Manchester University
NHS Foundation Trust

Manchester University NHS Foundation Trust
Annual Report and Accounts
1st April 2019 to 31st March 2020

Manchester University NHS Foundation Trust
Annual Report and Summary Accounts - 1st April 2019 to 31st March 2020

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

Contents

	Page
1 Welcome from our Group Chairman and Group Chief Executive	6
• 1.1 Highlights of 2019/20	8
• 1.2 Service developments	18
• 1.3 Improving patient and staff experience	19
• 1.4 Research and Innovation	20
• 1.5 Our Charity	24
2 Performance Report	28
• 2.1 Overview of performance	28
• 2.2 Performance analysis	43
3 Accountability Report	
• 3.1 Directors' Report	59
• 3.2 Remuneration Report	69
• 3.3 Staff Report	110
• 3.4 NHS Foundation Trust Code of Governance disclosures	123
• 3.5 Regulatory ratings	128
• 3.6 Statement of Accounting Officer's responsibilities	129
• 3.7 Annual Governance Statement	132
4 Auditors' Reports	148
5 Foreword to the Accounts	155
6 Annual Accounts	156

Quality Report

Please note that this year's Annual Report does not contain the usual Quality Report. In response to the coronavirus pandemic, NHS Improvement has advised NHS Foundation Trusts that they do not need to provide a Quality Report for 2019/20.

1. Welcome and highlights of 2019/20

Welcome from our Chairman and Chief Executive

We are very proud to share with you the achievements and successes of Manchester University NHS Foundation Trust (MFT) during 2019/20. Following the creation of MFT in 2017, our staff and partner organisations have been working tremendously hard to deliver even better healthcare services for the people of Manchester, Trafford and beyond.

Over the past 12 months, there have been many excellent out comes as staff work together to improve standards of care for patients and their families. Examples of significant improvements range from faster access to heart pacemaker services and shoulder surgery to increased capacity enabling patients needing specialist gynaecology services to be treated more quickly.

Across MFT, our staff continued to drive progress on developing single services that build on the strengths of our predecessor organisations. We are also looking forward to welcoming North Manchester General Hospital (NMGH) to MFT as the final element of delivering a Single Hospital Service for the people of Manchester and Trafford. The Board aims to complete the transaction during 2020/21 subject to due diligence, agreement of financial plans and approval of business cases.

To provide certainty for the committed and valued staff who work at NMGH and the people they serve, MFT has agreed with NHS England/Improvement to put in place an interim management agreement. This means that from 1st April 2020, NMGH will be managed by MFT and the NMGH leadership team will form part of the MFT Group.

The wider picture across the NHS remains one of increasing demand on services, significant workforce challenges and financial pressures. MFT has robust plans in place to meet these challenges while continuing to deliver outstanding care to our patients and their families.

However, this would not happen without the skills, commitment and outstanding efforts of all our 23,000 staff. We would like to thank each and every one of them for going the extra mile in delivering and continuously improving the services we provide for our patients.

We are particularly grateful for the excellent work by so many colleagues across all our hospitals and services in the planning and implementation of our coronavirus response. Everyone has worked exceptionally hard to provide safe, high quality care for our patients and to support each other in managing the rapidly changing pandemic. This is an unprecedented global health challenge, and we are very proud of how #Team MFT has responded.

This year we are very pleased to be focusing on the contribution of a particular staff group.

To celebrate 200 years since the birth of Florence Nightingale, the World Health Organization has designated 2020 as the international Year of the Nurse and Midwife. At MFT, we have a year-long programme of events and activities to recognise and celebrate the outstanding skills, compassionate care and absolute dedication of our nurses and midwives.

Research is a key area in which nurses, midwives and many other colleagues have made a significant difference during 2019/20. From pioneering new gene therapy treatments and surgery to clinical trials of new medicines, MFT is helping to ensure our patients have access to the most innovative care and resources.

This is supported by considerable investment in new buildings, facilities and equipment across MFT. A multi-million pound masterplan will enable us to transform the Wythenshawe campus over the next few years, while the new helipad on the Oxford Road campus will save precious time and therefore potentially many lives.

Building on our clear vision for MFT, the Board is very positive about the future. There is clear potential for us to continue to reduce variation in care so that all patients receive the same standard of service no matter where they are treated in MFT. We are also committed to making MFT an outstanding place to work for our staff, attractive to scientists and researchers and widely recognised as a regional, national and international healthcare leader.

Kathy Cowell OBE DL
Group Chairman

Sir Michael Deegan CBE
Group Chief Executive

1.1 Highlights of 2019/20

April 2019

The team behind Manchester's Lung Health Check Programme was named Cancer Care Team of the year at the BMJ Awards, the UK's leading medical awards. Managed by **Wythenshawe Hospital**, the project will drastically reduce poor early diagnosis and survival rates for lung cancer by providing quick, easily accessible screenings for people at higher risk of lung conditions.
https://mft.nhs.uk/2019/04/29/manchester-lung-health-checks-awards/

NHS England has announced that pioneering brain surgery that allows children who are deaf to experience the sensation of hearing for the first time is being made routinely available. Two highly specialist teams at **Royal Manchester Children's Hospita**l and Guys and St Thomas' NHS Foundation Trust in London will perform Auditory Brainstem Implants (ABIs) surgery for children who are deaf across the country. https://mft.nhs.uk/2019/04/23/pioneering-new-brain-surgery-at-rmch/

May 2019

658 NHS staff from MFT joined the Simplyhealth Great Manchester Run on 19th May as part of **#TeamMFT**. Together, they covered a combined distance of 6,580km, the equivalent of running from Manchester to Atlanta, Georgia. Team MFT staff are encouraged to run, jog, walk, or use a wheelchair to complete the 10k route, all in the name of supporting physical and mental health and wellbeing.
https://mft.nhs.uk/2019/05/10/over-650-nhs-staff-lace-up-to-join-team-mft-at-the-great-manchester-run/

The Anthony Nolan centre at **Saint Mary's Hospital** celebrated its five-year anniversary with a visit from Coronation Street actress, Jennie McAlpine. The cord blood collection centre allows new mums in Manchester the opportunity to give life twice in one day, by donating their umbilical cord which could one day help someone in desperate need of a stem cell transplant.

