which is part of the GM Devolution arrangements, facilitates joint and joined-up working across all GM providers. In addition to this CMFT has established partnership boards with other providers, such as Alder Hey NHS Foundation Trust, which have representation from Executive and Non-Executive directors.

City of Manchester (NHS and Manchester City Council)

Collaborative working arrangements exist across the City Council, the providers and the CCGs. These include:

- Health and Wellbeing Board - Manchester Health and Wellbeing Board has included the NHS providers from its establishment. The Board brings together representatives from Manchester City Council, acute Trusts, CCGs, mental health Trust, public health and Healthwatch.
- Health and Wellbeing Executive – as above
- Manchester Provider Board - brings together acute Trusts, GP federations, pharmacy, mental health trust, Manchester City Council and the voluntary sector, all working together on the development of out-of-hospital services.

City of Manchester Single Hospital Service programme

Following the independent review undertaken between January and June 2016, there was agreement from across all key stakeholder organisations to establish a single hospital service - one Trust to run all of the hospital services in Manchester and Trafford. A programme team was established in August/September 2016, along with a Programme Board (involving all key stakeholders) and overseen by a Joint Sub-Committee of the Boards of the three Trusts (UHSM, CMFT and NMGH (PAHT)). This was followed by the establishment of an Interim Board of Directors for the new SHS in June 2017. The programme is being implemented in two phases, with UHSM and CMFT merging to form a new organisation in October 2017, and NMGH expected to be brought into the new FT 12 – 18 months later.

Academic institutions

The Trust has a strong and well documented relationship with its key academic partner, The University of Manchester, and there are joint committees that support the main activities e.g. clinical appraisals, research and education. CMFT has function links with Manchester Metropolitan University and Salford University to support training of nurses, allied health professionals (AHPs) and scientists, and some specific research collaborations.

The Trust is a founder member of the Manchester Academic Health Science Centre that provides for a relationship between CMFT and the other main academic hospitals and UoM to deliver improvements in healthcare, driven from a platform of research excellence.

The Greater Manchester Academic Health Sciences Network, whose remit is to drive forward the adoption of innovations to improve healthcare, is located in Citylabs on our central Manchester site.

Health Innovation Manchester was established in 2015/16 to create a compelling shop window for external stakeholders and potential customers to access the Greater Manchester NHS ecosystem and CMFT has representation on the governance board.

Industry

The Trust has a range of industry interfaces that encompass both large corporates and SMEs. These collaborations and partnerships enable us to acquire new equipment, facilities and services using a shared risk approach. Our approach to selecting and securing our industry partners is to choose the best partner to help us to further improve our delivery of care and business efficiencies. For example the Trust has a 10-year relationship with Bruntwood to provide a range of property and

estates related services. The Trust has a long term agreement with Roche to provide laboratory equipment (diagnostics) and Fresenius (renal services) are other examples.

The Trust, in an informal joint venture with Manchester Science Partnerships (MSP) and TRUSTECH operate a medtech centre that provides early stage incubation space for NHS spinouts and SMEs that wish to co-develop novel solutions with the Trust.

The Trust and MSP are working together to develop the next phase of the Citylabs development on the former Saint Mary's site that will house SMEs and corporates which are developing new products and services relevant to our core services, including laboratory diagnostics, genomics, digital health and clinical trials.

Education

CMFT continues to be the co-sponsor of Manchester Health Academy in Wythenshawe. The Academy is rated Good by OfSTED. It is to complete a new £7m extension in September 2018 given increased demand for places and a three-year plan to increase capacity. The Academy has a sound financial position and is well regarded for its support to local students. The links with CMFT help to promote further career opportunities for students.



Audit Committee part-year Annual Report 2017/18

Purpose of the report

The purpose of this part-year annual report is to demonstrate to the Trust's Board of Directors that the CMFT Audit Committee has met its terms of reference during the first six months of 2017/18.

Producing an Audit Committee Annual Report represents good governance practice and ensures compliance with the Department of NHS Audit Committee Handbook, the principles of integrated governance and NHSI's Single Oversight Framework.

The Audit Committee supports and assists the Board of Directors to ensure that robust and effective internal control arrangements are in place and regularly monitored.

The Audit Committee receives regular updates on the Board Assurance Framework and is therefore able to focus on risk, control and related assurances that underpin the delivery of our Trust's key priorities.

Committee membership

The Audit Committee membership during the first six months of 2017/18 comprised:

Mr John Amaechi	-	Non-Executive Director
Professor Colin Bailey	-	Non-Executive Director
Dr Ivan Benett	-	Non-Executive Director
Professor Rod Coombs	-	Non-Executive Director
Mr Nic Gower	-	Non-Executive Director & Chair of the Audit Committee
Mr Anthony Leon	-	Non-Executive Director & Deputy Chairman of the Board
Mrs Chris McLoughlin	-	Non-Executive Director & Senior Independent Director
Mr Anil Ruia	-	Non-Executive Director

Compliance with the Committee's terms of reference

The Audit Committee met three times during the first six months of 2017/18, and the meeting minutes were submitted to the next available Board of Directors' meeting.

The Director of Operational Finance, Chief Accountant, Director of Corporate Services, Head of Internal Audit and Internal Audit Manager, representatives of the External Auditor and the Anti-Fraud Specialist have attended Audit Committee meetings. Executive Directors, Corporate Directors and other members of staff have been requested to attend meetings of the Audit Committee as required. The Audit Committee reviewed its terms of reference in April 2017.

Meeting attendance

	April 17	May 17	Sept 17
Anthony Leon Non-Executive Director and Deputy Chairman	✓	✓	✓
Professor Rod Coombs Non-Executive Director	×	✓	×
John Amaechi Non-executive Director	✓	×	×
Anil Ruia Non-Executive Director	×	×	×
Chris McLoughlin Non-Executive Director & SID	✓	✓	×
Dr Ivan Benett Non-Executive Director	×	✓	✓

	April 17	May 17	Sept 17
Professor Colin Bailey Non-Executive Director	x	x	x
Nic Gower Non-Executive Director	✓	✓	✓

✓ = attended the meeting, x = did not attend the meeting

Audit services provision

Internal Audit has been provided by Mersey Internal Audit Agency (MIAA). External Audit has been provided by Deloitte LLP for the past six years.

The Audit Plan for the first six months of 2017/18 was based on planning work including discussion between the External Auditors and Trust management team(s), consideration of recent sector developments and prior year knowledge. Consideration was also given to the level of staffing capacity required to satisfy the delivery of the comprehensive audit programme.

Internal Audit Plans were based on planning work and discussion between Internal Auditors and Trust management team(s).

Assurance

The Audit Committee agenda is constructed in order to provide assurance to the Board of Directors across a range of activities including corporate, clinical, financial and risk governance and management.

The Audit Committee agenda covered the following:

- Monitoring of the Audit Committee's six month work programme 2017/18
- Received minutes and considered reports (as required) from the following Board Sub-Committees:
 - Trust Risk Management Committee
 - Finance Scrutiny Committee
 - Quality & Performance Scrutiny Committee
 - HR Scrutiny Committee
- Received reports (as required) under the following headings:
 - External Audit progress reports
 - Internal Audit reports
 - Anti-fraud reports
 - Losses and special payments reports
 - Tenders waived reports.

Work and performance of the Committee during the first six months of 2017/18

The Audit Committee has adhered to the work programme agreed in April 2017. All reports scheduled for each Committee meeting have been received on time.

Reports from Board Committees

The Audit Committee has continued to focus its attention throughout the year on the Trust Risk Management Committee and Board Scrutiny Committee reports. Non-

Executive Directors have an ‘open invitation’ to attend the Trust Risk Management Committee and all Scrutiny Committees.

A number of risks reported through the Risk Management Committee and scrutinised by the Audit Committee were further highlighted at the Board of Directors’ meetings or Finance Scrutiny meetings, in particular the continued ‘run rate’ and trading gap challenges facing Divisions within the Trust.

The Board Assurance process was reviewed at the Audit Committee with two key strategic aims from the Board Assurance Framework (BAF) scrutinised on a rolling basis.

The Committee’s focus was on seeking assurance that the process outlined had been adhered to, along with identifying any gaps in control/assurances. It also considered whether actions were clearly identified to mitigate and/or reduce the risk(s). The focus on outstanding actions in the Board Assurance Framework (BAF) is ongoing to ensure that risks are managed throughout the year.

The Committee continued to develop and refine the Board Assurance Framework during the first six months of 2017/18 with particular emphasis placed on the continued use of the BAF to support and guide the Board Scrutiny Committees to develop their assurance programmes and targeted ‘deep dives’ (on behalf of the Board) in key areas e.g. CMFT Cultural Surveys; ESTU Improvement Plans; RMCH Cultural Diagnostics; Guardian of Safe Working Hours Report; Plans to Minimise Cancelled Operations; Nursing & Midwifery Recruitment & Retention Strategy (‘Safer Staffing’) and the Community HV Service; RTT Performance; Management of Surgical Emergencies in RMCH; Delivery of the Cancer Performance Targets; Transitional Care.

The key risks aligned to the key strategic aims reviewed by the Committee, on behalf of the Board, included:

Key risks 2017/18 (1st April to 30th September 2017)

Risk	Category	Status
A&E performance and Emergency Department capacity	Clinical	2017/18
SMH Obstetric Capacity	Clinical	2017/18
Infection control – CPE	Clinical	2017/18
Patient records	Organisational	2017/18
Quality of Patient Records	Clinical	2017/18
Never events	Clinical	2017/18
Communication of diagnostic test and screening test results	Clinical	2017/18
Compliance with Building Regulations – Fire Stopping	Organisational	2017/18

Risk	Category	Status
Financial control and failure to deliver trading gap savings/financial challenge for future years	Financial	2017/18
Corporate and clinical mandatory training Compliance.	Clinical	2017/18
Diagnostics Waiting Times	Clinical	2017/18
Mortality	Clinical	2017/18
Wrong blood in tube	Clinical	2017/18
Clinical Management and Safety ESTU	Clinical	2017/18
Referral to Treatment (RTT)	Clinical	2017/18-
Adult Congenital Heart Services	Clinical	New 2017/18
Cancer 62 day Compliance	Clinical	New 2017/18
RMCH A&E/Urgent Care &ED Capacity	Clinical	New 2017/18
Cyber Security Risk	Organisational	New 2017/18
Appraisal Compliance	Organisational	2017/18 (separated out from a combined risk in 2016/17)
Failure of Defibrillators	Clinical	New 2017/18

The Audit Committee reviewed the External Audit plan for 2017/18 and agreed the following significant risks as being the key areas of focus for the 2017/18 external audit:

- Revenue recognition
- Internal turnaround programme

The potential merger with UHSM was viewed as a 'potential' significant risk for the Value for Money conclusion.

External Audit

The 2016/17 financial statements were audited by Deloitte LLP and the findings presented to the Audit Committee in May 2017. Based on the results of the External Auditor's procedures (except for the effects of the matters described in the 'Basis for qualified conclusion' 18 week referral to treatment indicator) the Audit Committee noted that nothing had come to the External Auditor's attention that caused them to believe that for the year ended 31st March 2017:

- the quality report was not prepared in all material respects in line with the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual';
- the quality report was not consistent in all material respects with the sources specified in NHS Improvement's detailed requirements for quality reports 2016/17; and
- the indicators in the quality report subject to limited assurance had not been

reasonably stated in all material respects in accordance with the ‘NHS Foundation Trust Annual Reporting Manual’.

The Chairman of the Audit Committee and Non-Executive Directors had met earlier with the Executive Director of Finance and the Director of Operational Finance to discuss and interrogate the 2016/17 financial statements. The External Auditor commented on the additional assurance this had given to the process.

The Audit Committee considered the Report on Completion of the Audit, the report from the Executive Director of Finance and changes to accounting policies.

The Audit Committee approved the accounts for the period 1st April 2016 to 31st March 2017. The Council of Governors subsequently received the report on the accounts from the Independent Auditor in July 2017.

Deloitte LLP provided regular progress reports to the Audit Committee throughout the first six months of 2017/18.

Internal Audit

The Audit Committee considered and approved the Internal Audit plan for 2017/18 in April 2017. Delivery of the Internal Audit Plan enables the Head of Internal Audit Opinion to be provided, which in turn contributes to the assurances available to the Board in completing its Annual Governance Statement.

The Draft Head of Internal Audit Opinion for the first six months of 2017/18 was presented to the Audit Committee in February 2018 and significant assurance was given on the adequacy of the system of internal control.

The following Internal Audit Reports have been received by the Audit Committee throughout the first six months of 2017/18:

Report	Reported to Audit Committee	Assurance Rating
Assurance Framework Opinion	April 2017	N/A
A&E 4 Hour Wait: Data Quality	April 2017	Significant assurance
Accounts payable	May 2017	Significant assurance
General ledger	May 2017	Significant assurance
Cyber security – baseline technical control assessment	May 2017	Advisory
Off-payroll arrangements	May 2017	Limited assurance
Information governance	May 2017	Limited assurance

Report	Reported to Audit Committee	Assurance Rating
Stock control	September 2017	Significant assurance
Private Finance Initiative	September 2017	Significant assurance
Procurement	September 2017	Significant assurance
Serious incidents	September 2017	Significant assurance

The Audit Committee received updates on the status of implementing Internal Audit recommendations at each meeting. During the first six months of 2017/18, the Committee focused again on the timescales for the implementation of action plans and monitored the breaches.

Performance against key indicators in the Internal Audit Plan was reviewed at each meeting by the Committee.

Once the remaining assignments have been finalised, a final Head of Internal Audit opinion will be incorporated in the Annual Governance Statement.

Limited assurances and significant issues considered

The Committee focused on audit reports which had received a limited assurance and where the risk profile represented significant issues for the Trust. When appropriate, the Committee requested the presence of key individuals to present their action plans to fulfill the recommendations.

In particular presentations and reports were received on:

- Off-payroll arrangements
- Information governance
- Cyber security

- Learning from Manchester Arena Attack. The actions from the event have been monitored by the Trust emergency planning forum to ensure that all of the learning has been actioned.

During the course of the year, Internal Audit have undertaken follow-up reviews and reported the outcome to the Audit Committee in relation to:

- Car parking
- Complaints
- Absence management
- Control accounts
- Critical application (Inform system)
- Nurse revalidation
- Clinical audit
- Discharge planning
- Activity waiting list RTT

- A&E 4 hour wait – data quality
- General ledger
- IT.

A total of 18 recommendations have been actioned out of 26 during the first six months of 2017/18. The Trust is actively progressing all actions. Internal Audit has also provided support in the continued development of the Board Assurance Framework including the role of the Audit Committee.

Anti-fraud measures

The anti-fraud service to the Trust has provided by Mersey Internal Audit Agency who were appointed from April 2013, and a nominated anti- fraud specialist works with the Trust.

All work related to fraud, bribery and corruption is completed in accordance with the Trust's requirements set out within NHS Standards Contract and as required by NHS Counter Fraud Authority Standards for Providers.

The Audit Committee received regular progress reports. Details of investigations carried out during the year were provided to the Committee. A programme of work was presented to the Committee in April 2017. Areas which continued to be covered during 2017/18 included:

- Strategic Governance Submission of the NHS Counter Fraud Authority Standards Self Review Tool (SRT)
- Hold to Account - National fraud initiative
- Prevent & Deter Fit and Proper Persons Review

An anti-fraud annual report was presented to the Audit Committee in May 2017 and this provided a summary of the anti-fraud work undertaken based upon the annual work plan.

Losses and compensation

At each meeting, the Committee received information about the levels and values of losses incurred and compensation payments made by the Trust. Additional analysis was included on payments for the loss of dentures, glasses and hearing aids, recognising the particular impact these losses have on patient experience. Throughout the year bad debts and claims abandoned accounted for the biggest proportion of losses reported to the Committee.

Tenders waived

A summary of all tenders waived was presented at each Audit Committee meeting. In addition, the number of quotation waivers was reported. All waivers were in accordance with the Trust's Standing Financial Instructions.

Other reports

The Audit Committee also received the following reports and information:

- The Annual Report and the Quality Report for the Trust, in May 2017. The

Committee also received and approved the Annual Accounts following the delegation of approval power from the Board of Directors.

- The Annual Governance Statement for 1st April 2016 to 31st March 2017, in May 2017. This described the system of internal control that supports the achievement of the Trust's policies, aims and key priorities. The Annual Governance Statement was supported by independent assurances.
- An update on the 2016/17 annual accounts.

Developing the role and skills of the Audit Committee

Audit Committee members are encouraged to attend workshops arranged by the Trust's Internal and External Auditors. Sector updates were also provided to the Audit Committee on a regular basis.

Priorities for the second six months of 2017/18

From 1st October 2017, the Audit Committee of the new organisation (Manchester University NHS FT) will review the arrangements to be put in place/developed in relation to:

- Compliance with Foundation Trust authorisation/licence
- Care Quality Commission and ongoing compliance
- Approval of internal regulatory documents
- Board Assurance Framework
- Clinical Audit Strategy and Plan
- Monitoring audit recommendations and reviewing all audits with a limited assurance
- Independence and effectiveness of the audit functions
- Accounting policies and considering significant risks in the 2017/18 financial statements.

Nic Gower

Chairman, CMFT Audit Committee

December 2017

2.5 Regulatory ratings

Single Oversight Framework

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

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

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

The Single Oversight Framework was introduced part way through 2016/17. Prior to this, Monitor's *Risk Assessment Framework* (RAF) was in place. Calculations relating to performance under the RAF have not been presented as the basis of accountability was different. This is in line with NHS Improvement's guidance for annual reports. The table below shows the score under the Single Oversight Framework for the first six months of 2017/18.

Finance and use of resources

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

During the period the Trust achieved the following:

April to September 2017/18

Area	Metric	2017/18 Part-year Score
Financial sustainability	Capital service capacity	3
	Liquidity	1
Financial efficiency	I&E margin	2
Financial controls	Distance from financial plan	2
	Agency spend	1
Overall scoring		2

2.6 Statement of accounting officer's responsibilities

Statement of the Chief Executive's responsibilities as the accounting officer of Central Manchester University 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 Central Manchester University 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 Central Manchester University Hospitals NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Department of Health 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 and
- prepare the financial statements on a going concern basis.