https://mft.nhs.uk/2019/05/21/coronation-streets-jennie-mcalpine-joins-saint-marys-hospital-and-anthony-nolan-in-celebrating-five-years-of-lifesaving-mums/

Specialist sight-saving NHS community eye clinics in North and South Manchester have provided more than 10,000 additional treatment appointments to patients in their first year of opening, and remain the first in the country to offer this type of treatment in the heart of the community. The clinics were brought to the high street in May 2018 by the **Manchester Royal Eye Hospital**, to provide high quality hospital expertise for patients closer to where they live.

https://mft.nhs.uk/2019/05/30/success-for-sight-saving-eye-clinics/

June 2019

Eleven-year-old Rijul Sudhir, who was the first patient to be admitted to the **Royal Manchester Children's Hospital** on its opening day in 2009, returned to the hospital 10 years on as part of the birthday celebrations. The festivities marked a decade since Booth Hall and Pendlebury children's hospitals merged to create the world-class RMCH which first opened its doors in June 2009.

https://mft.nhs.uk/2019/06/11/first-ever-patient-admitted-to-royal-manchester-childrens-hospital-returns-for-10th-birthday-celebrations/

Greater Manchester residents can now be fitted with a pacemaker seven days a week thanks to co-operative working from hospitals across MFT. This is the first time such a service has been made possible in the UK outside of London, and has come about thanks to collaboration from the cardiology teams at **Wythenshawe Hospital** and **Manchester Royal Infirmary**.

https://mft.nhs.uk/2019/06/04/greater-manchester-residents-benefit-from-week-round-pacemaker-access/

Our tenth annual **MFT Young People's Open Day** took place on 25th June. Over 300 students from Greater Manchester schools and colleges came along to find out about staying healthy, becoming a Member at MFT, or joining our Youth Forum. The students also spoke to MFT staff about a wide range of NHS careers and shared their views about health services.

Emily Robertson, a Ward Manager at **Manchester Royal Infirmary**, was awarded the British Empire Medal (BEM) for services to Nursing and Older People's Care in the Queen's Birthday Honours. She trained as a nurse at MRI and qualified in 2008.
https://mft.nhs.uk/2019/06/27/manchester-royal-infirmary-nurse-named-in-queens-birthday-honours/

July 2019

A mother and baby who were amongst the first patients to be admitted to the new **Saint Mary's Hospital Newborn Intensive Care Unit** (NICU) on its opening day at Oxford Road Campus in 2009, made an emotional return to the hospital for the 10th birthday celebrations. Gemma Hilton and her daughter Estelle were just one of a number of families, nurses and surgeons invited back to the unit to mark a decade since opening.
https://mft.nhs.uk/2019/07/11/the-first-babies-admitted-to-saint-marys-hospital-return-for-10th-birthday-tea-party/

A major new health research programme will tackle Greater Manchester's biggest health challenges, as part of a £135m national investment. The National Institute for Health Research (NIHR) is funding 15 Applied Research Collaborations (ARCs) across England to develop innovative research projects that will directly improve patient care and treatment. The NIHR ARC for Greater Manchester will be hosted by **MFT** and the University of Manchester.
https://mft.nhs.uk/2019/07/11/mft-extends-its-hosted-nihr-research-infrastructure-to-tackle-greater-manchesters-biggest-health-challenges/

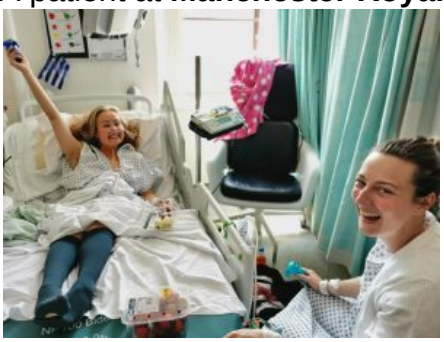
August 2019

MFT was delighted to welcome staff from Liverpool Women's NHS Foundation Trust as part of a ground-breaking initiative to harness the power of genomic technology and science to improve the health of our population. The Liverpool Women's genomic laboratory staff will work within the genomics department as part of the North West Genomic Laboratory Hub, hosted by **Saint Mary's Hospital**.
https://mft.nhs.uk/2019/08/01/mft-welcomes-staff-from-liverpool-womens-as-part-of-the-new-north-west-genomic-laboratory-hub/

Celebrations took place on 21st August to mark 10 years since **Manchester Royal Eye Hospital** first opened its doors in its new home on Oxford Road. Over the last decade, specialists at the hospital have delivered a number of 'world-first' treatments and there have been significant developments in treatment around cataracts, glaucoma, age-related macular degeneration (AMD) and the first trial of a bionic eye implant. https://mft.nhs.uk/2019/08/21/manchester-royal-eye-hospital-celebrates-10th-birthday-on-oxford-road-campus/

September 2019

A patient at **Manchester Royal Infirmary** spoke about her gratitude to her best friend after she gave her the gift of life by donating one of her kidneys. Helen Ashley, aged 29, had her second kidney transplant, from her best friend Lauren.



https://mft.nhs.uk/2019/09/05/mri-patient-thanks-best-friend-for-saving-her-life-through-organ-donation/

The human genome, the complete set of genetic data that makes up a human being, has now been printed in its entirety by the Manchester Centre for Genomic Medicine, based at **Saint Mary's Hospital**. With around 3.2 billion nucleotides or 'letters', the complete sequence covers 122,976 pages across 130 volumes and is one of only three printed copies of the human genome in the UK.. https://mft.nhs.uk/2019/09/24/manchester-centre-for-genomic-medicine-prints-entire-human-genome/

October 2019

We were delighted to welcome over 650 community health care staff from Trafford community health care services who joined MFT from Pennine Care. They form part of the new **Trafford Local Care Organisation** (alongside their colleagues from social care who will remain employed at Trafford Council) and will work closely, and share management arrangements, with Manchester Local Care Organisation. Alongside this move, the Trafford Healthy Young Minds Team also joined

Manchester and Salford CAMHS services at **Royal Manchester Children's Hospital**.