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

The Accounting Officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



Sir Michael Deegan CBE
Chief Executive Officer
23rd May 2018

2.7 Annual Governance Statement

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Central Manchester University Hospitals 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 Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of the policies, aims and objectives of Central Manchester University Hospitals NHS Foundation Trust;
- 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 Central Manchester University Hospitals NHS Foundation Trust for the part-year ended 30th September 2017.

Capacity to handle risk

The Trust leadership plays a key role in implementing and monitoring the risk management process (see further details below). The Chief Executive chairs the **Trust Risk Management Committee** and actual risks scoring 15 or above are reported to the committee. Risk reports are received from each responsible Director and each Executive Director, with details of the controls in place and actions planned and completed against which assessment is made by the committee.

The **Audit Committee** monitors assurance processes and seeks assurance across all risks in order to provide independent assurance to the Board of Directors that risks have been properly identified and appropriate controls are in place. The risk appetite is determined by the Board and monitored by the Audit Committee to ensure that the risks faced are consistent.

The Board has designated the Medical Director as the lead Executive and Chairman of the **Clinical Effectiveness Committee**. This committee has a focus on patient safety, clinical effectiveness and clinical governance.

A significant amount of work has been undertaken to develop clinical effectiveness indicators across all clinical divisions.

A Trust risk management training programme has been designed and delivered which undergoes an annual evaluation process. The risk management team includes a training post dedicated to risk management training. The Trust has operational risk and safety meetings at all levels which review high level incidents and incident trends so that lessons can be learnt for the future. We have developed robust mechanisms for recording untoward events and learning from them.

As part of our Clinical Effectiveness Performance Framework, each division records its activity and performance against the key clinical effectiveness indicators and produces a summary for discussion at their divisional review. Areas of good practice are collected on a corporate basis and shared throughout the organisation. CMFT is also represented on a number of national and regional working groups.

The Trust has a well-established **Quality and Performance Scrutiny Committee** which is a forum where Board members can scrutinise specific subjects. Examples of areas examined this year have been ESTU Improvement Plans; Guardian of Safe Working Hours Report; Plans to Minimise Cancelled Operations; RTT Performance; Management of Surgical Emergencies in RMCH; Delivery of the Cancer Performance Targets, and Transitional Care. This ensures a level of detailed review and challenge in areas of identified risk.

The risk and control framework

A risk management process covering all risks has been developed throughout the organisation at all levels with key indicators being used to demonstrate performance. The whole system of risk management is continuously monitored and reviewed by management and the Board in order to learn and make improvements to the system.

The Trust's management structure has established accountability arrangements through a scheme of delegation covering both corporate and clinical divisional arrangements. This is reflected in the corporate and divisional work programmes/key priorities and the governance arrangements within the Trust. The responsibilities of each Executive Director are detailed below:

Deputy Chief Executive

- Assumes responsibilities for the Chief Executive in his absence.
- Responsible for developing integrated care across acute, community and local authority boundaries with the City of Manchester.

Chief Nurse

- Responsible and accountable for leading professional nursing, patient experience and engagement.
- The Trust's Director of Infection Prevention and Control.
- Chairs the Quality Committee and the Infection Control Committee.

Executive Director of Finance

- Responsible for the wide range of interrelated work programmes around finance, contracting, information and strategic planning.
- Responsible for developing and overseeing delivery of financial plans across the Trust for current and future financial years, ensuring these are integrated with operational and service delivery requirements.

- Holds regular meetings with local commissioners and with the North West Specialised Commissioning Team, maintaining dialogue across service delivery and planning issues including forward projections, significant developments within individual services and strategic service changes.
- Responsible for developing and delivering on any transactions which may be contemplated by the Board, which may extend the scope of the Trust's activities and responsibilities.
- The Senior Information Risk Officer for the Trust.

Medical Director

- Responsible for leading on patient safety and clinical effectiveness, research and innovation and medical education.
- Chairs the Clinical Effectiveness Committee, the Safeguarding Effectiveness Committee and the Research Governance Board.
- Responsible for ensuring compliance with statutory requirements regarding Safeguarding children and vulnerable adults as well as ensuring the Trust is compliant with the Human Tissue Act.
- The Responsible Officer for the Trust, for the purposes of the revalidation of doctors with the General Medical Council, and the Caldicott Guardian for the Trust.

Executive Director of Human and Corporate Resources

- Provides strategic direction and leadership on a range of corporate functions to enable delivery of the highest quality of services to patients.
- Provides strategic advice to the Chief Executive and Board of Directors on all employment matters.
- Responsible for developing, implementing and monitoring a comprehensive HR Strategy ensuring that employee recruitment, retention, leadership, motivation and effectiveness are maximised.
- Responsible at Board level for effective internal and external communications ensuring at all times the appropriate positive projection of the Trust through the media.
- Responsible to the Board for its secretariat function, Governors and membership, to include support for its various meetings and internal processes.

Chief Operating Officer

- Responsible for the successful delivery of clinical operations in the Trust, playing an active role in the determination and implementation of corporate strategies and plans.
- Has responsibility for four key elements:
 - Operational leadership of all clinical Divisions and Directorates.
 - Performance management and delivery of all national and local targets.
 - Modernisation and process redesign of Trust clinical and business processes.
 - Business continuity management (including emergency planning).
- Provides effective management of the Trust on a day-to-day basis, ensuring

the provision of appropriate, effective high quality patient-centered care, which meets the needs of patients and can be achieved within the revenues provided.

- Contributes to the development and delivery of the wider Trust agenda, including implementation of the Trust's strategic vision.

Executive Director of Strategy

- Responsible for all aspects of strategic planning and for providing a robust framework for the development of corporate and service strategy.
- Produces the Operational Plan submission to NHS Improvement and maintains the on-going compliance relationship with Monitor, through monitoring submissions and exception reporting as required.
- Manages many of the Trust's major stakeholder relationships and works closely with our hospital leadership teams to ensure appropriate strategic positioning to deliver our vision.
- Plays a pivotal role as a member of the Greater Manchester Health and Social Care Partnership and helps to shape the future governance arrangements linked to this historic agreement.

Our **Risk Management Strategy** provides us with a framework that identifies risk and analyses its impact for all individual management units e.g. directorates, departments, functions or sites for significant projects and for the organisation as a whole. The completion of Equality Impact Assessments is part of this process.

Any hazard identified is analysed against its severity and the likelihood of it occurring. This determines the overall risk ranking and ensures there is a common methodology being used to rank risks across the organisation. The strategy clearly sets out the individual and corporate responsibilities for the management of risk within the organisation. Implementation of the strategy ensures the Board is informed about significant risks and is then able to communicate those effectively to external stakeholders.

The Risk Management Strategy is distributed throughout the organisation and to all local stakeholders and is reviewed every two years. There is increasing involvement of key stakeholders through mechanisms such as the Quality Reviews, the annual Clinical Audit and Risk Management Fair and Governors' learning events.

Each division and corporate service systematically identifies, evaluates, treats and monitors action on risk on a continuous basis. This work is then reported back through the local and corporate risk management and governance frameworks. This also connects the significant risks (those appraised at level 15 or above on the risk framework) to the organisation objectives and assesses the impact of the risks.

The outcome of the local and corporate review of significant risk is communicated to the Risk Management Committee so that plans can be monitored. All divisions report on all categories of risk to both the Trust Risk Management and Clinical Effectiveness Committees.

The Risk Management Committee undertakes further evaluation of the risks presented and their action plans and updates the Assurance Framework so that at any given time the significant risks to the organisation are identified. Risk Management and Assurance Framework processes are closely aligned and the Assurance Framework is dynamic and embedded in the organisation.

Controls and assurances provide evidence to support the Annual Governance Statement. A significant level of assurance has been given by Internal Audit In February 2018 for the first half of 2017/18 in its Head of Internal Audit Opinion.

All identified risks within the organisation are captured in the Risk Register. This document also contains the detailed risk assessments and resulting action plans associated with the external assurance sources detailed under 'review of effectiveness'. The Board is therefore able to monitor progress against such action plans. Risk assessment is a fundamental management tool and forms part of the governance and decision making process at all levels of the organisation.

The Medical Director and Chief Nurse work closely on the alignment of patient safety and the patient experience. Clinical risk assessment is a key component of clinical governance and forms part of the Risk Register.

The Trust also has established arrangements to advise and engage with both the Manchester and Trafford Health & Wellbeing Overview and Scrutiny Committees when there are proposed service changes which may impact on the people who use our services. We endeavour to work closely with patients and the public to ensure that any changes minimise the impacts on patients and public stakeholders.

As a Foundation Trust, we also inform our Council of Governors of proposed changes including how any potential risks to patients will be minimised. The Chief Executive Officer makes regular reports to the Governors on the position against all of the Trust risks scored at 15 or above. Progress on mitigation is RAG rated and shared with the Governors.

Overview of the organisation's major risks

The Trust has identified a number of significant risks, during 2017/18. These have been or are being addressed through robust monitoring at the bi-monthly Risk Management Committee, chaired by the Chief Executive and are presented below. More detail on work completed to mitigate these risks can be found in the Performance Report, which begins on page 11.

Key risks 2017/18 (1st April to 30th September 2017)

Risk	Category	Status
A&E performance and Emergency Department capacity	Clinical	2017/18
SMH Obstetric Capacity	Clinical	2017/18
Infection control – CPE	Clinical	2017/18
Patient records	Organisational	2017/18
Quality of Patient Records	Clinical	2017/18
Never events	Clinical	2017/18

Communication of diagnostic test and screening test results	Clinical	2017/18
Compliance with Building Regulations – Fire Stopping	Organisational	2017/18
Financial control and failure to deliver trading gap savings/financial challenge for future years	Financial	2017/18
Corporate and clinical mandatory training Compliance.	Clinical	2017/18
Diagnostics Waiting Times	Clinical	2017/18
Mortality	Clinical	2017/18
Wrong blood in tube	Clinical	2017/18
Clinical Management and Safety ESTU	Clinical	2017/18
Referral to Treatment (RTT)	Clinical	2017/18-
Adult Congenital Heart Services	Clinical	New 2017/18
Cancer 62 day Compliance	Clinical	New 2017/18
RMCH A&E/Urgent Care &ED Capacity	Clinical	New 2017/18
Cyber Security Risk	Organisational	New 2017/18
Appraisal Compliance	Organisational	2017/18 (separated out from a combined risk in 2016/17)
Potential Failure of Defibrillators	Clinical	New 2017/18

Combined Board Assurance Framework

As part of the integration plan working towards the merger, a Combined Board Assurance Framework was created with support from Hempsons Legal Advisors. This was approved by the Interim Board and both the University Hospital of South Manchester NHS Foundation Trust (UHSM) and Central Manchester University Hospitals NHS Foundation Trust (CMFT) Board of Directors. This provided assurance on the mitigating plans in place to manage the risks that threatened the achievement of the new organisation.

Interim Board

UHSM and CMFT were advised that a substantive Board of Directors could not be appointed until the new organisation had been authorised and a new Council of Governors had been elected. In line with the approved Full Business Case and NHS Improvement's guidance, an Interim Board was formed in June 2017 to cover the transitional period leading up to the planned merger – and to enable the prompt and effective appointment of a substantive Board following authorisation.

The appointment of the Interim Chairman and Interim Deputy Chairman was agreed with NHS Improvement. Candidates from both merging Trusts were interviewed by a panel which included external assessors and Governor representatives from each Trust.

The Interim Non-Executive Director appointments were agreed with NHS Improvement, with candidates from both Trusts interviewed by panels which included external assessors. Governors were informed that the substantive Chairman and the substantive Non-Executive Director appointments would be made following a process involving Governors of the new organisation once they had been elected and appointed.

Appointments of Interim Executive Directors to the Interim Board were made after receiving independent legal advice.

Quality governance arrangements

Our Quality Report 2016/17 described all the key elements of the Trust's quality governance arrangements, from measuring the patient experience through the improving quality programme to the initiatives for measuring clinical effectiveness, compliments, complaints and patient safety. Compliance with CQC registration was monitored through a number of Trust Committees but the main Committees are the Clinical Effectiveness Committee, the Quality Committee and the Risk Management Committee. The full-year Quality Report for 2017/18 will be included within the new Manchester University NHS Foundation Trust's part-year Annual Report & Accounts (October 2017 to March 2018) in May 2018

The Trust undertakes a programme of internal quality reviews, which are structured using both the core standards and key lines of enquiry. The reviews along with the internal and clinical audit programmes, the ward accreditation programme and the Divisional Review process all provide assurance on compliance with the CQC Standards of Care.

All divisions report risks via an electronic system and risks are escalated up to the Risk Management Committee above a score of 15. These risks are mapped against the key priorities on the Board Assurance Framework. This can be mapped to the CQC Standards. The Information Governance section below contains more information about data security risks.

The quality of performance information is subject to an annual audit which evaluates the key processes and controls for managing and reporting the indicators.

Care Quality Commission

Central Manchester University Hospitals NHS Foundation Trust is required to register with the CQC and our current registration status is fully registered with no conditions. The CQC has not taken enforcement action against the Trust during 1st April to September 30th 2017.

From 1st April to 30th September 2017, the Trust did not participate in any special reviews or investigations by the CQC.

The Trust is fully compliant with the CQC registration requirements.

Divisional Review Process

The Divisional Review Process informs the Board of Directors, the Risk Management Committee and the Divisional Clinical Effectiveness Groups on aspects of all risks identified through the analysis of incidents, complaints, clinical audit, concerns and

claims reported throughout the Trust.

Assurance Framework

The Assurance Framework structures the evidence on which the Board of Directors depends to assure it is managing risks which could impact on the organisation's key priorities.

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

We invest significant time in improving systems and controls to deliver a more embedded range of monitoring and control processes. The in-year use of resources is closely monitored by the Board of Directors and the following sub committees:

- Audit Committee
- Remuneration Committee
- Finance Scrutiny Committee
- Quality & Performance Scrutiny Committee
- Trust Risk Management Committee
- Human Resources Scrutiny Committee.

The Trust employs a number of approaches to ensure best value for money (VFM) in delivering its wide range of services. Benchmarking is used to provide assurance and to inform and guide service redesign.

This leads to improvements in the quality of services and patient experience as well as financial performance. A range of performance metrics are highlighted in the Performance Analysis (Measuring our operational performance) section on pages 21-36 of this report.

CMFT maintains a record of attendance at the Board and details of this for the first six months of 2017/18. The Audit Committee produces an annual report of its effectiveness which is included together with an overview of the work of the Remuneration and Nomination Committees.

The Trust is compliant with the principles and provisions of the NHS Foundation Trust Code of Governance following an annual review with Board members. The Board's statement on compliance is contained in detail on page 102 onwards of this report.

Information governance

Information Governance (IG) allows organisations to ensure that personal information is handled legally, securely, efficiently and effectively in order to deliver the best possible care. It sets information handling standards and gives staff the tools to ensure personal and corporate information is handled on a 'need to know' basis and avoiding duplication.

It is a framework of legal principles and best practice guidelines to be followed by CMFT and individuals to ensure compliance with legal, regulatory and Trust requirements and the provision of a secure and confidential information environment.

IG work undertaken from April to September 2017 included:

- Maintaining Data Protection registration and working towards ensuring compliance with the new 2018 Data Protection legislation.
- Reviewing policies, processes, codes of practice and templates to govern, document, promote and support the IG framework.
- Continuing an IG review programme to strengthen evidence of IG within the Trust.
- Promoting and supporting the Information Asset Owners (IAO) and Information Asset Administrators (IAA) roles.
- Undertaking Data Protection Impact Assessments (DPIA) as required.

Information Governance breaches are managed in line with the Trust's incident management policy. Serious information governance breaches are also managed in line with the Health and Social Care Information Centre (HSCIC) Checklist Guidance for Reporting, Managing And Investigating Information Governance and Cyber Security Serious Incidents Requiring Investigation (IG SIRI). The Trust's comprehensive Information Governance framework enabled the organisation to respond, mitigate and minimise disruption to its services from the international cyber-attack in May 2017. The IG framework also ensures best practice in addressing cyber threat and other IT security vulnerabilities.

The table below shows a summary of Information Governance incidents for 2017/18 up to 30th September 2017.

Category	Breach Type	Total
A	Corruption or inability to recover electronic data	3
B	Disclosed in error	45
C	Lost in transit	0
D	Lost or stolen hardware	0
E	Lost or stolen paperwork	15
F	Non-secure disposal - hardware	0
G	Non-secure disposal - paperwork	2
H	Uploaded to website in error	1
I	Technical security failing (including hacking)	2
J	Unauthorised access/disclosure	19
K	Other	39

There was one incident in the first six months of 2017/18 at a level which required reporting to the Information Commissioner's Office (ICO), Department of Health and other central bodies/regulators. The ICO has since responded to say that it is not taking any further action.

The principal risks to compliance with the NHS foundation trust condition 4 (FT Governance)

The principal risks to compliance with the NHS FT Condition 4 are outlined below although the action taken by the Trust to mitigate these risks in the future is outlined

elsewhere in the Annual Governance Statement.

Compliance with Care Quality Commission registration requirements

The Foundation Trust is fully compliant with the registration requirements of the Care Quality Commission.

Compliance with equality, diversity and human rights legislation

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

Compliance with the NHS Pension Scheme

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with.

This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations. Control measures are in place to ensure that all the Trust's obligations under equality, diversity and human rights legislation are complied with.

Compliance with Carbon Reduction Delivery Plans

We have undertaken risk assessments and Carbon Reduction Delivery Plans and these are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects.

This ensures that the organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Annual Quality Report

In compliance with the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended), the Directors are required to prepare Quality Reports for each financial year. NHS Improvement (exercising powers conferred on Monitor) issues guidance to NHS Foundation Trust Boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

However, due to the dissolution and merger of UHSM & CMFT to form Manchester University NHS Foundation Trust (MFT) on 1st October 2017, there is not Quality Report within this Annual Report.

Instead, the Boards of the legacy Trusts presented clinical due diligence reports to the Interim MFT Board. These reports set out detail on assurance of quality and safety performance including evidence of independent external review where available, this included the identification of risks which were included in the organisational risk register where needed.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within our Trust who have responsibility for the development and maintenance of the internal control framework.

I have drawn on the performance information available to me and 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 of Directors, the Trust Risk Management Committee, the Audit Committee, the Quality & Performance Scrutiny Committee, and the HR Scrutiny Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

My review is also informed by other major sources of assurance such as:

- Internal Audit Reports
- External Audit Reports
- Clinical Audit Reports
- Patient Surveys
- Staff Survey
- Royal College accreditation
- Health and Safety Executive Inspection Reports
- Care Quality Commission Intelligent Monitoring Standards
- PLACE assessments
- Senior Leadership Walk-rounds
- Clinical Pathology Accreditation
- Care Quality Commission - registration without conditions
- Equality and Diversity Reports
- General Medical Council Reports

The Trust applies a robust process for maintaining and reviewing the effectiveness of the system of internal control. A number of key groups, committees and teams make a significant contribution to this process, including:

- **Board of Directors**

The statutory body of the Trust is responsible for the strategic and operational management of the organisation and has overall accountability for the risk management frameworks, systems and activities, including the effectiveness of internal controls.

The Terms of Reference and responsibilities of all Board Committees are reviewed regularly in order to strengthen their roles in governance and focus their work on providing assurances to the Board on all risks to the organisation's ability to meet its key priorities.

- **Audit Committee**

The Audit Committee provides an independent contribution to the Board's overall process for ensuring that an effective internal control system is maintained and provides a cornerstone of good governance. The Audit Committee monitors the assurance processes of all other Board Committees (see also the Audit Committee report on pages 91-98 of this report).

- **Quality & Performance Scrutiny Committee**

This committee provides assurance on the Trust's work on quality (Patient Safety & Patient Experience) and performance (all key performance measures excluding Workforce & Finance).

The committee is led by a Non-Executive Director who identifies areas that require more detailed scrutiny arising from: national reports, Board Reports, the Board Assurance Report, patient feedback and public interest issues.

The committee does not replicate the work of other committees with related interests e.g. the Trust Risk Management Committee, the Clinical Effectiveness Committee and the Quality Committee.

- **Human Resources Scrutiny Committee**

This committee reviews CMFT's Human Resources Strategy and monitors the development and implementation of the key workforce deliverables.

Examples of key areas of focus during the first six months of 2017/18 include: CMFT Cultural Surveys; RMCH Cultural Diagnostics; and, Nursing & Midwifery Recruitment & Retention Strategy ('Safer Staffing') and the Community HV Service.

- **Internal Audit**

Internal Audit provides an independent and objective opinion to the Accounting Officer, the Board and the Audit Committee, on the degree to which the Trust's systems for risk management, control and governance support the achievement of the Trust's agreed key priorities.

Internal Audit work to a risk based audit plan, agreed by the Audit Committee, and covering risk management, governance and internal control processes, both financial and non-financial, across the Trust. The work includes identifying and evaluating controls and testing their effectiveness, in accordance with Public Sector Internal Audit Standards.

A report is produced at the conclusion of each audit and, where scope for improvement is found, recommendations are made and appropriate action plans agreed with management. Reports are issued to and followed up with the responsible Executive Directors. The results of audit work are reported to the Audit Committee which plays a central role in performance managing the action plans to address the recommendations from audits.

Internal audit reports are also made available to the external auditors, who may make use of them when planning their own work. In addition to the planned

programme of work, internal audit provide advice and assistance to senior management on control issues and other matters of concern.

The Internal Audit team also provides an anti-fraud service to the Trust. Internal Audit work also covers service delivery and performance, financial management and control, human resources, operational and other reviews.

Based on the work undertaken, including a review of the Board's risk and assurance arrangements, the Head of Internal Audit Opinion concluded in February 2018 that 'Significant Assurance' could be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently.

- **Trust Risk Management Committee**

The Risk Management Committee provides the Board of Directors with an assurance that risks are well managed with the appropriate plans in place. Reports demonstrate that the Risk Management reporting process includes all aspects of risk arising out of clinical and non-clinical practice.

The key areas of focus during the first six months of 2017/18 are highlighted under 'Overview of the organisation's major risks' section on page 107.

- **Clinical Audit**

The Clinical Audit Department oversees the development and delivery of an annual Clinical Audit Plan. This plan includes mandatory national audits, locally agreed priority audits and monitoring audits in respect of external regulation and accreditation.

The calendar is presented to the Trust Audit Committee and provides assurance on both clinical outcomes and compliance with guidance such as that provided by the National Institute for Health & Care Excellence (NICE) and the National Confidential Enquiry into Patient Outcome and Death (NCEPOD).

The Trust registered 256 clinical audits during the first six months of 2017/18, which took place across all our Divisions. Of these, 130 have been completed with their results disseminated and action taken in response. The remainder will be carried over as part of the Single Hospital Service programme.

Data validation is undertaken through data quality checks, audits (internal and external), hospital scrutiny groups, variance checking, extensive daily reporting and analysis. These checks are reflected through the Data Quality dashboard.

Conclusion

All significant internal control issues have been identified in this statement as part of the Risk and Control Framework section.

The Board confirms that it is satisfied that, to the best of its knowledge and using its own processes and having regard to Monitor's Quality Governance Framework (supported by Care Quality Commission information, our own information on serious incidents, patterns of complaints) CMFT has, and will keep in place, effective

arrangements for the purpose of monitoring and continually improving the quality of healthcare provided to our patients.

A handwritten signature in blue ink, appearing to read 'M Deegan', with a stylized flourish at the end.

Sir Michael Deegan CBE
Chief Executive Officer
23rd May 2018

3. Auditor's Report

Independent Auditor's Report to the Council of Governors and Board of Directors of Central Manchester University Hospitals NHS Foundation Trust

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Central Manchester University Hospitals NHS Foundation Trust (the 'foundation trust') and its subsidiaries (the 'group'):

- **give a true and fair view of the state of the group's and foundation trust's affairs as at 30 September 2017 and of the group's and foundation trust's income and expenditure for the 6 months then ended;**
- **have been properly prepared in accordance with the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts; and**
- **have been prepared in accordance with the requirements of the National Health Service Act 2006.**

We have audited the financial statements which comprise:

- the group and foundation trust statements of comprehensive income;
- the group and foundation trust statements of financial position;
- the group and foundation trust statements of cash flows;
- the group and foundation trust statements of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 33.

The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the foundation trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient

and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none">• NHS revenue recognition and recoverability of NHS receivables• Management override of controls <p>Within this report, any new key audit matters are identified with  and any key audit matters which are the same as the prior year identified with .</p>
Materiality	<p>The materiality that we used for the group financial statements was £9.5m which was determined on the basis of a combination of revenue and net assets measures . This represents approximately 1.8% of revenue and less than 2% of net assets.</p>
Scoping	<p>All testing of the group, foundation trust and charity was performed by the main audit engagement team, led by the audit partner.</p>
Significant changes in our approach	<p>Following the adoption of an alternate site Modern Equivalent Asset Valuation as at 31 March 2017 the Group did not revalue its land and buildings as at 30 September 2017. We have not identified property valuations as a key audit matter for the 6 months then ended.</p>

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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.

NHS revenue recognition and recoverability of NHS receivables

Key audit matter description



As described in note 1.7, Income within Accounting Policies, there are significant judgements in recognition of revenue from care of NHS patients /service users and in provisioning for disputes with commissioners due to:

- the complexity of the Payment by Results regime, in particular in determining the level of over-performance and Commissioning for Quality and Innovation revenue to recognise; and
- the judgmental nature of provisions for disputes.

Details of the Group's income, including £448m of Commissioner Requested Services, are shown in note 2.1 to the financial statements. There is £9.0m of CQUIN income, £18.4m of over-performance income and (£7.1m) of under-performance income. NHS receivables of £40.5m are shown in note 16 to the financial statements, alongside the bad debt provision of £4.5m.

The Group earns revenue from a wide range of commissioners, predominantly NHS England and NHS Manchester CCGs, increasing the complexity of agreeing a final year-end position.

How the scope of our audit responded to the key audit matter







We evaluated the design and implementation of controls over recognition of Payment by Results income.

We performed detailed substantive testing on a sample basis of the recoverability of over-performance income and adequacy of provision for under-performance through the year.

We performed detailed substantive testing on a sample basis of the recoverability of CQUIN income.

For NHS receivables we evaluated the results of the agreement of balances exercise and cash received after year end. We

	<p>challenged key judgements around specific areas of dispute and actual or potential challenge from commissioners and the rationale for the accounting treatments adopted. In doing so, we considered the historical accuracy of provisions for disputes and reviewed correspondence with commissioners.</p>
<p>Key observations</p> 	<p>We consider the CQUIN income and over-performance income recognised within Income from Clinical Commissioning Groups and NHS England to be appropriate based on the group's patient activity and performance activity against the operational targets agreed with Commissioners. We also consider the receivables balance recognised and the associated bad debt recorded on the group's Statement of Financial Position at 30 September 2017 to be appropriate.</p>
<p>Management override of controls </p>	
<p>Key audit matter description</p> 	<p>We consider that in the current year there is a heightened risk across the NHS that management may override controls to fraudulently manipulate the financial statements or accounting judgements or estimates. This is due to the increasingly tight financial circumstances of the NHS and the conditional nature of Sustainability and Transformation Funding. The Group has been allocated £7.5m of the Sustainability and Transformation Fund, contingent on achieving financial and operational targets each year.</p> <p>Details of critical accounting judgements and key sources of estimation uncertainty are included in note 1.6.</p>
<p>How the scope of our audit responded to the key audit matter</p> 	<p>We evaluated the design and implementation of controls for the extraction and reporting of performance information in respect of the recognition of performance elements of the Sustainability and Transformation Fund income. We also evaluated the design and implementation of controls over the financial reporting process, recording and processing of journals and the segregation of duties in respect of the reported financial position against the control total for Sustainability and Transformation Fund income.</p> <p>Manipulation of accounting estimates</p> <p>Our work on accounting estimates included considering each of the areas of judgement identified by our cumulative knowledge and understanding of estimation uncertainty identified from our audit of the foundation trust in previous years. In testing each of the relevant accounting estimates, we considered their findings in the context of the identified fraud risk. Where relevant, the recognition and valuation criteria used were compared to the specific requirements of IFRS.</p> <p>We tested accounting estimates (including in respect of NHS revenue), focusing on the areas of greatest judgement and</p>

value. Our procedures included comparing amounts recorded or inputs to estimates to relevant supporting information from third party sources.

We evaluated the rationale for recognising or not recognising balances in the financial statements and the estimation techniques used in calculations, and considered whether these were in accordance with accounting requirements and were appropriate in the circumstances of the group.

Manipulation of journal entries

We used data analytic techniques to select journals for testing with characteristics indicative of potential manipulation of reporting focusing in particular upon seldom used accounts, journals by users with few postings, journals posted on non-business days, debits to revenue and pre and post-dated material journals. We traced the journals to supporting documentation, and evaluated the accounting rationale for the posting. We evaluated individually and in aggregate whether the journals tested were indicative of fraud or bias.

We tested the year-end adjustments made outside of the accounting system between the general ledger and the financial statements and consolidation adjustments and journals.

Accounting for significant or unusual transactions

We considered whether any transactions identified in the year required specific consideration and did not identify any requiring additional procedures to address this key audit matter.

Key observations

We found no evidence of management bias in the estimates adopted by management.



Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Foundation trust financial statements
Materiality	£9.5m (2016/17: £12.8m)	£9.0m (2016/17: £12.3)
Basis for determining materiality	<p>We considered a combination of revenue and net assets measures. Materiality of £9.5m represents approximately 1.8% of revenue and less than 2% of net assets.</p> <p>In the prior year, materiality was determined on the basis of 1.2% of revenue.</p>	<p>We considered a combination of revenue and net assets measures. Materiality of £9.0m represents approximately [xx]% of revenue and less than 2% of net assets.</p> <p>In the prior year, materiality was determined on the basis of 1.2% of revenue.</p>
Rationale for the benchmark applied	<p>Revenue and net assets were chosen as benchmarks when considering materiality. As the foundation trust is a non-profit organisation, revenue was chosen as it is a key measure of financial performance for users of the group financial statements. We also looked at a balance sheet measure of net assets, reflecting the needs of difference stakeholders on cessation.</p>	<p>Revenue and net assets were chosen as benchmarks when considering materiality. As the foundation trust is a non-profit organisation, revenue was chosen as it is a key measure of financial performance for users of the group financial statements. We also looked at a balance sheet measure of net assets, reflecting the needs of difference stakeholders on cessation.</p>

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.3m (2017: £0.25m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the group and its environment, including internal control, and assessing the risks of material misstatement at the group level.

The main focus of our audit work was on the foundation trust. Our audit work for the foundation trust was executed at a materiality level of £9.0m, which was lower than group materiality.

We performed limited audit procedures on the foundation trust's subsidiary, Central Manchester University Hospitals NHS Foundation Trust Charity. Our audit work for the charity investments, revenue and expenditure was executed at a materiality level of £3.8m, which was lower than group materiality.

For both the foundation trust and Charity the extent of our testing was based on our assessment of the risks of material misstatement and the materiality of the foundation trust and charity to the Group.

The audit team integrated Deloitte specialists bringing specific skills and experience in IT and the valuation of financial instruments.

All testing of the group, foundation trust and charity was performed by the main audit engagement team performed at the Trust's head offices in Manchester, as led by the audit partner.

Other information

The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

We have nothing to report in respect of these matters.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed,

we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of accounting officer

As explained more fully in the accounting officer's responsibilities statement, the accounting officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the accounting officer is responsible for assessing the group's and the foundation trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the group or the foundation trust or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the National Health Service Act 2006

In our opinion:

- the parts of the Directors' Remuneration Report and Staff Report to be audited have been properly prepared in accordance with the National Health Service Act 2006; and
- the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Annual Governance Statement, use of resources, and compilation of financial statements

Under the Code of Audit Practice, we are required to report to you if, in our opinion:

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, is misleading, or is inconsistent with information of which we are aware from our audit;
- the NHS Foundation Trust has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; or
- proper practices have not been observed in the compilation of the financial statements.

We have nothing to report in respect of these matters.

We are not required to consider, nor have we considered, whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

Reports in the public interest or to the regulator

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

- 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; or
- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the foundation trust, or a director or officer of the foundation trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.

We have nothing to report in respect of these matters.

Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

Use of our report

This report is made solely to the Council of Governors and Board of Directors (“the Boards”) of Central Manchester University Hospitals NHS Foundation Trust, as a body, in accordance with paragraph 4 of Schedule 10 of the National Health

Service Act 2006. Our audit work has been undertaken so that we might state to the Boards those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the foundation trust and the Boards as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Thomson (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
May 2018

4. Foreword to the accounts

These Accounts for the period ended 30 September 2017 have been prepared by Central Manchester University Hospitals NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006, in the form in which NHS Improvement, the Independent Regulator of NHS Foundation Trusts, has, with the approval of the Treasury, directed.

These Accounts have been prepared in accordance with the NHS Foundation Trust Annual Reporting Manual issued by NHS Improvement and the Group Accounting Manual issued by the Department of Health.

After making enquiries, the Directors have a reasonable expectation that the Trust and the Group have 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.

Signed:



Date: 23 May 2018

5. Annual Accounts

Central Manchester University Hospitals NHS Foundation Trust - Half Year Accounts 2017/18

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2017

		Six months to 30 September 2017	Six months to 30 September 2017	Year to 31 March 2017	Year to 31 March 2017
		Trust £000	Group £000	Trust £000	Group £000
Operating Income from Continuing Operations	2	528,996	531,509	1,070,872	1,072,828
Operating Expenses of Continuing Operations	3	(518,131)	(520,517)	(1,134,203)	(1,138,068)
Operating Surplus/(Deficit) before finance costs		10,865	10,992	(63,331)	(65,240)
Finance Costs:					
Finance Income	6	81	335	186	732
Finance Expense - Financial Liabilities	7	(15,588)	(15,588)	(29,851)	(29,851)
Finance Expense - Unwinding of Discount on Provisions	21.1	0	0	(7)	(7)
Public Dividend Capital Dividends Payable *		0	0	(1,745)	(1,745)
Net Finance Costs		(15,507)	(15,253)	(31,417)	(30,871)
Gains on disposal of investments	8	0	0	0	309
Deficit for the period		(4,642)	(4,261)	(94,748)	(95,802)
Other Comprehensive Income / (Expense)					
Amounts that will subsequently be reclassified to income and expenditure:					
Other Reserve Movements	SOCIE	0	(194)	0	1,122
Total Other Comprehensive Income		0	(194)	0	1,122
Total Comprehensive Expense for the Period		(4,642)	(4,455)	(94,748)	(94,680)

* There is no public dividend capital dividend payable for the period to 30 September 2017 due to the calculated charge being negative.

The Notes on pages 5 to 42 form part of these Accounts.