Children at **Saint Mary's Hospital** were first in the world to take part in a genomic study of two very rare genetic metabolic disorders, MMA and PA, which often have life-threatening symptoms, requiring children to receive intensive care. https://research.cmft.nhs.uk/news-events/children-at-st-marys-hospital-are-first-in-the-world-to-take-part-in-genomic-study

The Advanced Nurse Practitioner team at **Manchester Royal Infirmary** scooped a win at the national Nursing Times Awards. The team, based on the Surgical Assessment Unit within MRI, won the 'Surgical Nursing' category for improving patient experience for emergency general surgical patients. https://mft.nhs.uk/mri/national-win-for-the-advanced-nurse-practitioner-team-at-manchester-royal-infirmary/

Nine Mammography Associate apprentices were welcomed to **Wythenshawe Hospital's** Nightingale Centre. They are the first intake of a new apprenticeship programme at MFT, developed to tackle workforce shortages by the National Breast Imaging Academy which is hosted by MFT and funded by Health Education England. https://mft.nhs.uk/2019/10/08/warm-welcome-for-new-mammography-associate-apprentices/

The Anaesthetic Team at **Royal Manchester Children's Hospital** were recognised by the Royal College of Anaesthetists for providing the highest quality care to their patients. The prestigious Anaesthesia Clinical Services Accreditation (ACSA) was presented to the team, the only Anaesthetic Department in the country to have achieved full accreditation the first time of applying.

November 2019

Trafford Macular Treatment Centre opened its doors on 4th November, welcoming its first patients to the newly refurbished centre based at Trafford General Hospital. The purpose built specialist centre provides a local service for macular patients who require regular follow-up and treatment for age-related macular degeneration, sometimes up to every four to six weeks.

https://mft.nhs.uk/trafford/trafford-macular-eye-clinic-opens/

MFT Research and Innovation team members achieved an amazing five wins at the 2019 NIHR Greater Manchester Clinical Research Awards. The well-deserved accolades were for 'Outstanding Leadership', 'Outstanding Contribution', 'Research Midwife of the Year', Team Excellence Award for Research Patient Experience' and 'Research Administrator/Coordinator of the Year'.

The Multidisciplinary Tracheostomy Team from **Wythenshawe Hospital** received an award in recognition of its work improving quality and safety of care, both in the UK and globally, at the 5th International Tracheostomy Symposium, Melbourne, Australia.

Dr Fiona Dignan, a haematologist at **Manchester Royal Infirmary**, was honoured by blood cancer charity Anthony Nolan for her work on post-transplant care. Fiona was presented with the Clinical Supporter of the Year Award at the Anthony Nolan Supporter Awards 2019, during a ceremony held at the Tower of London.
https://mft.nhs.uk/2019/12/02/mri-doctor-wins-prestigious-national-charity-award/

Ellie Barclay, Dental Nurse Matron at the **University Dental Hospital of Manchester** was shortlisted for Best Team Member – North West at the 2019 Dentistry Awards. She celebrated 24 years with UDHM in September, having joined the hospital on the Trainee Dental Nurse programme back in 1995. https://mft.nhs.uk/dental/udhm-nurse-shortlisted-for-national-dentistry-award/

December 2019

The Emergency Multidisciplinary Unit (EMU) at **Trafford General Hospital** scooped a national win at the NHS Elect Awards. The team behind EMU won in the 'Excellent Teamwork' category for a pilot scheme implemented on the Acute Medical Unit (AMU) to improve patient experience, frailty standards and workflow. https://mft.nhs.uk/2019/12/09/national-award-win-for-traffords-emergency-multidisciplinary-unit/

Parents of premature twins born at 26 weeks with rare birth defects have paid tribute to staff at **Saint Mary's Hospital** and **Royal Manchester Children's Hospital** for their specialist care and treatment during 2019. Miracle twins April and Evie were able to go home for Christmas following life-saving surgery and care at the two MFT hospitals. https://mft.nhs.uk/rmch/miracle-twins-home-for-christmas-following-life-saving-surgery-and-care-at-mft-hospitals/

Manchester Royal Infirmary opened a new dedicated Major Trauma Ward on 2nd December. Located on Ward 14, the new Major Trauma Ward will help to underpin the MRI's position as a Major Trauma Centre for Greater Manchester and the surrounding areas.

January 2020

We marked the beginning of Year of the Nurse and Midwife 2020 with two launch events, reflecting on the history of both professions and looking ahead to a year of

recognising the skills, achievements and innovations of our brilliant MFT nurses and midwives.

The Stroke Rehabilitation Unit at **Trafford General Hospital** has been ranked as the 10th best Stroke Unit in the country, up from 70th position previously. The ranking is based on data gathered via the Sentinel Stroke National Audit Programme (SSNAP), a national audit programme that measures performance in a wide range of areas that reflect the multidisciplinary nature of stroke rehabilitation

https://mft.nhs.uk/2020/01/23/tsru-leaps-into-national-top-10/

A 'breaking of the ground' celebration was held to mark construction work progress on the new state of the art Helipad at the **MFT Oxford Road Campus**. The Helipad, which is expected to see an estimated 312 patients airlifted to the site each year, will enable critically ill or injured babies, children and adults to be airlifted straight to four MFT hospitals.
https://mft.nhs.uk/2020/01/29/generous-donors-celebrate-helipad-construction-progress/

Michelle Proudman, Manchester Local Care Organisation's lead nurse for North Manchester community healthcare services, was awarded an MBE for services to community nursing in the 2020 New Year's Honours List.
https://www.manchesterlco.org/news/2020/1/13/mbe-for-michelle-after-44-years-nursing-in-manchester

A 'life-changing' potential new drug could be available to lupus patients in the future thanks to 'breakthrough' research. The results of the TULIP II study were published in the New England Journal of Medicine (NEJM), one of the world's most prestigious, peer-reviewed medical journals. Professor Ian Bruce, Consultant Rheumatologist at **Manchester Royal Infirmary,** co-authored the NEJM

paper. https://research.cmft.nhs.uk/news-events/breakthrough-research-offers-new-hope-to-lupus-patients

The team at **Saint Mary's Hospital** Managed Clinic Services (MCS) have launched the Manchester Birth Centre at the Saint Mary's Hospital @ Wythenshawe site. The new Manchester Birth Centre will be the main birth facility for healthy women who are experiencing a low-risk pregnancy and choose midwifery-led care at MFT. https://mft.nhs.uk/2020/01/16/manchester-birth-centre-launches-at-saint-marys-hospital-wythenshawe/