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	NOTE	30 September 2017 Trust £000	30 September 2017 Group £000	31 March 2017 Trust £000	31 March 2017 Group £000
Non-Current Assets					
Intangible Assets	10	2,176	2,176	2,534	2,534
Property, Plant and Equipment	11 and 11.1	406,338	406,438	406,511	406,616
Investments	13	866	14,636	866	14,735
Trade and Other Receivables	16	5,781	6,031	5,785	6,285
Total Non-Current Assets		415,161	429,281	415,696	430,170
Current Assets					
Inventories	15	11,880	11,880	12,847	12,847
Trade and Other Receivables	16	77,844	79,002	92,623	92,922
Non-Current Assets Held for Sale	14	210	210	210	210
Cash and Cash Equivalents	18	106,075	109,272	85,322	88,643
Total Current Assets		196,009	200,364	191,002	194,622
Current Liabilities					
Trade and Other Payables	19	(115,841)	(116,303)	(106,755)	(107,023)
Borrowings	20	(13,603)	(13,603)	(11,281)	(11,281)
Provisions	21	(2,430)	(2,430)	(3,027)	(3,027)
Total Current Liabilities		(131,874)	(132,336)	(121,063)	(121,331)
Total Assets less Current Liabilities		479,296	497,309	485,635	503,461
Non-Current Liabilities					
Trade and Other Payables	19	(3,575)	(3,575)	(2,099)	(2,099)
Borrowings	20	(365,585)	(365,585)	(368,758)	(368,758)
Provisions	21	(3,397)	(3,397)	(3,397)	(3,397)
Total Non-Current Liabilities		(372,557)	(372,557)	(374,254)	(374,254)
Total Assets Employed		106,739	124,752	111,381	129,207
Financed by Taxpayers' and Others' Equity					
Public Dividend Capital		196,735	196,735	196,735	196,735
Revaluation Reserve	23	16,694	16,694	16,694	16,694
Income and Expenditure Reserve	SOCIE	(106,690)	(106,690)	(102,048)	(102,048)
Charitable Fund Reserves	SOCIE	0	18,013	0	17,826
Total Taxpayers' and Others' Equity		106,739	124,752	111,381	129,207

The financial statements on pages 1 to 42 were approved by the Trust on 23 May 2018 and signed on its behalf by

Chief Executive:

Date: 23 May 2018

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

		30 September 2017 Trust £000	30 September 2017 Group £000	31 March 2017 Trust £000	31 March 2017 Group £000
Non-Current Assets					
Intangible Assets	10	2,176	2,176	2,534	2,534
Property, Plant and Equipment	11 and 11.1	406,338	406,438	406,511	406,616
Investments	13	866	14,636	866	14,735
Trade and Other Receivables	16	5,781	6,031	5,785	6,285
Total Non-Current Assets		415,161	429,281	415,696	430,170
Current Assets					
Inventories	15	11,880	11,880	12,847	12,847
Trade and Other Receivables	16	77,844	79,002	92,623	92,922
Non-Current Assets Held for Sale	14	210	210	210	210
Cash and Cash Equivalents	18	106,075	109,272	85,322	88,643
Total Current Assets		196,009	200,364	191,002	194,622
Current Liabilities					
Trade and Other Payables	19	(115,841)	(116,303)	(106,755)	(107,023)
Borrowings	20	(13,603)	(13,603)	(11,281)	(11,281)
Provisions	21	(2,430)	(2,430)	(3,027)	(3,027)
Total Current Liabilities		(131,874)	(132,336)	(121,063)	(121,331)
Total Assets less Current Liabilities		479,296	497,309	485,635	503,461
Non-Current Liabilities					
Trade and Other Payables	19	(3,575)	(3,575)	(2,099)	(2,099)
Borrowings	20	(365,585)	(365,585)	(368,758)	(368,758)
Provisions	21	(3,397)	(3,397)	(3,397)	(3,397)
Total Non-Current Liabilities		(372,557)	(372,557)	(374,254)	(374,254)
Total Assets Employed		106,739	124,752	111,381	129,207
Financed by Taxpayers' and Others' Equity					
Public Dividend Capital		196,735	196,735	196,735	196,735
Revaluation Reserve	23	16,694	16,694	16,694	16,694
Income and Expenditure Reserve	SOCIE	(106,690)	(106,690)	(102,048)	(102,048)
Charitable Fund Reserves	SOCIE	0	18,013	0	17,826
Total Taxpayers' and Others' Equity		106,739	124,752	111,381	129,207

The financial statements on pages 1 to 42 were approved by the Trust on 23 May 2018 and signed on its behalf by

Chief Executive:

STATEMENT OF CHANGES IN EQUITY

	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	Total	Charity Reserve	Total
	Trust £000	Trust £000	Trust £000	Trust £000	£000	Group £000
30 September 2017						
Taxpayers' and Others' Equity at 1 April 2017	196,735	16,694	(102,048)	111,381	17,826	129,207
(Deficit) /surplus for the period	0	0	(4,642)	(4,642)	381	(4,261)
Fair Value gains on Available-for-Sale Financial Investments	0	0	0	0	(99)	(99)
Transfer to Pennine Care Charity	0	0	0	0	(95)	(95)
Total Comprehensive Income	0	0	(4,642)	(4,642)	187	(4,455)
Taxpayers' and Others' Equity at 30 September 2017	196,735	16,694	(106,690)	106,739	18,013	124,752
31 March 2017						
Taxpayers' and others' equity at 1 April 2016	196,039	43,146	(33,752)	205,433	17,758	223,191
(Deficit) for the Year	0	0	(94,748)	(94,748)	(1,054)	(95,802)
Fair Value losses on Available-for-Sale Financial Investments	0	0	0	0	1,122	1,122
Total Comprehensive Income	0	0	(94,748)	(94,748)	68	(94,680)
Transfer from Reval Reserve to I&E Reserve for impairments arising from consumption of economic benefits	0	(9,171)	9,171	0	0	0
Reclassification of indexation previously recognised in revaluation reserve	0	(17,281)	17,281	0	0	0
Public Dividend Capital Received	696	0	0	696	0	696
Taxpayers' and Others' Equity at 31 March 2017	196,735	16,694	(102,048)	111,381	17,826	129,207

Descriptions of the nature and purpose of each of the above Reserves is given at Note 31 to these Accounts.

Revaluations for the Trust relate to Property, Plant and Equipment, whereas those of the Charity relate to Investments.

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

		30 September 2017	30 September 2017	31 March 2017	31 March 2017
	NOTES	Trust £000	Group £000	Trust £000	Group £000
Cash Flows From Operating Activities					
Operating surplus/(deficit) from Continuing Operations	SOCI	10,865	10,992	(63,331)	(65,240)
Operating surplus/(deficit)		10,865	10,992	(63,331)	(65,240)
Non-Cash Income and Expense					
Depreciation and Amortisation	3	9,512	9,517	24,649	24,660
Net Impairments	3	9,877	9,877	153,982	153,982
Non-Cash Donations/Grants Credited to Income	11	(596)	(596)	(3,827)	(1,568)
Decrease/(increase) in Trade and Other Receivables	16	12,231	11,932	(37,867)	(37,379)
Decrease/(increase) in Inventories	15	967	967	(2,669)	(2,669)
Increase/(decrease) in Trade and Other Payables	19	9,128	9,012	7,244	7,044
(Decrease)/increase in Provisions	21	(597)	(597)	(3,673)	(3,673)
Other movements in cash flows - transfer to Pennine Care Charity		0	(95)	0	0
Net Cash Generated From Operations		51,387	51,009	74,508	75,157
Cash Flows From Investing Activities					
Interest Received	6	81	335	186	732
Sale of Financial Assets	13	0	0	0	3,715
Purchase of Financial Assets	13	0	0	0	(2,450)
Purchase of Intangible Assets	10	0	0	(421)	(421)
Purchase of Property, Plant and Equipment	11	(16,919)	(16,919)	(29,415)	(29,415)
Sale of Property, Plant and Equipment					0
Receipt of Cash Donations to Purchase Capital Assets		596	596	2,468	540
Net Cash Used In Investing Activities		(16,242)	(15,988)	(27,182)	(27,299)
Cash Flows From Financing Activities					
Public Dividend Capital Received	SOCIE	0	0	696	696
Loans Received	20	4,300	4,300	8,600	8,600
Loans Repaid	20	(1,556)	(1,556)	(4,112)	(4,112)
Capital Element of Private Finance Initiative Obligations	20	(3,594)	(3,594)	(6,437)	(6,437)
Interest Paid	7	(1,537)	(1,032)	(2,045)	(2,045)
Interest Element of Private Finance Initiative Obligations	7	(14,530)	(14,530)	(27,770)	(27,770)
Public Dividend Capital Dividend received (paid)	SOCI	2,517	2,517	(4,564)	(4,564)
Cash flows from other financing activities		8	8		
Net Cash Used In Financing Activities		(14,392)	(13,887)	(35,632)	(35,632)
Increase/(decrease) in Cash and Cash Equivalents	18	20,753	21,134	11,694	12,226
Cash and Cash Equivalents at Start of Financial Year	18	85,322	88,643	73,628	76,417
Cash and Cash Equivalents at End of Financial Year	18	106,075	109,272	85,322	88,643

Notes to the Accounts - 1. Accounting Policies

1.1 Accounting Policies and Other Information

NHS Improvement is responsible for issuing an Accounts Direction to NHS Foundation Trusts under the NHS Act 2006. NHS Improvement has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the Department of Health Group Accounting Manual (GAM), agreed with the Secretary of State. Consequently, the following financial statements have been prepared in accordance with the 2017/18 GAM issued by the Department of Health. The Accounting Policies contained in the GAM follow International Financial Reporting Standards (IFRS) and the Treasury's Financial Reporting Manual (FRM), to the extent that they are meaningful and appropriate to NHS Foundation Trusts. Where the GAM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Trust and the Group (see Note 1.4 below in respect of Consolidation and Group Accounting), for the purpose of giving a true and fair view, has been selected. The particular policies adopted by the Trust and the Group are described below. They have been applied consistently in dealing with items considered material in relation to these Accounts.

1.2 Accounting Convention

These financial statements have been prepared under the Historical Cost Convention, modified to account for the revaluation of land, buildings and investments, by reference to their most recent valuations. Plant, equipment and intangible assets are held at historic cost. The financial statements are presented rounded to the nearest thousand pounds.

1.3 Going Concern

After making enquiries, the Directors have a reasonable expectation that the Trust and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing these financial statements. On the 1 October 2017 Central Manchester University NHS Foundation Trust merged with University Hospital of South Manchester NHS Foundation Trust to form Manchester University NHS Foundation Trust with the functions of the Trust transferring to the new organisation. This will be accounted for as a transfer by absorption with the closing net assets of the Trusts being transferred to form the new Trust. On this basis it is appropriate to continue to prepare these accounts on a going concern basis.

1.4 Consolidation of Subsidiaries and Group Accounting

The Trust is the Corporate Trustee to Central Manchester University Hospitals NHS Foundation Trust Charity (CMFT Charity). The CMFT Charity is a charity registered (No. 1049274) with the independent regulator, the Charity Commission, to whom it is accountable. The Trust has assessed its relationship to the Charity and determined it to be a subsidiary, the Trust has the sole power to govern the financial and operating policies of the Charity, so as to obtain benefits from the Charity's activities for itself, its patients and its staff. The CMFT Charity's financial results have been consolidated into the financial statements of the Trust since 2013/14, in accordance with IFRS 10, or its predecessor IAS 27. Notes 33.1 and 33.2 to these group financial statements give the original figures of the Charity for the current and prior financial years, and show how these have been modified to reach the values used as consolidating adjustments.

These financial statements therefore disclose the Trust's financial position alongside that of the Group (which is the Trust and the CMFT Charity combined). The basis of arriving at the Group figures is as follows:-

- The Charity's individual statements and notes to the accounts are adjusted firstly for one difference in Accounting Policy. This relates to expenditure accounted for on a commitment basis which is not permitted under the Trust's and the Group's Accounting Conventions, as set out above; and
- The Charity's individual statements and notes to the accounts are adjusted in respect of transactions and balances which have taken place between the Trust and the Charity. These intra company balances and transactions are eliminated on consolidation and the resulting figures for Income and Expenditure; gains and losses; assets and liabilities; reserves; and cash flows, are then consolidated with those of the Trust, to form the Group Accounts.

The Trust has a wholly owned subsidiary, Manchester Health Ventures Ltd. The company was dormant in the period to 30 September 2017 and has not been consolidated into these accounts on the basis of materiality.

Notes to the Accounts - 1. Accounting Policies (Continued)

These Accounting Policies apply to both the Trust and the Group. The CMFT Charity's latest audited financial statements, which have been prepared in accordance with the UK Charities Statement of Recommended Practice (SORP)*, can be obtained from the Charity Commission website.

* The Charities SORP is based on UK Financial Reporting Standard (FRS) 102.

The Central Manchester University Hospitals NHS Foundation Trust Charity is based at the following address:-

Citylabs, Maurice Watkins Building, Nelson Street, Manchester, M13 9NQ.

As a subsidiary of the Trust, the Charity is able to transfer funds to the Trust, providing that this funding is over and above what the NHS would normally provide, and is in line with the objects of the Charity.

The CMFT Charity is the Trust's sole subsidiary.

1.5 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 NHS body to another (see also Note 1.33). The Trust and the Group did not have any acquisitions and discontinued operations during the period to the 30 September 2017 or 2016/17.

1.6 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Trust's and the Group's Accounting Policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities, and for other areas, where precise information is not readily apparent from any source. The estimates and associated assumptions are based on historical experience and other factors which are considered to be relevant. Actual results may differ from those estimates, and the estimates and underlying assumptions are continually reviewed and updated. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in future periods, as well as that of the revision, if required.

Critical Accounting Judgements and Sources of Estimation Uncertainty

The following are the key assumptions made by management concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:-

Modern Equivalent Asset Valuation

The Trust carried out a revaluation exercise in 2016/17. Independent valuers provided advice on valuations, as at 31 March 2017, of the Trust's and the Group's land and building assets (estimated financial value and estimated remaining useful life), applying a Modern Equivalent Asset method of valuation for an optimised building and alternate site with regards to land. This was a change in valuation methodology of the building asset compared to the one adopted in previous financial years. The basis of valuation for land was consistent with the previous financial year, but a different estimation technique has been applied in arriving at the valuation for both land and buildings. For both the land and building valuations, it has been assumed that the same services are provided but from an optimised (i.e. smaller) physical footprint.

Notes to the Accounts - 1. Accounting Policies (Continued)

Property, Plant and Equipment - Useful Economic Lives

The Trust and the Group use best judgement to determine the most appropriate life for each asset or class of assets - see Note 12.

1.7 Income

Income, including that for research and training, is accounted for applying the accruals convention. Therefore income in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of income for the Trust and the Group is from NHS Commissioners, for healthcare services. Those partially completed patient care spells that are counted at the period end, are valued at average specialty cost for the specialty of admission.

Ordinarily, where income is received for a specific activity which is to be delivered in future years, that income will be deferred. This is recognised as a liability detailed in note 19.

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

1.8 Employee Benefits

1.8.1 Short-Term Employee Benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from the employee.

1.8.2 Pension Costs

Past and present employees are covered by the provisions of three NHS Pension Schemes or the National Employment Savings Trust (NEST). Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions and <https://www.nestpensions.org.uk>.

Notes to the Accounts - 1. Accounting Policies (Continued)

The schemes are unfunded, defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the reporting 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 - NHS Pension Scheme

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 are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 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 scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension 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 - NHS Pension Scheme

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The latest actuarial valuation was carried out as at 31 March 2016. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

c) Scheme Provisions - All Schemes

Employer's pension cost contributions for all schemes are charged to operating expenses as and when they become due. Up to September 2017 these contributions amounted to £25,420k (2016/17 - £49,817k), as detailed in note 4.1.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.8.3 Senior Employees' Remuneration

Details of senior employees' remuneration can be found in the Remuneration Report (within the "Board of Directors" section of the Trust and the Group's Annual Report).

1.9 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 least initially) at the cost of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a Non-Current Asset, e.g. property or equipment (see Note 1.10 below).

1.10 Property, Plant and Equipment

Recognition

Property, plant and equipment is capitalised if:-

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

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are grouped into categories based on similar asset lives, and the groups (categories) are treated as separate assets and depreciated over their own individual useful economic lives.

Valuation

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

Notes to the Accounts - 1. Accounting Policies (Continued)

Specialised operational buildings are measured on a modern equivalent asset basis. In agreement with the District Valuer, the NHS Foundation Trust has applied an 'optimal site' valuation which recognises any efficiencies that could be obtained if the site were to be rebuilt, whilst allowing the current level of service provision to be maintained. The valuation of buildings managed and maintained by the Trust's PFI partner exclude VAT.

Land is valued on an alternate site basis using market value for existing use. The area of this alternate site is of sufficient size for the optimally designed building using the optimal site method referred to previously.

Non operational buildings are tested for impairment to ensure the carrying value does not exceed the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

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.

Equipment assets are carried at Depreciated Historic Cost, as this is not considered to be materially different from Fair Value.

An increase arising on revaluation is taken to the Revaluation Reserve, except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to the Statement of Comprehensive Income (SoCI), to the extent of the decrease previously charged there. A revaluation decrease is recognised as an Impairment charged to the Revaluation Reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Gains and losses recognised in the Revaluation Reserve are reported as "Other Comprehensive Income" in the SoCI.

In accordance with the GAM, impairments which are due to a loss of economic benefits or service potential in the asset are also 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.
- (ii) The balance in the Revaluation Reserve attributable to that asset before the impairment.

An impairment which arises from a clear consumption of economic benefit or service potential is reversed when, and to the extent that, the circumstances which gave rise to the loss are themselves reversed. 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, and reversals of "other impairments" as revaluation gains.

Subsequent Expenditure

Where subsequent expenditure enhances an asset beyond its original specification, and it is probable that additional future economic benefits or service potential will flow to the Trust and the Group, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to a specification appropriate for its economic life, the expenditure is treated as a revenue expense.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.11 Intangible Assets

Recognition

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

Software which is integral to the operation of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, for example application software, is capitalised as an Intangible Asset. Expenditure on research; internally-generated goodwill; brands; mastheads; publishing titles; customer lists and similar items are not capitalised: they are recognised as Operating Expenses in the period in which they are incurred.

Expenditure on development is only capitalised where:-

- the project is technically feasible to the point of completion, and will create an Intangible Asset;
- the Trust and the Group intend to complete the asset and sell or use it;
- the Trust and the Group have the ability to sell or use the asset;
- the economic or service delivery benefits can be demonstrated;
- the Trust and the Group have adequate resources to complete the development; and
- and the development costs can be reliably measured.