A patient at **Manchester Royal Eye Hospital** became one of the first patients in the UK to undergo a revolutionary new surgery for a rare inherited retinal disease. It is one of the first gene therapy treatments undertaken in the NHS in the UK, and the first at MFT. https://mft.nhs.uk/2020/02/21/first-patient-undergoes-revolutionary-new-gene-therapy-procedure-at-manchester-royal-eye-hospital/

February 2020

A joint development between **Saint Mary's Hospital** and The Christie has seen two teams of gynaecological cancer surgeons joining forces to create the largest single gynaecological surgical cancer team in the UK, capable of providing a full range of treatments for all women in Greater Manchester and beyond. https://mft.nhs.uk/2020/02/13/mft-and-the-christie-join-forces-to-create-the-largest-single-gynaecological-surgical-cancer-team-in-the-uk/

The first UK child has participated in an international research trial taking place at **Royal Manchester Children's Hospital**. Korbin Wake, 13, was recruited to the Sodium Zirconium Cyclosilicate (SZC) trial for the correction of hyperkalaemia, by Dr Dean Wallace, a Paediatric Nephrologist, who cares for children who have kidney conditions. https://research.cmft.nhs.uk/news-events/first-uk-child-takes-part-in-kidney-research-trial

Adrian Roberts, Group Chief Finance Officer at MFT, officially opened a new clinical space in the Newborn Intensive Care Unit (NICU) at **Saint Mary's Hospital.** The bright, airy room is a welcoming environment for babies and their families. It has state of the art equipment, with space for up to eight cots, enabling teams at the hospital to provide care to babies at all levels of dependency.

An international team of scientists has identified a protein which is strongly linked to the most common cause of blindness in developed countries. Professor Paul Bishop, Consultant Ophthalmologist at **Manchester Royal Eye Hospital**, was part of the leadership team on the study. The discovery is a major step forward in the understanding of age-related macular degeneration (AMD), which affects 1.5 million people in the UK. https://research.cmft.nhs.uk/news-events/protein-closely-linked-to-most-common-cause-of-blindness-identified-through-research

March 2020
The expansion of Manchester's leading health innovation campus, Citylabs, was given the green light following the approval of the recently submitted planning application, cementing the campus' presence as an international hub for genomics, digital health and precision medicine. Citylabs 4.0 will be built on MFT's Oxford Road campus, adjacent to Citylabs 2.0, and provide seven floors of office and lab space. https://mft.nhs.uk/2020/03/23/citylabs-4-0-gets-green-light/

Thank you
As the coronavirus pandemic took hold across the country during spring 2020, everyone at MFT was enormously grateful for the support shown by our patients and their families, fundraisers, businesses and the wider public.

The generous donations of hot meals, other food and beverages plus flowers, skincare products and treats helped our hard-working staff during an unprecedented time. Scrubs and uniform bags, road signs, letters and rainbow drawings from children, along with the weekly clap for carers and many other gestures kindness, really made a difference to staff morale.

1.2 Service developments

In October 2017, we created a new, city-wide hospital Trust which will provide much better, safer, more consistent hospital care that's fit for the future to benefit people living in the City of Manchester, Trafford, and beyond.

The initial focus was on ensuring that all services continued to be delivered safely and effectively, with minimal disruption to patients, visitors and staff. Gradually, the emphasis has switched to delivering the planned merger benefits.

By bringing clinical teams together across all our hospitals, we've taken steps to deliver a consistently high standard of care for patients across MFT. And by sharing expertise between hospitals and the community we have delivered further benefits:

- Some patients with a broken hip have been able to go home four days sooner thanks to an improved rehabilitation pathway developed by Therapy and Nursing teams
- Orthopaedic surgeons have collaborated to improve services for patients including an MFT-wide focus on shoulder treatments
- Our Research and Innovation Team is now able to attract more clinical trials and bring extra funding for research for the benefit of patients.
- Patients needing kidney stone removal now wait no longer than 4 weeks. Before the merger, some patients waited 6 weeks or more.
- Women who need surgery after a miscarriage are getting faster treatment, in less than 2.5 days on average instead of 4 before the merger.
- Patients with the greatest need for a pacemaker now have quicker access due to a week-round joint heart rhythm service across MRI and Wythenshawe.

A number of extra benefits for both our patients and staff have also emerged during the design and implementation of new ways of working across the Trust. Examples include:

- MFT Frailty Standards: A set of standards for the care of frail patients have been agreed that cross all MFT sites and services.
- Shared capacity for trauma surgery: At times of high demand for trauma surgery and longer waiting times at MRI, some patients have been transferred to Wythenshawe Hospital for their surgery.
- Gynaecology Multidisciplinary Teams: Cross site endometriosis and urogynaecology Multidisciplinary Teams have been established, improving patient access to specialists and increased capacity across MFT.
- Gynaecology shared elective capacity: Over 100 elective patients have chosen to transfer their care from Saint Mary's to Wythenshawe Hospital where they will be seen more quickly.
- Urgent care recruitment: A joint recruitment programme to fill specialist urgent care roles is continuing across the Trust.
- Microbiology centralisation: The Microbiology lab will be centralised from Wythenshawe Hospital into a new, state of the art, facility at Oxford Road with associated benefits.

1.3 Improving patient and staff experience

"What Matters to Me" is our person-centred approach to patient experience. It is based on extensive work with patients and staff to identify what is important to them when both receiving and delivering services.

The key themes of "What Matters to Me" emerged from talking to patients and staff:

Positive communication
Environment
Organisational culture
Professional excellence
Leadership
Employee wellbeing

Since the merger, work by the programme team is helping to ensure "What Matters to Me" is rolled out across all our hospitals and services, so that it is:

- Integrated with our MFT core values
- Embedded in key strategies
- Included in the staff appraisal process
- Included in key events
- Part of the recruitment process
- Part of the accreditation process
- Threaded through education programmes.

Our patients have shared with us what matters to them when they use our services:

"My respect and dignity are always maintained; the staff always ask how I am and are genuinely interested in me."