Measurement

Intangible Assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point at which it is capable of operating in the manner intended by management. Subsequently Intangible Assets are measured at current value in existing use. Revaluation Gains, Losses and Impairments are treated in the same manner as for Property, Plant and Equipment (see Note 1.10). The amount initially recognised for internally-generated Intangible Assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated Intangible Asset can be identified, the expenditure in question is written off through the Statement of Comprehensive Income in the period in which it is incurred. Internally-developed software is held at Historic Cost to reflect the opposing effects of increases in development costs, versus technological advances.

1.12 Depreciation, Amortisation and Impairments

Freehold land is not depreciated, as it is considered to have an infinite life. Property, Plant and Equipment which has been reclassified as "Held for Sale" ceases to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use.

Otherwise, depreciation and amortisation are charged to write off the cost or valuation on a straight line basis, less any residual value, of Property, Plant and Equipment and Intangible Non-Current Assets, over their estimated useful lives. The estimated useful life of an asset is the period over which the Trust and the Group expect to obtain economic benefits or service potential from the asset. This life is specific to the Trust and the Group, and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed periodically, with the effect of any changes being recognised on a prospective basis. Note 12 to these Accounts gives details of the Useful Economic Lives of the Trust's and the Group's Property, Plant and Equipment assets.

Where assets are non-operational for a short period while management decide on their future use, they are retained at their current valuation, although depreciation ceases from the date they are taken out of use.

Finance leased assets are depreciated over the shorter of the useful economic life or the lease term, unless the Trust and the Group expect to acquire an asset at the end of its lease term, in which it is depreciated in the same manner as owned assets above.

All assets begin to be depreciated in the month following the month in which they are brought into use - either when transferred from Assets Under Construction, or when directly purchased.

Notes to the Accounts - 1. Accounting Policies (Continued)

If there has been an impairment loss, the asset is written down to its recoverable amount, with the loss charged to the Revaluation Reserve to the extent that there is a balance on the Reserve for the asset and, thereafter, to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount, but capped at the amount which would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there, and thereafter to the Revaluation Reserve.

1.13 Donated Assets

Donated Non-Current Assets are capitalised at their fair value on receipt, with the corresponding receipt credited to the Statement of Comprehensive Income, in accordance with the principles of IAS 20, unless the donor has imposed a condition that the future economic benefits embodied in the donation are to be consumed in a manner specified by them. In this case, the donation is deferred within liabilities (note 19), and carried forward to future financial years, to the extent that the condition has not yet been met. Donated Assets are subsequently valued, depreciated and impaired as described above for purchased assets.

1.14 Government and Other Grants

Government Grants are grants from Government bodies, other than income from NHS bodies for the provision of services. Revenue Grants are reported through the Statement of Comprehensive Income in line with conditions. Capital Granted Assets are treated in the same manner as Donated Assets (as outlined above), and in accordance with the principles of IAS 20.

1.15 Surplus Non-Current Assets - Held for Sale or to be Scrapped or Demolished

A Non-Current Asset which is surplus, with no plan to bring it back into use, is valued at Fair Value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

In general, the following conditions must be met for an asset to be classified as Held for Sale:-

- Management is committed to a plan to sell;
- The asset is available for immediate sale in its present condition;
- The sale is highly probable; and
- The asset is being actively marketed for sale at a price reasonable in relation to its Fair Value.

Following reclassification, Assets Held for Sale are measured at the lower of their existing carrying amount, and their "Fair Value less costs to sell". Assets are derecognised when all material sale contract conditions are met.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as Held for Sale. Instead, it is retained as an operational asset and its economic life is adjusted. Such assets are derecognised when they are scrapped or demolished.

1.16 Leases

Finance Leases

Where substantially all of the risks and rewards of ownership of a leased asset are borne by the Trust or the Group, the asset is recorded as Property, Plant and Equipment, and a corresponding liability is recorded. The value at which both the asset and the liability are recognised is the lower of the Fair Value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of return on the outstanding liability.

The asset and liability are recognised at the inception of the lease, and are de-recognised when the arrangement is discharged or cancelled, or when it expires. The annual rental is split between the repayment of the liability and a finance cost. This annual finance cost is calculated by applying the implicit interest rate to the outstanding liability, and is charged to finance costs in the Statement of Comprehensive Income.

Notes to the Accounts - 1. Accounting Policies (Continued)

Operating Leases

Leases other than Finance Leases are regarded as Operating Leases, and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are treated as a reduction to the lease rentals, and reflected in operating expenses over the life of the lease. In applying IFRIC 4 - determining whether an arrangement contains a Lease, collectively significant rental arrangements that do not have the legal status of a lease but convey the right to use an asset for payment are accounted for under the Trust's lease policy, where fulfilment of the arrangement is dependent on the use of specific assets.

Leases of Land and Buildings

Where a lease is for land and buildings, the land component is separated from the building component, and the classification for each is assessed separately. Leases of land are treated as Operating Leases.

1.17 Private Finance Initiative (PFI) Transactions

The Treasury has determined that public bodies shall account for infrastructure PFI schemes, where the public body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement, as service concession arrangements, following the principles and requirements of IFRIC 12. Therefore, in accordance with IAS 17, the Trust and the Group recognise their PFI asset as an item of property, plant and equipment, together with a corresponding Finance Lease Liability to pay for it.

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

- a) Payment for the fair value of services received - recognised in operating expenses;
- b) Payment for the PFI asset, including finance costs (charged to the Statement of Comprehensive Income) and, if applicable, prepayments for assets not yet in operational use; and
- c) Payment for the replacement of components of the asset during the contract, known as "lifecycle

Services Received

The fair value of services received in the year is recorded under the relevant expenditure headings within operating expenses.

PFI Assets

The Trust's PFI assets are recognised as property, plant and equipment when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust's and the Group's approach for each relevant class of asset, in accordance with the principles of IAS 16.

PFI Liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets, and is subsequently measured as a Finance Lease Liability in accordance with IAS 17.

The element of the annual Unitary Payment which is allocated as a Finance Lease Rental is applied to meet the annual finance cost, and to repay the lease liability over the contract term. An annual Finance Cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to Finance Costs within the Statement of Comprehensive Income.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease, in accordance with IAS 17. This amount is not included in the minimum lease payments, but is instead treated as contingent rent, and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability, and is therefore disclosed as a contingent finance cost in the Statement of Comprehensive Income.

Notes to the Accounts - 1. Accounting Policies (Continued)

Lifecycle Replacement

An element of the annual unitary payment is allocated to lifecycle replacement, and is pre-determined for each year of the contract, by reference to the operator's planned programme of lifecycle replacement.

Components of the asset replaced by the operator during the contract (Lifecycle Replacement) are capitalised where they meet the Trust's and the Group's criteria for capital expenditure. They are capitalised at the time they are provided by the operator, and are measured initially at their Fair Value.

Assets Contributed by the Trust and the Group to the Operator

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

1.18 Inventories

Inventories (Stocks) are valued at the lower of cost and net realisable value, with the exception of both Pharmacy inventories, which are valued at weighted average cost, and Inventories recorded and controlled via the Materials Management System, which are valued at current cost. This is considered to be a reasonable approximation to net realisable value due to the high turnover of stocks. The cost of inventories is measured using the First In, First

1.19 Cash and Cash Equivalents

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

1.20 Contingencies

A Contingent Asset is a possible asset which arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust or the Group. Contingent Assets are not recognised in the Statement of Financial Position, but are disclosed at Note 22.2 to these Accounts, where an inflow of economic benefits is possible.

Contingent Liabilities are similarly not recognised in the Statement of Financial Position but, as with Contingent Assets above, are disclosed in Note 22.1 to these Accounts, unless the probability of a transfer of economic benefits is remote. Contingent Liabilities are defined as:-

- a) Possible obligations arising from past events, whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Trust's or the Group's control; or
- b) Present obligations arising from past events, but for which it is not probable that a transfer of economic benefits will arise, or for which the amount of the obligation cannot be measured with sufficient reliability.

Where the time value of money is material, Contingencies are disclosed at their present value.

1.21 Provisions

The Trust and the Group provide for legal or constructive obligations which are of uncertain timing or amount at the Statement of Financial Position date, on the basis of the best possible reliable estimate of the expenditure and when it is considered probable that there will be a future outflow of 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 one or more of the Discount Rates published and mandated by the Treasury. For these 2017/18 part year accounts the only such Discount Rate applicable to the Trust or the Group was 0.24%, (2016/17 - 0.24%) for Post Employment Benefits - specifically the costs of Pensions and Injury Benefits, for which the Trust and the Group are obliged to pay.

Notes to the Accounts - 1. Accounting Policies (Continued)

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme (the Clinical Negligence Scheme for Trusts or CNST), under which the Trust and the Group pay an annual contribution to the NHSLA which, in return, settles all Clinical Negligence Claims. Although the NHSLA is administratively responsible for all Clinical Negligence cases, the legal liability remains with the Trust and the Group. The total value of Clinical Negligence provisions carried in its Accounts by the NHSLA, on behalf of the Trust and the Group, is disclosed at Note 21.2.

1.22 Non-Clinical Risk Pooling

The Trust and the Group participate in the Property Expenses Scheme, and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust and the Group pay an annual contribution to the NHSLA, and in return receive 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 to make payment arises.

Other commercial insurance held by the Trust and the Group includes that for (building) contract works, motor vehicles, personal accidents, and group travel (for clinical staff required to work off-site, as well as overseas travel). The annual premium and any excesses payable are charged to Operating Expenses as and when the liability arises.

1.23 Financial Instruments: Financial Assets and Financial Liabilities

Financial Assets and Liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust and the Group's normal purchase, sale or usage arrangements, are recognised when, and to the extent that, performance occurs, i.e. when receipt or delivery of the goods or services is made. The Trust and the Group do not (in common with most Public Bodies) generally hold any Financial Assets or Liabilities, the exceptions being those listed below, all of which are recognised when the Trust and the Group become parties to any contractual provisions of the instruments.

Financial Assets and Financial Liabilities at "Fair Value Through Income and Expenditure":

Financial Assets and Liabilities in this category are those held for trading. A Financial Asset or Liability is classified in this category if acquired principally for the purpose of selling in the short-term.

Loans and Receivables

Loans and Receivables are non-derivative Financial Assets with fixed or determinable payments, which are not quoted in an active market. They are included in Current Assets, except for amounts receivable more than 12 months after the Statement of Financial Position date, which are classified as Non-Current Assets. The Trust's and the Group's Loans and Receivables comprise: Cash and Cash Equivalents; Trade and Other Receivables (not including Prepayments); and Investments held both by the Trust and the Charity. Loans and Receivables are recognised initially at Fair Value, net of transaction costs, and are measured subsequently at amortised cost, using the Effective Interest Method. The Effective Interest Rate is the rate which discounts exactly the estimated future cash receipts through the expected life of the Financial Asset or, when appropriate, a shorter period, to the net carrying amount of the Financial Asset. Interest on Loans and Receivables is calculated using the Effective Interest Method and credited to the Statement of Comprehensive Income.

Notes to the Accounts - 1. Accounting Policies (Continued)

Financial Liabilities

All Financial Liabilities are recognised initially at Fair Value, net of transaction costs incurred, and measured subsequently at amortised cost using the Effective Interest Method. The Effective Interest Rate is the rate which discounts exactly the estimated future cash payments through the expected life of the Financial Liability or, when appropriate, a shorter period, to the net carrying amount of the Financial Liability. Financial Liabilities are included in Current Liabilities, except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as Non-Current Liabilities. Interest on Financial Liabilities carried at amortised cost is calculated using the Effective Interest Method and charged to Finance Costs. Interest on Financial Liabilities taken out to finance Property, Plant and Equipment or Intangible Assets is not capitalised as part of the cost of those assets. Loans from the Department of Health are not held for trading, and are measured at historic cost, with any unpaid interest accrued separately.

Determination of Fair Value

For Financial Assets and Liabilities carried at fair value, the carrying amounts are estimated to be equal to book values.

Impairment of Financial Assets

At the end of each reporting period, the Trust and the Group assess whether any Financial Assets, other than those held at "Fair Value Through Income and Expenditure", are impaired. Financial Assets are impaired and impairment losses are recognised only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset, and which has/have an impact on the estimated future cash flows of the asset.

For Financial Assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income, and the carrying amount of the asset is reduced directly.

Derecognition of Financial Assets and Liabilities

All Financial Assets are derecognised when the rights to receive cash flows from the assets have expired, or the Trust and the Group have transferred substantially all of the risks and rewards of ownership. Financial Liabilities are derecognised when the obligation is discharged or cancelled, or it expires.

1.24 Value Added Tax

Most of the activities of the Trust and the Group 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 tax is recoverable, the transactions in question are recorded net of VAT in these financial statements and this applies to assets and liabilities as well as expenses.

1.25 Foreign Currencies

The Trust's and the Group's functional and presentational currency is Pound Sterling. The Trust and the Group do not record or trade in any transactions denominated in a foreign currency.

1.26 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised as assets in these financial statements, since the Trust and the Group have no beneficial interest in them. However, details of Third Party Assets held by the Trust and the Group are given in Note 18, in accordance with the requirements of the Treasury's Financial Reporting Manual (FRoM).

1.27 Public Dividend Capital

Public Dividend Capital (PDC) represents Taxpayers' Equity in the Trust and the Group. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an Equity Financial Instrument within the meaning of IAS 32.

Notes to the Accounts - 1. Accounting Policies (Continued)

An annual charge, reflecting the Cost of Capital utilised by the Trust only, is payable to the Department of Health as PDC Dividend. The charge is calculated at the real rate set by the Treasury (currently 3.5%) on the Average Net Relevant Assets, which are defined as the average carrying amount of all assets less all liabilities, except for donated assets; average daily cash balances held with the Government Banking Service and the National Loan Fund; and any PDC Dividend balance receivable or payable. The average carrying amount of assets is calculated as a simple average of opening and closing Net Relevant Assets.

Where the average of Net Relevant Assets is negative, no Dividend will be payable.

1.28 Losses and Special Payments

Losses and Special Payments are items which Parliament would not have contemplated when it agreed funds for the Health Service, or passed legislation. By their nature, they are items which 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 in which individual cases are handled.

Losses and Special Payments are charged to the relevant functional headings in operating expenditure, Note 3 in these financial statements, on an accruals basis. However Note 30.1 to these financial statements, disclosing the Trust's and the Group's Losses and Special Payments, is compiled directly from the Losses and Compensations Register, which reports financial amounts on a cash basis, with the exception of provisions for future losses.

1.29 Corporation Tax

Under s519A ICTA 1988 Central Manchester University Hospitals NHS Foundation Trust is regarded as a Health Service body, and is therefore exempt from taxation on its Income and Capital Gains. Section 148 of the 2004 Finance Act provided the Treasury with powers to disapply this exemption. Accordingly the Trust and the Group are 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 £50,000 per annum. Activities such as staff and patient car parking and sales of food are considered to be ancillary to the core healthcare objectives of the Trust and the Group (and not entrepreneurial), and therefore not subject to Corporation Tax. Any tax liability will be accounted for within the relevant tax year.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.30 Accounting Standards Which Have Been Issued But Have Not Been Adopted

There are no Accounting Standards issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC), which are applicable to the Trust and/or the Group which have been adopted by the GAM, but which have not been adopted within these Accounts. However, the following Standards have been issued or amended by the IASB or IFRIC up to the date of publication of the GAM, but have not yet been adopted by the GAM, and therefore also not yet adopted by the Trust and/or the Group:-

Change Published	Financial Year for Which the Change First Applies	Impact
IFRS 9 - Financial Instruments	Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted.	The anticipated impact only relates the level of disclosure and no impact on the financial results of the organisation.
IFRS 15 – Revenue from Contracts with Customers	Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted.	It is not expected that IFRS15 will significantly impact revenue recognition.
IFRS 16 - Leases	Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.	The Trust holds a number of leases (as disclosed in note 5.2). Each lease will have to be assessed under the new standard and appropriate accounting treatment will be applied.
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.	It is not expected that IFRS17 will have a significant impact on the financial results of the organisation.
IFRIC 22 Foreign Currency Transactions and Advance consideration	Application required for accounting periods beginning on or after 1 January 2018.	It is not expected that IFRIC22 will have a significant impact on the financial results of the organisation.
IFRIC 23 Uncertainty over Income Tax Treatments	Application required for accounting periods beginning on or after 1 January 2019.	It is not expected that IFRIC23 will have a significant impact on the financial results of the organisation.

1.31 Accounting Standards Issued Which Have Been Adopted Early

No Accounting Standards issued have been adopted early by the Trust or the Group.

1.32 Operating Segments

Under IFRS 8, the Trust and the Group are required to disclose financial information across significant Operating Segments, which reflect the way the management runs the organisation. A significant segment is one which:-

- i) Represents 10% or more of the income or expenditure of the entity; or
- ii) Has a surplus or deficit which is 10% or more of the greater, in absolute amount, of the combined surplus of all segments reporting a surplus, or the combined deficit of all segments reporting a deficit; or
- iii) Has assets of 10% or more of the combined assets of all Operating Segments.

Significant central management and support services underpin all Trust activities, and the majority of activities are similar in nature. Research and Training (both less than 10% of turnover) similarly support the Trust's activities (with Training being integral to the provision of healthcare). The Trust therefore considers itself to operate with one segment, being the provision of healthcare services. This view is further supported by the fact that routine Finance Reports are presented to the Board on a Trust-wide basis, analysed by Pay, Non-Pay and Capital.

With regard to the Trust's subsidiary, the Central Manchester University Hospitals NHS Foundation Trust Charity, for Group Accounting purposes the charity is considered to be a separate operating segment. The financial results of the Charity are separately disclosed in Note 33 to these financial statements, and these statements meet the IFRS 8 requirements for operating segment disclosures.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.33 Transfers of Functions to and From Other NHS Bodies: Transfers by Absorption

For functions which have been transferred to the Trust and/or the Group from another NHS body, the assets and liabilities transferred are recognised in these financial statements as at the date of transfer. The assets and liabilities are not adjusted to Fair Value prior to recognition. The net gain or loss arising, corresponding to the net assets or liabilities transferred, is normally recognised within the Statement of Comprehensive Income under "Gain / (Loss) From Transfers by Absorption". Any adjustments required to align acquired assets or liabilities to the Trust's and the Group's Accounting Policies will be applied after initial recognition, and taken directly to Taxpayers' Equity.