"The quality of care has been very good, the staff are very friendly and efficient in every way. I could not fault what they do, even though they are busy all the time."

"I've not really been in pain but what pain I've had has been managed well."

"The care that I've had has been way above what I've expected. I didn't realise how poorly I was or what my family had been through, so it's been good. The staff get to know you and you get friendly with them."

"The communication has definitely been good, it can be hard to understand some things but they always answer my questions."

"The food is great; I can't fault it and it's nice and tasty. I've always heard bad things about hospital food but I'm happy."

1.4 Research and Innovation

MFT is at the cutting-edge of healthcare research, innovation and life-sciences in the UK.

Through clinical, commercial, and academic expertise and funding, we are improving the health and quality of life our diverse population by developing and delivering new treatments, innovations, products and services.

2019/2020 was another year to celebrate the growing success of research and Innovation (R&I) across all areas; research trials, new innovations, grant funding, and individual and team awards.

We were the only North West NHS trust to be ranked in the national top 10 for all categories by the NIHR Clinical Research Network (NIHR CRN) in their portfolio of studies for 2018/19.

This is the first year of complete data for MFT following its creation in October 2017, and sees MFT performing at the highest level for research:

National ranking

- 4th for the number of studies supported
- 5th for the number of research participants
- 7th for commercial research activity

These tables benchmark us against the very best academic hospitals in the country and demonstrate how well we have performed, and excitingly it also provides room for us to grow and improve in future years.

The impact of COVID-19 (Coronavirus) on R&I at MFT

Due to concentrated efforts to support the set-up and activity of research studies to understand and treat COVID-19, and to ensure public and patient safety, changes were made to the way we conduct research at MFT from the middle of March 2020.

Our expertise, experience and facilities were coordinated to address the urgent priorities for research as part of a global, co-ordinated effort, and several studies were set-up and began recruitment in late March 2020, including the RECOVERY trial – the first treatment trial for COVID-19, and ESCAPE – a Public Health England (PHE) study to inform PHE's understating of Coronavirus, with MFT the only NHS Trust involved.

Research studies

During 2019/20:

- 20,444 patients were recruited to participate in research studies approved by a research ethics committee
- 805 clinical studies were active during this period with 302 started in 2019/20
- 220 external researchers were enabled to conduct research in our organisation via research passports.

Our research and innovation infrastructure

Led by Professor Neil Hanley, Director for Research and Innovation, and Dr Iain McLean, Managing Director for Research and Innovation, R&I is conducted across our Group's hospitals and local care organisations, covering general care and hospital specialisms, including; emergency care, respiratory disease, cancer, cardiology care, musculoskeletal disorders, genomics, women's health and pregnancy, children's health, eye and dental health. This work is supported by over 500 staff, including our Research Office, Innovation Team, and Research Delivery teams including Trial Coordinators and Research Nurses, along with our colleagues from the organisations we host.

We host one of the largest National Institute for Health Research (NIHR) portfolios in the country, composed of:

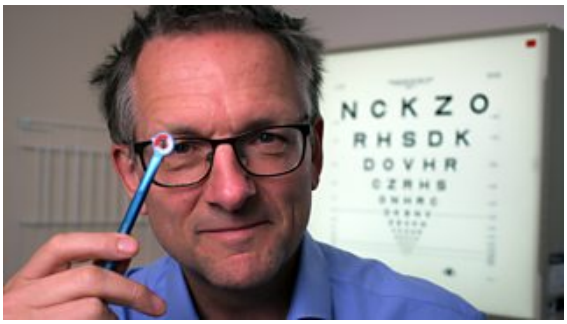
- NIHR Manchester Biomedical Research Centre (BRC)
- NIHR Manchester Clinical Research Facility (CRF)
- NIHR Clinical Research Network Greater Manchester (CRN GM)
- NIHR Applied Research Collaboration Greater Manchester (ARC GM).

We also host Health Innovation Manchester (HInM), Greater Manchester's academic health science and innovation system which includes the Manchester Academic Health and Science Centre (recently re-designated from April 2020 up to 2025). Led by MFT researchers, Manchester BRC and Manchester CRF have just completed successful third years, and provide funding and facilities to MFT research staff to conduct experimental medicine and transform scientific breakthroughs into diagnostic tests and life-saving treatments.

Our research, our impact

Cutting-edge research studies have taken place across our hospitals, including:

- The world's first emergency bedside genetic test to predict if new-born babies receiving antibiotics in intensive care are at risk of irreversible hearing loss (Royal Manchester Children's Hospital, supported by the NIHR Manchester BRC)
- Two-year old patient is the first in the world to receive pioneering gene therapy treatment for the rare and life-limiting genetic condition, MPSIIIA (Royal Manchester Children's Hospital)
- First patient in the world recruited to new Cystic Fibrosis therapy trial at to help researchers understand a triple drug treatment aiming to reduce the level of mucus thickness (Wythenshawe Hospital)
- First patient in Europe recruited to a peanut allergy trial for children under four years old at (Royal Manchester Children's Hospital)
- MFT doctor lobbying for change in the law following research into non-fatal strangulation during sexual assault (Saint Mary's Sexual Assault Referral Clinic)
- New hope for lupus patients following breakthrough research into a potentially 'life-changing' new drug (Manchester Royal Infirmary)
- First patient recruited to a trial for the correction of hyperkalaemia (kidney conditions) – Royal Manchester Children's Hospital
- One of two UK sites conducting an international trial into a male contraceptive gel (Saint Mary's)



MFT's research and innovation has featured in national and international media during 2019/20 including the BBC, ITV, Channel 4, Sky, and several national newspapers.
This included a special feature on the BBC's "Trust Me I'm a Doctor" highlighting the EyeWatch trial at Manchester Royal Eye Hospital

Our innovation, our impact

With our partners Health Innovation Manchester and QIAGEN we announced a ground-breaking new company to develop new tests for the prediction, prevention, and diagnosis of disease; APIS Assay Technologies. This is a pivotal component of our vision to create an internationally-leading research and innovation campus focused on integrated diagnostics leading to better care for our patients.