For Non-Current Assets transferred to the Trust and the Group from other NHS bodies, the cost and accumulated depreciation/amortisation balances, from the transferring entity's financial statements, are preserved on recognition in the Trust's and the Group's statements. Where the transferring body recognised Revaluation Reserve balances attributable to the assets in question, the Trust and the Group make a transfer from their Income and Expenditure Reserve, to the Revaluation Reserve, to maintain transparency within Public Sector Accounts.

For functions which the Trust or the Group has transferred to another NHS body, the assets and liabilities transferred are derecognised from the financial statements as at the date of transfer. The net loss or gain, corresponding to the net assets or liabilities transferred, is recognised as Non-Operating Expenses or Income, and as above is titled a Gain or Loss from Transfer by Absorption, in the Statement of Comprehensive Income. Any Revaluation Reserve balances attributable to assets derecognised are transferred to the Income and Expenditure Reserve.

The Trust and the group did not have any transfer of functions to and from other NHS bodies during the period to September 2017 or 31 March 2017.

2 Operating Income

2.1 Operating Income (by Type)	6 months to 30 September 2017 Trust £000	6 months to 30 September 2017 Group £000	Year to 31 March 2017 Trust £000	Year to 31 March 2017 Group £000
Income from Activities				
Elective Income	61,904	61,904	121,343	121,343
Non-Elective Income	71,621	71,621	136,865	136,865
Outpatient Income	55,716	55,716	114,906	114,906
A&E Income	14,983	14,983	25,727	25,727
Other NHS Clinical Income	209,598	209,598	405,423	405,423
Community Services	33,886	33,886	66,715	66,715
Sustainability and Transformation Fund income*	7,493	7,493	48,824	48,824
Private Patient Income	1,156	1,156	2,073	2,073
Other Clinical Income	1,646	1,646	2,749	2,749
Total Income from Activities	458,003	458,003	924,625	924,625
Other Operating Income				
Education and Training	21,849	21,849	46,692	46,692
Research and Development	19,266	19,266	33,590	33,590
Non-Patient Care Services to Other Bodies	14,881	14,881	28,514	28,514
Charitable and Other Contributions to Expenditure	1,089	1,089	4,800	1,817
Other Income **	13,908	13,908	32,651	32,651
Other - Charity	0	2,513	0	4,939
Total Other Operating Income	70,993	73,506	146,247	148,203
Total Operating Income	528,996	531,509	1,070,872	1,072,828

* The Trust has been notified that it has been awarded £7.074m of Sustainability and Transformation Funding to 30 September 2017, and £419k funding for 2016/17 which was notified after the accounts were completed for that period. The Trust received £3.032m in cash during the period to 30 September 2017, with the remaining £4.042m included within debtors at the 30 September 2017.

** Other income is split in further detail in note 2.3 - Operating Income (by source).

Commissioner requested services

The Trust is required by its Commissioners to provide services which ensure service users have continued access to vital NHS services, known as Commissioner Requested Services (CRS). CRS in the period to 30 September 2017 amounted to £448m or 99% (2016/17, £871m 99%) of Income from Activities. CRS is arrived at by excluding Sustainability and Transformation Funding, Private Patient income and Other Clinical Income from total income received from activities.

2.2 Operating Lease Income

The Trust and the Group did not receive any material sums of Operating Lease Income in the period to 30 September 2017 or in the year ended 31 March 2017.

2.3 Operating Income (by Source)	6 months to	6 months to	Year to 31 March 2017	Year to 31 March 2017
	30 September 2017 Trust £000	30 September 2017 Group £000		
Income From Activities			Trust £000	Group £000
Foundation Trusts	455	455	1,358	1,358
NHS Trusts	88	88	232	232
Clinical Commissioning Groups and NHS England	429,391	429,391	834,449	834,449
Local Authorities	14,205	14,205	27,981	27,981
Sustainability and Transformation Fund income*	7,493	7,493	48,824	48,824
Private Patients	1,156	1,156	2,073	2,073
Overseas Patients (Non-Reciprocal)	749	749	1,589	1,589
NHS Injury Costs Recovery Scheme	1,646	1,646	2,749	2,749
Non-NHS Other	2,820	2,820	5,370	5,370
Total Income From Activities	458,003	458,003	924,625	924,625

*The sustainability and transformation fund income for the period to September 2017 is lower than 2016/17 due no bonus or incentive payments being due in this period.

Other Operating Income	6 months to	6 months to	Year to 31 March 2017	Year to 31 March 2017
	30 September 2017 Trust £000	30 September 2017 Group £000		
Education and Training	21,849	21,849	46,692	46,692
Research and Development	19,266	19,266	33,590	33,590
Non-Patient Care Services to Other Bodies	14,881	14,881	28,514	28,514
Charitable and Other Contributions to Expenditure	1,089	1,089	4,800	1,817
Other Income **	5,870	5,870	16,886	16,886
Clinical Excellence Awards **	1,764	1,764	3,715	3,715
Car Parking **	1,655	1,655	3,250	3,250
Income in Respect of Staff Costs Where Accounted on Gross Basis **	1,858	1,858	3,318	3,318
Property Rentals **	1,148	1,148	2,245	2,245
Crèche Services **	465	465	834	834
Staff contributions to employee benefit schemes **	472	472	1,019	1,019
Estates Recharges **	426	426	798	798
Catering **	234	234	537	537
Pharmacy Sales **	16	16	49	49
Other - Charity	0	2,513	0	4,939
Total Other Operating Income	70,993	73,506	146,247	148,203
Total Operating Income	528,996	531,509	1,070,872	1,072,828

** These items total £13.908m, as detailed in note 2.1

Other Income includes sponsorship income, drug funding arrangements and contractual settlements

2.4 Overseas Visitors Income (Patients Charged Directly by the Trust)	6 months to	Year to 31 March 2017
	30 September 2017 Trust and Group £000	
Income Recognised in the Year	749	1,589
Relating to invoices raised in current and earlier years:-		
Cash Received in the Year	174	247
Amount Added to Provision for Impairment of Receivables	93	641
Amounts Written Off in the Year	0	0

3 Operating Expenses	6 months to 30 September 2017 Trust £000	6 months to 30 September 2017 Group £000	Restated	
			Year to 31 March 2017	Year to 31 March 2017
			Trust £000	Group £000
Services from Other Foundation Trusts	2,738	2,738	7,076	7,076
Services from NHS Trusts	177	177	3,306	3,306
Services from CCGs	6	6	0	0
Services from Other NHS Bodies	525	525	1,020	1,020
Purchase of Healthcare from Non-NHS Bodies	4,527	4,527	6,235	6,235
Employee Expenses - Executive Directors	869	869	1,583	1,583
Employee Expenses - Non-Executive Directors	105	105	210	210
Employee Expenses - Staff	288,102	288,512	553,377	554,947
Supplies and Services - Clinical (Excluding Drug Costs)	58,757	58,757	106,801	106,801
Supplies and Services - General	3,605	3,605	6,719	6,719
Establishment Expenses	3,901	3,901	10,278	10,278
Research and Development - Non Pay Costs	10,410	10,410	19,099	19,099
Research and Development - Employee Expenses	7,011	7,011	14,712	14,712
Transport	2,035	2,035	3,516	3,516
Premises	37,553	37,553	66,177	66,177
Increase/(decrease) in Provision for Impairment of Receivables	431	431	(386)	(386)
Inventories written down (net, including inventory drugs)	34	34	60	60
Drugs Inventories Consumed	51,843	51,843	102,179	102,179
Rentals Under Operating Leases	4,787	4,787	16,884	16,884
Depreciation on Property, Plant and Equipment	9,154	9,159	23,940	23,951
Amortisation on Intangible Assets	358	358	709	709
Net impairments of Property, Plant and Equipment	9,877	9,877	153,982	153,982
Impairments of Intangible assets	0	0	0	0
External Audit Fees for Services - Statutory Audit	78	83	77	86
Other External Auditor remuneration	0	0	14	14
Clinical Negligence Scheme for Trusts	12,096	12,096	22,159	22,159
Legal Fees	646	646	1,386	1,386
Consultancy Costs	1,190	1,190	4,679	4,679
Internal audit costs	51	51	123	123
Training, Courses and Conferences	1,599	1,599	2,533	2,533
Patient Travel	87	87	460	460
Drug Costs (Non Inventory Drugs Only)	3,561	3,561	3,456	3,456
Redundancy Costs	44	44	980	980
Hospitality	48	48	0	0
Insurance	121	121	186	186
Change in Provisions Discount Rate *	0	0	278	278
Losses, Ex Gratia and Special Payments	58	58	117	117
Total Charity expenses - non staff	0	1,967	0	2,275
Other - Trust	1,747	1,747	278	278
Total	518,131	520,517	1,134,203	1,138,068

The Trust's Operating Expenses include payments made in respect of Operating Leases as set out in Note 5.1.

Other External Audit remuneration' are payments for services received in addition to Statutory Audit services and are set out in more detail in note 5.4.

Losses and special payments are reported in the expenditure categories to which they relate. These are also reported in Note 30.1, Losses and Special Payments on a cash basis.

* There has been no change in the discount rate for provisions in the period to 30 September 2017.

4 Employee Expenses and Numbers

4.1 Employee Expenses

	Six months to 30 September 2017			Six months to 30 September 2017			Six months to 30 September 2017			Year to 31 March 2017	
	Permanently Employed Trust	Other Trust	Total Trust	Permanently Employed Charity	Other Charity	Total Charity	Permanently Employed Group	Other Group	Total Group	Total Trust	Total Group
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and Wages	229,173	0	229,173	410	0	410	229,583	0	229,583	447,968	449,538
Apprenticeship Levy	1,127	0	1,127	0	0	0	1,127	0	1,127	0	0
Social Security Costs	19,471	0	19,471	0	0	0	19,471	0	19,471	38,061	38,061
<u>Pension Costs:</u>											
Employer's Contributions to NHS Pensions	25,405	0	25,405	0	0	0	25,405	0	25,405	49,789	49,789
Pension Cost - Other Contributions	15	0	15	0	0	0	15	0	15	28	28
Temporary staff - bank	0	9,515	9,515	0	0	0	0	9,515	9,515	16,928	16,928
Agency/Contract Staff	0	11,276	11,276	0	0	0	0	11,276	11,276	16,898	16,898
Total	275,191	20,791	295,982	410	0	410	275,601	20,791	296,392	569,672	571,242

Staff costs to 30 September 2017 of £7,011k (£14,712k in 2016/17) in respect of Research and Development are disclosed separately in Note 3. Executive Director remuneration to 30 September 2017 was £869k (2016/17 £1,583k), and is also disclosed separately in Note 3 of these accounts.

4.2 Average Number of People Employed

	Six months to 30 September 2017			Six months to 30 September 2017			Six months to 30 September 2017			Year to 31 March 2017	
	Permanently Employed Trust	Other Trust	Total Trust	Permanently Employed Charity	Other Charity	Total Charity	Permanently Employed Group	Other Group	Total Group	Total Trust	Total Group
	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number
Medical and Dental	1,534	74	1,608	1	3	4	1,535	77	1,612	1,574	1,578
Administration and Estates	2,639	(5)	2,634	17	5	22	2,656	0	2,656	2,658	2,681
Healthcare Assistants and Other Support Staff	1,311	295	1,606	0	0	0	1,311	295	1,606	1,941	1,942
Nursing, Midwifery and Health Visiting Staff	4,418	292	4,710	0	0	0	4,418	292	4,710	4,226	4,226
Scientific, Therapeutic and Technical Staff	2,211	(2)	2,209	1	2	3	2,212	0	2,212	2,232	2,234
Agency / Contract Staff	0	314	314	0	0	0	0	314	314	261	261
Total	12,113	968	13,081	19	10	29	12,132	978	13,110	12,892	12,922

The number of employees is calculated using the contracted whole time equivalent.

4.3 Early Retirements Due to Ill-Health

Up to 30 September 2017 there were 9 (13 in 2016/17) early retirements from the Trust (and the Group) agreed on the grounds of ill-health. The estimated additional pension liabilities will be £468k (£667k in 2016/17) and the costs of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

**4.4 Staff Exit Packages
30 September 2017**

	Number of compulsory redundancies	Cost of compulsory redundancies £000	Number of other departures agreed Number	Cost of other departures agreed £000	Total Cost of Exit Packages £000
	Number Trust and Group	Trust and Group	Trust and Group	Trust and Group	Trust and Group
Exit Package Cost Band:					
Less than £10,000	2	4	24	85	89
£10,000 - £25,000	4	66	2	40	106
£25,001 - £50,000	2	72	3	101	173
£50,001 - £100,000	2	175	1	96	271
Total Departures	10	317	30	322	639

	Number of compulsory redundancies	Cost of compulsory redundancies £000	Number of other departures agreed	Cost of other departures agreed £000	Total Cost of Exit Packages £000
	Number Trust and Group	Trust and Group	Number Trust and Group	Trust and Group	Trust and Group
Exit Package Cost Band:					
Less than £10,000	4	14	53	168	182
£10,000 - £25,000	6	98	6	95	193
£25,001 - £50,000	6	201	2	53	254
£50,001 - £100,000	2	154	2	149	303
Total Departures	18	467	63	465	932

The nature of 'Other Departures' agreed are shown in Note 4.5 below.

4.5 Exit Packages: Other (Non-Compulsory) Departure Payments

Six months to 30 September 2017

	Payments Agreed Trust and Group Number	Total Value of Agreements Trust and Group £000
Voluntary Redundancies Including Early Retirement Contractual Costs	2	136
Contractual Payments in Lieu of Notice	28	186
Total	30	322

Year to 31 March 2017

	Payments Agreed Trust and Group Number	Total Value of Agreements Trust and Group £000
Voluntary Redundancies Including Early Retirement Contractual Costs	4	191
Contractual Payments in Lieu of Notice	59	274
Total	63	465

4.6 Directors' Remuneration and Benefits

The aggregate amount of Directors' remuneration up to 30 September 2017 was £765k (£1,577k in 2016/17). The Trust and the Group made a contribution to the NHS Pension Scheme, a defined benefit scheme, of £45k in respect of six Directors up to 30 September 2017 (2016/17: £127k in respect of seven Directors).

4.7 Better Payment Practice Code - Measure of Compliance

The Better Payment Practice Code requires the Trust and the Group to aim to pay all undisputed invoices by the due date, or within 30 days of receipt of goods or a valid invoice, whichever is later.

The Trust continues to process all ordering and receipting of goods and services via an electronic purchase to pay system and this is reflected in the overall performance. The results up to September 2017 were, overall, 95% (95% in 2016/17) by volume and 95% (94% in 2016/17) by value of invoices paid within the target of 30 days.

The Trust's policy for payment for small and medium enterprises (SMEs) is to pay all undisputed invoices within 10 days

	Trust and Group	Restated
	30 September	Trust and Group
	2017	31 March 2017
5 Operating Lease Expenditure		
	£000	£000
Lease Payments - Buildings	1,702	3,403
Lease Payments - Plant and Machinery	3,085	13,481
	<u>4,787</u>	<u>16,884</u>
5.1 Arrangements Containing an Operating Lease	30 September	Restated
	2017	31 March 2017
		Trust and Group
Future Minimum Lease Payments Due:	£000	£000
Not later than one year	5,393	9,577
Later than one year and not later than five years	42,463	41,087
Later than five years	37,136	39,558
Total	<u>84,992</u>	<u>90,222</u>

The future minimum lease payments are in respect of 122 operating leases up to 30 September 2017 (123 at 31 March 2016), of varying contract values and terms.

The 2016/17 figures have been restated following a review of expenditure which has identified additional operating leases to disclose. The lease payments included in the equivalent note in the 2016/17 financial statements was £0k for buildings and £1,864k for plant and machinery. This is a reclassification only of the expenditure within note 3.

5.2 Auditor's Liability

There is no specified clause in the Trust's or the Group's contract with the External Auditors, Deloitte LLP, which provides for any limitation of the Auditor's liability up to 30 September 2017 or during 2016/17.

5.3 The Late Payment of Commercial Debts (Interest) Act 1998

No payments were made under the Late Payment of Commercial Debts (Interest) Act up to 30 September 2017 or during 2016/17.

5.4 Other Audit Remuneration

In the period to 30 September 2017, there were no services provided by our external auditor, Deloitte LLP, other than the statutory audit for the Trust's Annual Accounts and Report. The cost of auditing the Annual Accounts and Report is shown under the heading of 'External Audit Fees for Services - Statutory Audit' in Note 3.

6 Finance Income	6 months to	6 months to	Year to 31	Year to 31
	30	30	March 2017	March 2017
	September	September		
	2017	2017		
	Trust	Group	Trust	Group
	£000	£000	£000	£000
Interest on Bank Accounts	81	86	96	111
Interest on Held-to-Maturity Financial	0	0	90	90
Other - Dividend Income	0	249	0	531
Total	81	335	186	732

7 Finance Costs

	6 months to	Year to 31
	30	Mar 2017
	September	
	2017	
	Trust and	Trust and
	Group	Group
	£000	£000
Interest on Loans from the Foundation Trust Financing	1,058	2,081
Interest on Obligations under PFI		
Contracts:		
- Main Finance Cost	8,897	18,139
- Contingent Finance Cost	5,633	9,631
Total	15,588	29,851

8 Gains on disposal of assets

8 Gains on disposal of assets	6 months to	6 months to	Year to 31	Year to 31
	30	30	March 2017	March 2017
	September	September		
	2017	2017		
	£000	£000	£000	£000
	Trust	Group	Trust	Group
Gains on disposal of investments	0	0	0	309
Total	0	0	0	309

9 Impairment of Assets (Property, Plant & Equipment and Intangibles)

	6 months to	Year to 31
	30	March 2017
	September	
	2017	
	Trust and	Trust and
	Group	Group
	£000	£000
Total Gross Impairments	9,877	153,982
Total Net Impairments	9,877	153,982

10 Intangible Assets

10.1 Intangible Assets

30 September 2017	Software Licences - Purchased	Intangible Assets under Construction	Development Expenditure (Internally Generated)	Total
	Trust and Group £000	Trust and Group £000	Trust and Group £000	Trust and Group £000
Gross Cost at 1 April 2017	15,042	0	1,361	16,403
Additions - Purchased	0	0	0	0
Reclassifications	0	0	0	0
Gross Cost at 30 September 2017	15,042	0	1,361	16,403
Amortisation at 1 April 2017	12,508	0	1,361	13,869
Provided During the Period	358	0	0	358
Impairments	0	0	0	0
Amortisation at 30 September 2017	12,866	0	1,361	14,227
Net book value of intangible assets at 30 September 2017	2,176	0	0	2,176

31 March 2017	Software Licences - Purchased	Intangible Assets under Construction	Development Expenditure (Internally Generated)	Total
	Trust and Group £000	Trust and Group £000	Trust and Group £000	Trust and Group £000
		Restated		
Gross Cost at 1 April 2016	14,621	0	1,361	15,982
Additions - Purchased	0	421	0	421
Reclassifications	421	(421)	0	0
Gross Cost at 31 March 2017	15,042	0	1,361	16,403
Amortisation at 1 April 2016	11,799	0	1,361	13,160
Provided During the Year	709	0	0	709
Reclassifications	0	0	0	0
Amortisation at 31 March 2017	12,508	0	1,361	13,869
Net book value of intangible assets at 31 March 2017	2,534	0	0	2,534

The gross cost and amortisation have been restated at 1 April 2016 as impairment had been wrongly classified within amortisation. This does not affect the net book value of intangible assets.

10.2 Intangible Assets Financing

30 September 2017	Software Licences - Purchased	Intangible Assets under Construction	Development Expenditure (Internally Generated)	Total
	Trust and Group £000	Trust and Group £000	Trust and Group £000	Trust and Group £000
Net Book Value				
Purchased as at 30 September 2017	2,163	0	0	2,163
Donated as at 30 September 2017	13	0	0	13
Total at 30 September 2017	2,176	0	0	2,176
31 March 2017				
Net Book Value				
Purchased as at 31 March 2017	2,521	0	0	2,521
Donated as at 31 March 2017	13	0	0	13
Total at 31 March 2017	2,534	0	0	2,534

11 Property, Plant and Equipment

30 September 2017	Land	Buildings Excluding Dwellings	Assets Under Construction	Plant and Machinery	Transport Equipment	Information Technology	Furniture & Fittings	NHS Charitable Funds Assets	Total
	Trust £000	Trust £000	Trust £000	Trust £000	Trust £000	Trust £000	Trust £000	Charity £000	Group £000
Cost or Valuation at 1 April 2017	6,540	410,190	23,987	159,328	290	27,184	17,641	127	645,287
Additions Purchased	0	0	18,262	0	0	0	0	0	18,262
Additions - assets purchased from cash donations / grants	0	0	596	0	0	0	0	0	596
Reversal of impairments credited to operating income	0	0	0	0	0	0	0	0	0
Impairments	0	(9,877)	0	0	0	0	0	0	(9,877)
Revaluations	0	0	0	0	0	0	0	0	0
Reclassifications	0	9,877	(9,877)	0	0	0	0	0	0
Cost or Valuation at 30 September 2017	6,540	410,190	32,968	159,328	290	27,184	17,641	127	654,268
Accumulated Depreciation as at 1 April 2017	0	59,604	0	143,995	289	18,812	15,949	22	238,671
Provided During the Year	0	5,323	0	2,240	0	1,338	253	5	9,159
Depreciation at 30 September 2017	0	64,927	0	146,235	289	20,150	16,202	27	247,830
Net book value at 30 September 2017	6,540	345,263	32,968	13,093	1	7,034	1,439	100	406,438

11.1 Property, Plant and Equipment

31 March 2017	Land	Buildings Excluding Dwellings	Assets Under Construction	Plant and Machinery	Transport Equipment	Information Technology	Furniture & Fittings	NHS Charitable Funds Assets	Total
	Trust £000	Trust £000	Trust £000	Trust £000	Trust £000	Trust £000	Trust £000	Charity £000	Group £000
Cost or Valuation at 1 April 2016	11,053	633,794	24,488	153,311	290	25,063	17,148	127	865,274
Prior period adjustment	0	(74,071)	0	0	0	0	0	0	(74,071)
Valuation/gross cost at 1 April 2016 - restated	11,053	559,723	24,488	153,311	290	25,063	17,148	127	791,203
Additions Purchased	0	0	28,593	0	0	0	0	0	28,593
Additions - assets purchased from cash donations / grants	0	0	1,568	0	0	0	0	0	1,568
Impairments, as per valuation date 31 March 2017, completed by the District Valuer	(4,803)	(167,748)	0	0	0	(3,526)	0	0	(176,077)
Reclassifications	290	18,215	(30,662)	6,017	0	5,647	493	0	0
Cost or Valuation at 31 March 2017	6,540	410,190	23,987	159,328	290	27,184	17,641	127	645,287
Accumulated Depreciation as at 1 April 2016	0	75,312	0	138,088	289	15,972	15,355	11	245,027
Prior period adjustment	0	(8,212)	0	0	0	0	0	0	(8,212)
Accumulated Depreciation as at 1 April 2016 - restated	0	67,100	0	138,088	289	15,972	15,355	11	236,815
Provided During the Year	0	14,599	0	5,907	0	2,840	594	11	23,951
Impairments, as per valuation date 31.03.17, completed by the District Valuer	0	(22,095)	0	0	0	0	0	0	(22,095)
Depreciation at 31 March 2017	0	59,604	0	143,995	289	18,812	15,949	22	238,671
Net book value as at 31 March 2017	6,540	350,586	23,987	15,333	1	8,372	1,692	105	406,616

12 Property, Plant and Equipment Financing	Land	Buildings Excluding Dwellings	Assets Under Construction and Payments on Account	Plant and Machinery	Transport Equipment	Information Technology	Furniture & Fittings	NHS Charitable Funds Assets	Total
	Trust and Group £000	Trust and Group £000	Trust and Group £000	Trust and Group £000	Trust and Group £000	Trust and Group £000	Trust and Group £000	£000	Trust and Group £000
Net Book Value - 30 September 2017									
Owned	6,442	80,398	24,504	11,301	1	7,027	1,231	100	131,004
On-balance sheet PFI contracts and other service concession arrangements	0	258,923	5,216	0	0	0	0	0	264,139
Government Granted	0	1,592	2,312	0	0	0	0	0	3,904
Donated	98	4,350	936	1,792	0	7	208	0	7,391
Net book value total at 30 September 2017	6,540	345,263	32,968	13,093	1	7,034	1,439	100	406,438
Net Book Value - 31 March 2017									
Owned	6,484	150,120	17,520	13,151	1	8,362	1,469	105	197,212
On-balance sheet PFI contracts and other service concession arrangements	0	194,419	4,031	0	0	0	0	0	198,450
Government Granted	0	1,615	1,568	0	0	0	0	0	3,183
Donated	56	4,432	868	2,182	0	10	223	0	7,771
Net book value total at 31 March 2017	6,540	350,586	23,987	15,333	1	8,372	1,692	105	406,616

12.1 Economic Life of Non-Current Assets

	Minimum Life Years Trust and Group	Maximum Life Years Trust and Group
Purchased, Donated or Granted		
Software	5	7
Buildings (Excluding Dwellings)	1	90
Plant and Machinery	5	10
Transport Equipment	5	7
Information Technology	5	7
Furniture and Fittings	2	10

The above asset lives relate to both intangible and tangible assets.

13 Investments

	Trust	Charity	Group
	£000	£000	£000
30 September 2017			
Carrying Value as at 1 April 2017	866	13,869	14,735
Acquisitions in Year	0	0	0
Movement in Fair Value	0	(99)	(99)
Carrying Value as at 30 September 2017	866	13,770	14,636
	Trust	Charity	Group
	£000	£000	£000
31 March 2017			
Carrying Value as at 1 April 2016	841	13,701	14,542
Acquisitions in Year - subsequent expenditure	25	2,450	2,475
Movement in Fair Value	0	1,122	1,122
Disposal of investments	0	(3,404)	(3,404)
Carrying Value as at 31 March 2017	866	13,869	14,735

The Trust reviews all investments on a regular basis to ensure the fair value is reported in the Statement of Financial Position. The investments disclosed in the note above and in Statement of Financial Position are all UK based and are disclosed at their market value

14 Non-Current Assets Held for Sale in Disposal Groups and Surplus Assets

As at 30 September 2017 the Trust and the Group held one Non-Current Asset for sale, valued at £210k. This consists of both land and buildings situated in Manchester (£210k at 31 March 2017). The sale of this asset is expected to complete within 12 months of the date of the Statement of Financial Position.

The Trust and the Group have not been exposed to liabilities in respect of Disposal Groups in either the period to 30 September 2017 or 2016/17.

The Trust holds no surplus assets which meet the criteria as defined in IFRS 13.

15 Inventories

30 September 2017	Drugs Trust and Group £000	Consumable Trust and Group £000	Energy Trust and Group £000	Total Trust and Group £000
Carrying Value at 1 April 2017	3,456	9,245	146	12,847
Additions	51,948	14,528	149	66,625
Inventories Consumed (Recognised in Expenses)	(51,843)	(15,715)	0	(67,558)
Write-down of inventories (Recognised in Expenses)	0	(34)	0	(34)
Total	3,561	8,024	295	11,880
31 March 2017	Drugs Trust and Group £000	Consumables Trust and Group £000	Energy Trust and Group £000	Total Trust and Group £000
Carrying Value at 1 April 2016	3,174	6,769	235	10,178
Additions	102,461	30,611	0	133,072
Inventories Consumed (Recognised in Expenses)	(102,179)	(28,075)	(89)	(130,343)
Write-down of inventories (Recognised in Expenses)	0	(60)	0	(60)
Total	3,456	9,245	146	12,847

16 Trade and Other Receivables

Current	30 September 2017		31 March 2017	
	Trust	Group	Trust	Group
	£000	£000	£000	£000
NHS Receivables *	40,524	40,524	59,846	59,846
Provision for the Impairment of Receivables	(4,532)	(4,532)	(4,101)	(4,101)
Prepayments	9,377	9,377	5,781	5,781
Accrued Income	16,535	16,535	14,891	14,891
VAT Receivable	3,196	3,196	3,017	3,017
PDC Dividend Receivable	144	144	2,661	2,661
Other Receivables - Revenue	12,469	13,627	10,528	10,827
Other Receivables - Capital	131	131	0	0
Total Current Trade and Other Receivables	77,844	79,002	92,623	92,922

* NHS Receivables have reduced mainly due to £33.7m of Sustainability and Transformation Funding for 2016/17 which was not received by 31 March 2017. This was received in July 2017 leading to the reduction of NHS receivables at the SOFP date.

Non-Current	30 September 2017		31 March 2017	
	Trust	Group	Trust	Trust and Group
	£000	£000	£000	£000
Accrued Income	5,254	5,504	5,257	5,757
Finance lease receivables**	527	527	528	528
Total Non-Current Trade and Other Receivables	5,781	6,031	5,785	6,285

**The Finance lease receivable in the analysis above relates to the amount due in relation to the Former Royal Eye Hospital.

17 Provision for Impairment of Receivables (Bad Debt Provision)

	30 September 2017	31 March 2017
	Trust and Group	Trust and Group
	£000	£000
At 1 April	4,101	4,487
Increase/(Decrease) in Provision	431	(386)
At period end	4,532	4,101

Income received from the Department of Work and Pensions, under the NHS Injury Cost Recovery Scheme (see Note 1.6), is subject to a Provision for Impairment of Receivables of 18.9%, to reflect expected rates of collection.

17.1 Analysis of Impaired and Non-Impaired Receivables

	30 September 2017	31 March 2017
	Trust and Group	Trust and Group
	£000	£000
<u>Ageing of Impaired Trade Receivables (Bad Debt Provision):-</u>		
0 - 30 Days	51	248
31 - 60 Days	128	94
61 - 90 Days	58	256
91 - 180 Days	291	333
Over 181 Days	2,150	1,443
Total	2,678	2,374

The value of impaired trade receivables as at 30 September 2017 excludes amounts impaired relating to the Injury Cost Recovery debtor, £1,855k. The 31 March 2017 figures include a provision made in relation to these debtors, £1,727k.

Ageing of Non-Impaired Trade Receivables Past Their Due Date:-

0 - 30 Days	3,761	4,002
30 - 60 Days	2,842	1,368
60 - 90 Days	631	613
90 - 180 Days	861	524
Over 180 Days	1,413	1,530
Total	9,508	8,037

18 Cash and Cash Equivalents

	30 September 2017		31 March 2017	
	Trust	Group	Trust	Group
	£000	£000	£000	£000
Balance at beginning of period	85,322	88,643	73,628	76,417
Net Change in year / period	20,753	20,629	11,694	12,226
Balance at end of period	106,075	109,272	85,322	88,643
Comprising:-				
Commercial Banks and Cash in Hand	126	3,323	184	3,500
Cash With the Government Banking Service	105,949	105,949	85,138	85,143
Cash and Cash Equivalents as per Statement of Financial Position	106,075	109,272	85,322	88,643
Third Party Assets Held by the NHS Foundation Trust	17		24	

Third Party Assets held by the Trust, as noted above, are excluded from the Trust's Cash and Cash Equivalents figures, as disclosed in Note 18 above.

19 Trade and Other Payables

Current	30 September 2017		31 March 2017	
	Trust	Group	Trust	Group
	£000	£000	£000	£000
Receipts in Advance*	15,990	15,990	13,101	13,101
NHS Payables	3,423	3,423	10,300	10,300
Amounts Due to Other Related Parties	7,168	7,168	6,975	6,975
Trade Payables - Capital	5,304	5,304	3,365	3,365
Other Payables	35,422	35,884	39,339	39,607
Accruals	48,534	48,534	33,675	33,675
Total Current Trade and Other Payables	115,841	116,303	106,755	107,023

*Receipts in Advance includes the deferral of income in respect of Research funds received during the year and for which work has yet to be completed.

Non-Current	30	31 March
	September	2017
	2017	Trust and Group
	Group	£000
	£000	£000
Receipts in Advance	3,575	2,099
Total Non-Current Trade and Other Payables	3,575	2,099

19.1 Early Retirement Costs

Early Retirement costs included in Note 19 above were £45k as at 30 September 2017 (£45k at 31 March 2017).

20 Borrowings

	30 September 2017 Trust and Group £000	31 March 2017 Trust and Group £000
Current		
Loans from Foundation Trust Financing Facility	6,434	4,112
Obligations Under Private Finance Initiative Contracts	<u>7,169</u>	<u>7,169</u>
Total	<u>13,603</u>	<u>11,281</u>

	30 September 2017 Trust and Group £000	31 March 2017 Trust and Group £000
Non-Current		
Loans from Foundation Trust Financing Facility	74,289	73,868
Obligations Under Private Finance Initiative Contracts	<u>291,296</u>	<u>294,890</u>
Total	<u>365,585</u>	<u>368,758</u>

21 Provisions for Liabilities and Charges

	Current	Non-Current	Current	Non-Current
	30 September 2017	30 September 2017	31 March 2017	31 March 2017
	Trust and Group	Trust and Group	Trust and Group	Trust and Group
	£000	£000	£000	£000
Pensions- Early departure costs	133	1,328	179	1,329
Other Legal Claims	240	0	240	0
Restructurings	484	0	950	0
Other	1,573	2,069	1,658	2,068
Totals	2,430	3,397	3,027	3,397

21.1 Provisions for Liabilities and Charges Analysis

	Pensions- Early departure costs	Other Legal Claims	Restructurings	Other	Totals
	Trust and Group	Trust and Group	Trust and Group	Trust and Group	Trust and Group
	£000	£000	£000	£000	£000
As at 1 April 2017	1,508	240	950	3,726	6,424
Utilised During the Year	(47)	0	(241)	(84)	(372)
Reversed Unused	0	0	(225)	0	(225)
Unwinding of Discount	0	0	0	0	0
At 30 September 2017	1,461	240	484	3,642	5,827
Expected Timing of Cash flows:					
- Not Later Than 1 Year	133	240	484	1,573	2,430
- Later Than 1 Year and Not Later Than 5 Years	712	0	0	718	1,430
- Later Than 5 Years	616	0	0	1,351	1,967
Total	1,461	240	484	3,642	5,827

Pensions - Early Departures relates to sums payable to former employees having retired prematurely due to injury at work. The provision is based upon current and expected benefits advised by the NHS Pensions Agency and the computed life expectancies of pension recipients.

Other legal claims - based on professional assessments, which are uncertain to the extent that they are estimates of the likely outcome of individual cases. Due to the dates of settlement of claims, are based on estimates supplied by the NHS Litigation Authority and/or legal advisors.

Restructurings - relates to estimate cost for various service re-design/transformation schemes, which have been committed to as at 30 September 2017. These relate to pay-protection and redundancy costs which are anticipated to be settled within a one year period.

Other provisions are made in respect of a number of unrelated liabilities. The Trust has taken professional advice, and used its best estimates in arriving at the provisions. These include provision for potential litigation for contractual obligations and for permanent injury benefits. The expected timing of the cash flows shown above is estimated from the best information available to the Trust at this point in time, but these are uncertain.

21.2 Clinical Negligence Liabilities

Included in the provisions of the NHS Litigation Authority at 30 September 2017 is £317,487k in respect of Clinical Negligence liabilities of the Trust and the Group (£312,525k at 31 March 2017).

22 Contingent Liabilities and Assets

22.1 Contingent Liabilities	30 September 2017 Trust and Group £000	31 March 2017 Trust and Group £000
Gross Value of Contingent Liabilities	<u>(193)</u>	<u>(209)</u>
Net Value of Contingent Liabilities	<u>(193)</u>	<u>(209)</u>

This represents the amount the Trust would have to pay in the case the liability crystallises. The probability of settlement is less than 50% and does not qualify as a provision.