After a successful launch in early 2019, MFT's Diagnostic Technology Accelerator (DiTA) has agreed contracts with six commercial partners for projects in excess of £1.4m in value. A further six projects with an indicative value of over £500k are in advanced stages of negotiation and discussions are ongoing with over 30 other companies. Four pump-prime projects had received DiTA funding with the results of a second call to be announced shortly.

Funding awards and fellowships
We received a £4.4m investment as part of the Department of Health and Social Care's (DHSC) latest commitment in the fight against antimicrobial (antibiotic) resistance (AMR). Resistance to commonly prescribed antibiotics is becoming one of the biggest global health challenges today. Dr Tim Felton, Consultant in Intensive Care and Respiratory Medicine, will lead research to test individualised approaches to antibiotic prescribing by bringing together patient care and clinical research.

Mr Nick Lansdale, Consultant Paediatric and Neonatal Surgeon at RMCH was awarded nearly £400,000 to carry out research into 'early vs late' stoma closure in babies, part of the lifesaving some babies born prematurely, or with birth defects, require.

Internally, we funded three new Peter Mount Clinical Pump-Prime fellowships, looking to promote the development of highly motivated future leaders of clinical research in Manchester. Being at the forefront of advances in data-driven healthcare is a key element of the MFT R&I Strategy. We have funded 11 data-driven projects across a range of disease areas, with the potential to transform services nationally.

Award winning
We were delighted once again to celebrate several awards throughout the year, showcasing the talent we have in Research and Innovation.

Following a record number of nominations, we collected five awards at the 2019 NIHR Greater Manchester Clinical Research Awards, including; Research Midwife of the Year, Research Administrator of the Year, the Team Excellence Award for Research Patient Experience, and the Outstanding Contribution. There was also an Outstanding Leadership award for our recently retired R&I Divisional Director, Kathy Evans.

The Endometrial Cancer Research Group, led by Professor of Gynaecological Oncology Emma Crosbie, were presented with the Cancer Research Excellence in Surgical Trials (CREST) award by the National Cancer Research Institute (NCRI).

Case Study
Male contraceptive (N/EST) trial – Saint Mary's Hospital
Saint Mary's Hospital (SMH) is one of two UK sites for the international N/EST trial, which is testing the efficacy of a pioneering male contraceptive gel, which could allow men and women to take equal responsibility for birth control in future.

The gel, called NES/T, is a hormone-based treatment designed to reduce sperm production without affecting libido and works in a very similar way to the female pill. It contains a mixture of progestagen and testosterone – the progestagen 'switches off' sperm production and the testosterone compensates for the drop in testosterone this causes – which could otherwise result in unpleasant side-effects.

Dr Cheryl Fitzgerald is a Consultant Gynaecologist at SMH and is leading the study at MFT, she said: "It's great that we are taking part in this study. The gel has shown to be really effective and safe in early trials – and anything that gives people more choice has to be a good thing.

"The only contraceptive options for men currently are condoms or vasectomies, and a lot of women struggle with their contraception. Couples taking part in this research now are helping add to the evidence base which will provide others with more options in future."

We have received widespread media coverage for our male contraceptive trial, including a piece in the Mail on Sunday, for which Dr Fitzgerald and two SMH trial participants were interviewed.

One participant, Alex, who is taking part in the trial with her partner John, told the publication: "I put a lot of trust in the doctors and nurses running the study. I also began to realise that no contraception is 100 per cent effective. Every time we have sex we are taking a risk and I could become pregnant, so I was able to let it go, and now I don't even think about it."

1.5 Our Charity

Over the past 12 months we have seen some wonderful fundraising taking place in support of our family of hospitals. Thanks to the dedication and commitment of individuals, community groups, companies and organisations, £8.368 million has been raised by our Charity in 2019/20.

This fantastic generosity and support enables the Charity to support excellence in treatment, research and care for over 1.6 million patients, and their families, who use our hospitals each year.

Highlights of the year include fundraising activity to mark the 10th anniversary of Royal Manchester Children's Hospital, Saint Mary's Hospital and Manchester Royal Eye Hospital relocating to their current homes, along with the launch of the Every Child Counts campaign, spearheaded by renowned Manchester poet Tony Walsh, for Royal Manchester Children's Hospital Charity.

Thanks to our donors we have been able to fund a number of projects throughout our hospitals this year. Examples include:

The provision of residential rehabilitation camps for burn-injured children
Burn injuries can require years of painful treatments and aftercare and children can face many problems adapting to their scars, rebuilding their self-confidence and reintegrating into a society that isn't always kind to people who look different.

Royal Manchester Children's Hospital's Burns Unit, which is the largest specialist Burns Unit in the UK, runs two week-long, residential Burns Camps each year – one camp for younger children (aged 5-10) and one for older children (aged 11-16). Both camps provide fun activities geared towards rehabilitation and increasing self-esteem.

Thanks to the support of our donors we have been able to provide this opportunity to 25 children during 2019/20.

Provision of a second bereavement suite, at Wythenshawe Hospital's Maternity Unit

Pregnancy and childbirth should be a time for excitement and joy, but sadly not all parents get to experience this. Instead, they suffer the physical and emotional trauma of baby loss through miscarriage, still birth or neonatal death.

At present, we have one Snowdrop Bereavement Suite, which provides a peaceful and private environment for parents at their time of need. However, sadly, when more than one family is admitted at a time, there is currently no other option than for them to be cared for on the regular delivery suite, sharing facilities with other pregnant women, causing further distress. Thanks to our donors we have raised funds to design and develop a second dedicated Snowdrop Suite.

The new suite will be specially equipped to offer one to one care, pain relief and a caring, safe environment to ensure that the women and their partners feel completely supported during this devastating and life-changing time.
A welcoming and comfortable room will allow families to spend precious time with their child, creating memories and providing a safe space to come to terms with their loss, away from the busy maternity area.

Provision of Therapeutic Activity Coordinators at Manchester Royal Infirmary

Manchester Royal Infirmary currently has six Therapeutic Activity Co-ordinators who facilitate group activities for patients, including those with dementia or cognitive impairment.

This service has a hugely positive impact on our patients during their hospital stay, offering mental stimulation and a welcome distraction, aiding recovery, and reducing social isolation. The support of our donors means that we can continue and extend this valuable service, offering a greater variety of activities for our patients.

Celebrity Support

The Charity feels very privileged to receive the support of many celebrities who lend a hand by getting involved in events and campaigns and help us to raise awareness of our cause.

Our thanks this year go to Cold Feet actor John Thomson, Milkshake! TV presenter Olivia Birchenough, former BBC Dragon, entrepreneur and long term supporter Theo Paphitis, celebrity chef Gino d'Acampo, presenters Sara Cox and Hugh Ferris and stars of Youtube, CBBC and Celebrity X Factor, Max and Harvey, for their support of Royal Manchester Children's Hospital in 2019/20.

Thanks also go to Coronation Street stars Antony Cotton, Simon Gregson, Jennie McAlpine and Tina O'Brien, along with Hollyoaks actor Ashley Taylor-Dawson. We would also like to thank actors Chris Bisson, Jason Done and Ian Puleston Davies, radio presenter Mike Toolan, singer Max George, DJ Clint Boon and stars of the Real Housewives of Cheshire, Tanya Bardsley and Dawn Ward, for their support this year.

The Charity has also been fortunate enough to enjoy the support of both Manchester City and Manchester United Football Clubs.

A big thank you
Thank you to everyone who has supported the Charity over the last year. Your support really does make a lasting difference to all of our patients, young and old, and to their families, each year.

How to support us
There are many ways in which people can support any one of our family of nine hospitals, by giving their money, time or talent.

Making a donation or fundraising
To make a donation please visit www.mftcharity.org.uk/donate or call the fundraising team on 0161 276 4522. You can also support our hospitals by taking part in an event or organising your own fundraising activity.

Gifts in memory
Many thousands of pounds are donated each year to our hospitals in memory of patients who have died. The funds are used to improve facilities or buy equipment that will benefit our patients, so creating something very positive out of a sad personal loss.

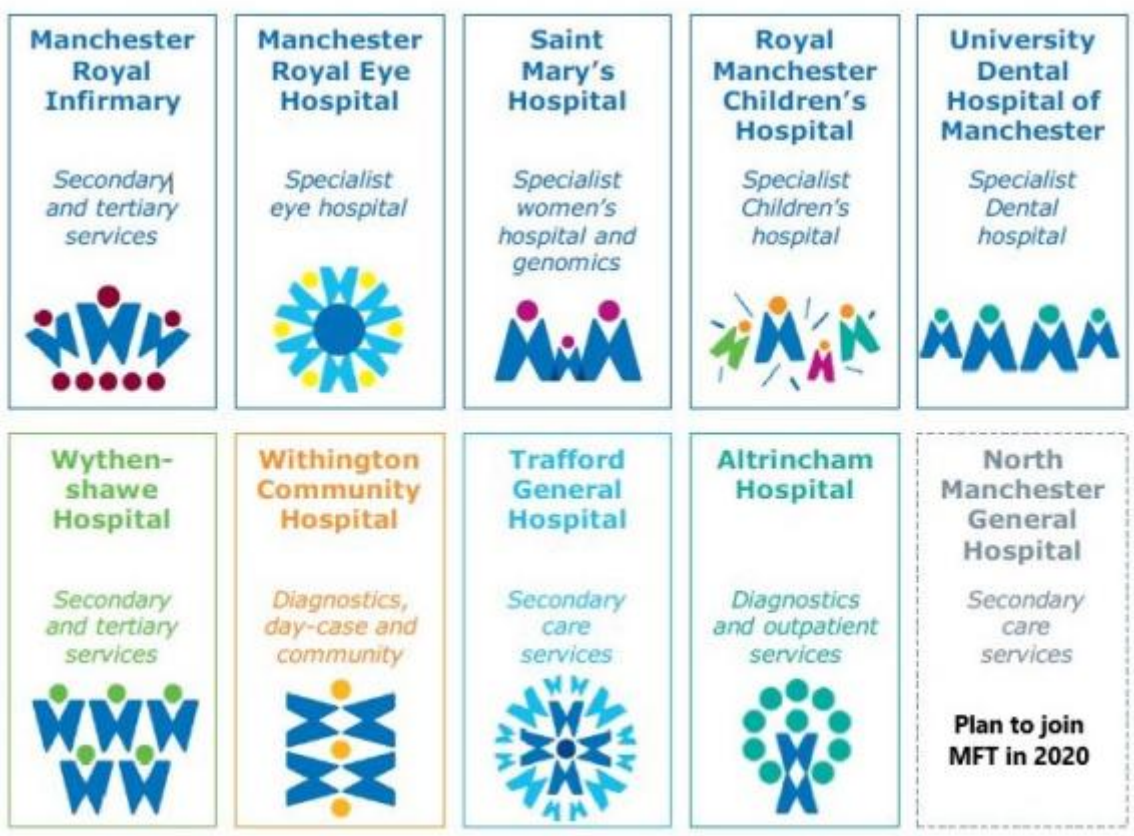
Legacy support
Legacy gifts provide the Charity with a valuable income source that can allow us to plan for the future and benefit as many patients as possible. A legacy can be left to a specialist area of work in accordance with the donor's wishes – even the smallest legacy can have a lasting impact on our work across our family of hospitals.

2. Performance Report

2.1 Overview of our performance

Introduction to MFT
Our Trust was formed in 2017, and we provide community and secondary care services to the populations of Manchester and Trafford, and specialist services to patients from Greater Manchester (GM), the North West and the rest of the UK.

MFT comprises nine hospitals plus the Manchester and Trafford Local Care Organisations (LCOs), and operates as a 'group' as shown below. The expected addition of North Manchester General Hospital (NMGH) to the group within the next 12 months will make MFT the sole provider of hospital services in the city of Manchester.



Manchester Local Care Organisation
Leading local care, improving lives in Manchester, with you

Trafford Local Care Organisation
Leading local care, improving lives in Trafford with you

We are a large and complex organisation with an annual turnover of around £1.8 billion. We have approximately 2,500 beds across our nine hospital sites and are one of the biggest employers locally, with 23,000 staff.

MFT has eight operational units: five of these are described as Managed Clinical Services, two are hospitals and one is the hosted Manchester and Trafford Local Care Organisations. Of the five Managed Clinical Services, four are associated with a distinct physical site, whilst one manages services across multiple sites.