22.2 Contingent Assets

The Trust and the Group held no Contingent Assets at the 30 September 2017 and 31 March 2017.

23 Revaluation Reserve

	30 September 2017 Trust and Group £000	31 March 2017 Trust and Group £000
Revaluation Reserve at the beginning of the period	16,694	43,146
Transfer to the I&E reserve	0	(9,171)
Reclassification of indexation previously recognised in revaluation reserve	0	(17,281)
Revaluation Reserve at the end of the period	<u>16,694</u>	<u>16,694</u>

The most recent revaluation was completed by the District Valuer with a valuation date as at 31 March 2017.

24 Related Party Transactions (Trust and Group)

Central Manchester University Hospitals NHS Foundation Trust is a public interest body and a Department of Health (parent of the group) Group body, authorised by NHS Improvement, the Independent Regulator for NHS Foundation Trusts.

During the year none of the Board Members or members of the key management staff or parties related to them have undertaken any material transactions with the Trust.

One Non-Executive Director is Deputy President and Deputy Vice-Chancellor of the University of Manchester; and another Non-Executive Director is the Associate Vice-President of the University of Manchester.

One Executive Director is the Trust's nominated Director for Manchester Science Partnerships Ltd (formerly Manchester Science Park Ltd), which is majority owned by Bruntwood 2000 Holdings Ltd.

One Executive Director of the Trust is a director of Manchester Health Ventures, a wholly owned subsidiary of the Trust. The company was dormant in the period to 30 September 2017

The Trust has entered into a number of transactions with both The University of Manchester and Bruntwood 2000 Holdings Ltd., and these are all considered to be "at arm's length".

During the six month period to 30 September 2017 an Executive Director was a Governor at the Manchester Health Academy. The Department of Health is regarded as a related party. During the year the Trust has had a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent department including:

NHS England - North West Commissioning Hub
NHS Central Manchester CCG
NHS Trafford CCG
Health Education England
NHS Salford CCG
NHSE Greater Manchester Local Office
Department of Health
NHS Tameside And Glossop CCG
NHS Stockport CCG
NHS England - Core
NHS Oldham CCG
NHS Bury CCG
NHS Heywood, Middleton And Rochdale CCG
NHS Bolton CCG
NHS Eastern Cheshire CCG
NHS Litigation Authority (Clinical Negligence Scheme for Trusts)

In addition, the Trust has had a number of material transactions with other Government Departments and other Central and Local Government bodies, with the greatest amounts relating to Manchester City Council, HM Revenue and Customs, and the NHS Business Services Authority (Pensions Division).

25 Contractual Capital Commitments

Commitments under Capital Expenditure contracts at 30 September 2017 total £16,925k, £15,542k relating to Property, Plant and Equipment and £1,383k relating to Intangible Assets (31 March 2017, £13,416k.)

26 On-Statement of Financial Position Private Finance Initiative (PFI) Contracts

26.1 Total Obligations for On-Statement of Financial Position PFI Contracts

In December 2004 the Trust entered into a 38 year arrangement with Catalyst Healthcare (Manchester) Ltd under the Government's Private Finance Initiative (PFI). The scheme involved the build and operation of four hospital developments on the Trust's main site at an overall cost of approximately £500m. At the end of the agreement ownership of the four properties transfers to the Trust.

	30 September 2017	31 March 2017
	Trust and Group £000	Trust and Group £000
Gross PFI Liabilities	580,398	592,820
Of Which Liabilities are Due:		
Not Later Than One Year	24,698	24,914
Later Than One Year, Not Later Than Five Years	95,469	95,032
Later Than Five Years	460,231	472,874
Less Finance Charges Allocated to Future Periods	<u>(281,933)</u>	<u>(290,761)</u>
Net PFI Liabilities	<u>298,465</u>	<u>302,059</u>
Net PFI Obligation		
Not Later Than One Year	7,169	7,169
Later Than One Year, Not Later Than Five Years	29,437	28,159
Later Than Five Years	<u>261,859</u>	<u>266,731</u>
	<u>298,465</u>	<u>302,059</u>

26.2 On-Statement of Financial Position PFI Commitments

The Trust is committed to making the following payments for the service element of on-Statement of Financial Position PFI obligations:-

	30 September 2017	31 March 2017
	Total Trust and Group £000	Total Trust and Group £000
Within One Year	76,214	74,915
2nd to 5th Years (Inclusive)	332,238	326,572
Later Than 5 Years	<u>2,583,770</u>	<u>2,628,193</u>
Total	<u>2,992,222</u>	<u>3,029,680</u>

26.3 PFI - Amounts Payable to Service Concession Operator

	30 September 2017	31 March 2017
	Total Trust and Group £000	Total Trust and Group £000
Unitary payment payable to service concession operator (total of all schemes)	41,477	76,364
Consisting of:		
- Interest charge	8,897	18,139
- Repayment of finance lease liability	3,594	6,436
- Service element	20,087	35,446
- Capital lifecycle maintenance	3,266	6,712
- Contingent rent	<u>5,633</u>	<u>9,631</u>
Total	<u>41,477</u>	<u>76,364</u>

27 Events Following the Statement of Financial Position Date

On the 1 October 2017 Central Manchester University Hospitals NHS Foundation Trust and University Hospital of South Manchester NHS Foundation Trust merged, creating the new Foundation Trust; Manchester University NHS Foundation Trust.

The changes to organisational structures arising from the transaction will be accounted as a Machinery of Government change and therefore would not impact the Going Concern status of the entity or require any of the Trust's activities to not be considered as 'continuing'.

There were no other events following the Statement of Financial Position date, either requiring disclosure, or resulting in a change to the financial statements of the Trust or the Group.

28 Financial Instruments

IFRS 7 requires disclosure of the role which Financial Instruments have had during the period in creating or changing the risks which a body faces in undertaking its activities. Because of the continuing service provider relationship which the Trust has with its Commissioners, and the way in which those Commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also, Financial Instruments play a much more limited role in creating or changing risk for the Trust than would be typical of listed companies, to which these standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and Financial Assets and Liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities. For the Group, the CMFT Charity does hold investments, and is therefore exposed to a degree of financial risk. This risk is carefully managed by pursuing a cautious, low risk Investment Strategy, and by monthly reviews of the performance of investments.

The Trust's Treasury Management operations are carried out by the Finance Department, within parameters defined formally within the Trust's Standing Financial Instructions, and policies agreed by the Board of Directors. Similarly, for the Group the Treasury Management of the CMFT Charity's investments is carried out by the Charity Finance Team, following the policies set down by the Trustee, and subject to the approval of the Charitable Funds Committee. The Trust's and the Group's treasury activities are also subject to review by Internal Audit.

Liquidity Risk

Net operating costs of the Trust are funded under annual Service Agreements with NHS Commissioners, which are financed from resources voted annually by Parliament. The Trust largely finances its capital expenditure from internally generated cash, and funds made available by the Department of Health. Additional funding by way of loans (currently three) has been arranged with the Foundation Trust Financing Facility to support major capital developments. The Trust is, therefore, exposed to liquidity risks from the loan funding - however these risks are approved, and comply with NHSI's Risk Assessment Framework. For the Group, the CMFT Charity finances all of its expenditure from the resources which have been donated to it, and therefore faces no liquidity risk.

Currency Risk

The Trust and the Group are principally domestic organisations with the overwhelming majority of their transactions, assets and liabilities being in the UK and Sterling based. The Trust and the Group have no overseas operations, and therefore have low exposure to currency rate fluctuations.

Interest Rate Risk

100% of the Trust's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. The Trust is not, therefore, exposed to significant interest rate risk. For the Group, the Charity has interest bearing bank balances, which are subject to variable rates of interest. However, all other financial assets, and 100% of financial liabilities, of the Charity carry nil rates of interest. The Charity's bank balances represent approximately 1% of the Group's total Net Assets, and so the Group is not exposed to significant interest rate risk.

Credit Risk

The majority of the Trust's Income comes from contracts with other public sector bodies, and therefore the Trust has low exposure to credit risk. The maximum exposure as at 30 September 2017 is within Receivables from customers, as disclosed in the Trade and Other Receivables Note to these Accounts (Note 16) For the Group, the Charity's Income comes only from Donations, Legacies and Investment Income. Therefore the position of the Group is as for the Trust - the maximum exposure to Credit Risk is in respect of Receivables.

29 Financial Instruments

29.1 Financial Assets by Category

	Loans and Receivables			
	30 September 2017	30 September 2017	31 March 2017	31 March 2017
	Trust	Group	Trust	Group
	£000	£000	£000	£000
Per Statement of Financial Position:-				
Trade and Other Receivables Not Including Non-Financial Assets	62,676	62,676	81,864	82,163
Other Investments	866	866	866	866
Cash and Cash Equivalents	106,075	110,680	85,322	88,643
Total Financial Assets	169,617	174,222	168,052	171,672

	Available for sale			
	30 September 2017	30 September 2017	31 March 2017	31 March 2017
	Trust	Group	Trust	Group
	£000	£000	£000	£000
Per Statement of Financial Position:-				
Other Investments	0	13,770	0	13,869
Total Financial Assets	0	13,770	0	13,869

29.2 Financial Liabilities by Category

	Other Financial Liabilities			
	30 September 2017	30 September 2017	31 March 2017	31 March 2017
	Trust	Group	Trust	Group
	£000	£000	£000	£000
Per Statement of Financial Position:-				
Borrowings Not Including Finance Leases and PFI Obligations	80,723	80,723	77,980	77,980
Obligations Under PFI Contracts	298,465	298,465	302,059	302,059
Trade and Other Payables Not Including Non-Financial Liabilities	81,701	82,163	83,007	83,275
Provisions Under Contract	5,827	5,827	6,424	6,424
Total Financial Liabilities	466,716	467,178	469,470	469,738

29.3 Maturity of Financial Liabilities

	30 September 2017	30 September 2017	31 March 2017	31 March 2017
	Trust	Group	Trust	Group
	£000	£000	£000	£000
In One Year or Less	97,733	98,195	95,095	95,363
In More Than One Year But Not More Than Two Years	14,127	14,127	15,894	15,894
In More Than Two Years But Not More Than Five Years	39,537	39,537	38,640	38,640
In More Than Five Years	315,319	315,319	319,841	319,841
Total Financial Liabilities	466,716	467,178	469,470	469,738

29.4 Fair Values of Financial Assets at 30 September 2017

	Book Value		Fair Value	
	Trust	Group	Trust	Group
	£000	£000	£000	£000
Non-Current Trade and Other Receivables Excluding Non-Financial Assets	5,781	5,781	6,031	6,031
Other Investments	866	866	14,386	14,386
Total at 30 September 2017	6,647	6,647	20,417	20,417

Fair Values at 31 March 2017

	Book Value		Fair Value	
	Trust	Group	Trust	Group
	£000	£000	£000	£000
Non-Current Trade and Other Receivables Excluding Non-Financial Assets	5,785	5,785	5,785	5,785
Other Investments	866	866	14,735	14,735
Total at 31 March 2017	6,651	6,651	20,520	20,520

29.5 Fair Values of Financial Liabilities at 30 September 2017

	Book Value		Fair Value	
	Trust	Group	Trust	Group
	£000	£000	£000	£000
Non-Current Trade and Other Payables Not Including Non-Financial Liabilities	5,416	5,416	5,416	5,416
Provisions Under Contract	74,289	74,289	74,289	74,289
Loans	291,296	291,296	291,296	291,296
PFI Obligations	371,001	371,001	371,001	371,001
Total at 30 September 2017	371,001	371,001	371,001	371,001

Fair Values at 31 March 2017

	Book Value		Fair Value	
	Trust	Group	Trust	Group
	£000	£000	£000	£000
Non-Current Trade and Other Payables Not Including Non-Financial Liabilities	6,424	6,424	6,424	6,424
Provisions Under Contract	77,980	77,980	77,980	77,980
Loans	302,059	302,059	302,059	302,059
PFI Obligations	386,463	386,463	386,463	386,463
Total at 31 March 2017	386,463	386,463	386,463	386,463

As allowed under IFRS 7, Current Trade Receivables and Payables have been excluded from Notes 29.4 and 29.5 above.

30 Losses and Special Payments

30.1 Losses and Special Payments Incurred

	30 September 2017		31 March 2017	
	Number of Cases Trust and Group Number	Value of Cases Trust and Group £000	Number of Cases Trust and Group Number	Value of Cases Trust and Group £000
Bad Debts and Claims Abandoned	90	41	213	145
Stores losses	6	35	1	61
Compensation Payments Under Legal Obligation	3	20	92	234
Ex Gratia Payments	10	4	37	16
Totals	109	99	343	456

Losses and Special Payments are reported on an accruals basis, excluding provisions for future losses.

31 Taxpayers' and Others' Equity

31.1 Public Dividend Capital

Public Dividend Capital (PDC) represents the Department of Health's equity interest in the Trust, i.e. it is a form of long term Government finance which was initially provided to the Trust when its two predecessor organisations were founded as NHS Trusts in 1991, enabling it to acquire its assets from the Secretary of State for Health at that time. Exceptional circumstances such as the merger with the former Trafford Healthcare NHS Trust in 2012, and occasionally specific Capital Expenditure, can be funded by additional PDC being issued to the Trust. As outlined at Note 1.26 to these Accounts, a PDC Dividend of 3.5% per year is payable by the Trust to the Department of Health in respect of the value of the Trust's Average "Net Relevant Assets".

31.2 Revaluation Reserve

The Revaluation Reserve represents differences between the latest valuations of the Trust's land and buildings and their cost, less depreciation to date of the buildings, as outlined in Note 1.10.

31.3 Income and Expenditure Reserve

The Income and Expenditure Reserve represents the accumulation of all surpluses and deficits made by the Trust since its inception.

31.4 Charitable Fund Reserves

The Charitable Fund Reserves are made up as follows:-

- Restricted Funds are those funds which have been donated, with specific purposes stipulated for the use of the Funds.
- Unrestricted funds are those funds which have been donated, and can be used for any appropriate purpose.
- The Charity holds no endowment funds.

The Revaluation Reserve is the difference between the latest valuation of the Charity's Investments, and the original sums of money invested. The Statement of Financial Activities shows the increase in value in the current financial year. The Statement of Financial Position shows the cumulative unrealised gain since the initial investment was made.

32 Analysis of balances transferred to successor organisations

30 September 2017

Summarised final statement of financial position £000	Amounts transferred to: Manchester University NHS Foundation Trust		
	£000	£000	£000
Non-current assets	429,281	429,281	429,281
Current assets	200,364	200,364	200,364
Current liabilities	(132,336)	(132,336)	(132,336)
Non-current liabilities	(372,557)	(372,557)	(372,557)
Net assets / liabilities	124,752	124,752	124,752

33 Consolidation of Charitable Funds - Reconciliation of Charity Accounts to Consolidation Figures

33.1 Statement of Financial Activities/ Statement of Comprehensive Income

	Per Charity Accounts 30 September 2017	Consolidation Adjustments 30 September 2017	Figures Used in Consolidated Accounts to 30 September 2017	Per Charity Accounts 31 March 2017	Consolidation Adjustments 31 March 2017	Figures Used in Consolidated Accounts 2016/17
	Total Funds £000	Total Funds £000	Total Funds £000	Total Funds £000	Total Funds £000	Total Funds £000
Income From:						
Donations and Legacies	3,071	0	3,071	4,939	0	4,939
Investments	254	0	254	546	0	546
Total	3,325	0	3,325	5,485	0	5,485
Expenditure on:						
Raising funds	668	0	668	1,461	0	1,461
Charitable activities	2,005	271	2,276	6,967	(1,580)	5,387
Total	2,673	271	2,944	8,428	(1,580)	6,848
Net (loss)/gain on investments	(99)	0	(99)	1,431	0	1,431
Net income/(expenditure)	553	(271)	282	(1,512)	1,580	68
Transfer to Pennine Care Charity	(95)	0	(95)	0	0	0
Net movement in funds	458	(271)	187	(1,512)	1,580	68
Total Funds Brought Forward	13,743	4,083	17,826	15,255	2,503	17,758
Total Funds Carried Forward	14,201	3,812	18,013	13,743	4,083	17,826

33 Consolidation of Charitable Funds - Reconciliation of Charity Accounts to Consolidation Figures (Continued)

33.2 Statement of Financial Position

	Per Charity Accounts	Consolidation Adjustments	Figures Used in Consolidated Accounts	Per Charity Accounts	Consolidation Adjustments	Figures Used in Consolidated Accounts
	30 September 2017 £000	30 September 2017 £000	30 September 2017 £000	31 March 2017 £000	31 March 2017 £000	31 March 2017 £000
Fixed Assets						
Tangible Asset	100	0	100	105	0	105
Investments	13,770	0	13,770	13,870	0	13,870
Debtors	250	0	250	500	0	500
Total Fixed Assets	14,120	0	14,120	14,475	0	14,475
Current Assets						
Debtors	1,158	0	1,158	609	0	609
Cash at Bank and in Hand	3,197	0	3,197	3,321	0	3,321
Total Current Assets	4,355	0	4,355	3,930	0	3,930
Current Liabilities						
Creditors Falling Due Within One Year	(3,845)	3,383	(462)	(4,415)	3,836	(579)
Net Current Assets	510	3,383	3,893	(485)	3,836	3,351
Total Assets before Non-current Liabilities	14,630	3,383	18,013	13,990	3,836	17,826
Non - Current Liabilities						
Provision for Liabilities and Charges	(429)	429	0	(246)	246	0
Total Net Assets	14,201	3,812	18,013	13,744	4,082	17,826
Funds of the Charity						
Restricted Income Funds	4,293	0	4,293	3,702	0	3,702
Unrestricted Income Funds	7,591	3,812	11,403	7,626	4,082	11,708
Revaluation Reserve	2,317	0	2,317	2,416	0	2,416
Total Charity Funds	14,201	3,812	18,013	13,744	4,082	17,826

Details about each of the three Funds within the Charity's Reserves are given in Note 31.4