The five Managed Clinical Services (see chart below) are accountable for the delivery and management of a defined group of clinical services taking place on any site within MFT.

Their role includes the operation of Clinical Standards Groups for their areas of specialty, setting clinical standards and developing evidence-based guidelines and pathways across the Trust.

Managed Clinical Service	Services	Clinical standards development function
Clinical & Scientific Services (CSS)	Anaesthesia, Critical Care, Pathology, Radiology et al	Yes
Manchester Royal Eye Hospital (MREH)	Adult & Paediatric Ophthalmology	Yes
Royal Manchester Children's Hospital (RMCH)	Children's Services	Yes
Saint Mary's Hospital (SMH)	Women's Services & Neonatology	Yes
University Dental Hospital of Manchester (UDH)	Dental Surgery & Oral Medicine	Yes

The other two operational units (see the chart below) are the hospital sites of Manchester Royal Infirmary (MRI) on the Oxford Road campus, and the multiple hospital sites of Wythenshawe, Trafford General, Withington and Altrincham Hospitals (WTWA) managed by the senior leadership team based out of Wythenshawe Hospital.

The two operational units of MRI and WTWA each deliver many clinical services to adults which they share in common, such as Emergency Medicine, Urology and Cardiac Surgery, but which are operationally managed independently by each site.

Hospital Site	Services include:	Clinical standards development function within hospital site
Manchester Royal Infirmary (MRI)	Adult Medical & Surgical Services including Cardiac & Respiratory	No
Wythenshawe, Trafford, Withington & Altrincham (WTWA)	Adult Medical & Surgical Services including Cardiac & Respiratory	No

MFT is also one of the major academic research centres and education providers in England. Research and Innovation is at the heart of everything we do. It enables us to ensure that our patients have access to the latest high-quality care and clinical trials, to attract the best staff and in turn to deliver the best outcomes for patients. It also allows us to attract investment and develop relationships with industry to our mutual benefit.

The **Manchester Local Care Organisation (MLCO)** delivers all 'out of hospital' health and social care. It brings the Single Hospital Service, Local Authority, the GP Federation, the mental health trust and voluntary, community and social enterprise sector together as a single partnership to deliver integrated, co-ordinated care at home and in community settings. Hosted by MFT, the LCO came into operation on 1st April 2018.

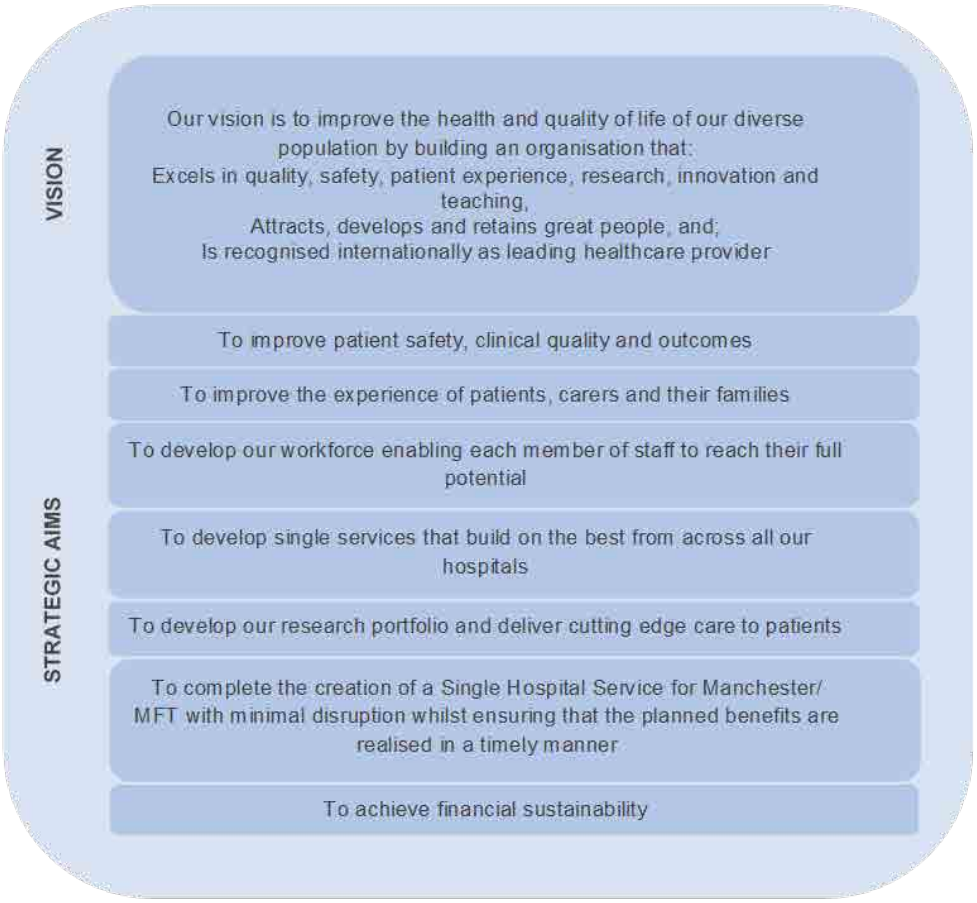
On 1st October 2019, we were delighted to welcome over 650 community health care staff from Trafford community health care services who joined MFT from Pennine Care. They form part of the new **Trafford Local Care Organisation** (alongside their colleagues from social care who will remain employed at Trafford Council) and will work closely with Manchester Local Care Organisation.

Key facts about our Trust

Our vision and values

The development of MFT's vision and values was part of a major Trust-wide programme with our staff, and included input from patients and partners. Ensuring staff are aware of and demonstrate our values is an ongoing process, starting at induction for new staff and running through staff appraisals and development.

Our vision is underpinned by our strategic aims, which are in turn reflected in the individual plans of our hospitals and Managed Clinical Services.



The people we serve
We are responsible for the provision of local hospital services to the populations of Manchester and Trafford, covering a combined population of around 776,000 people. Beyond this, our reach extends across Greater Manchester (GM), regional and national populations.

Many of our secondary and tertiary (specialist) services treat patients from across GM. For several tertiary services, such as cardiac surgery, we are the sole provider across Greater Manchester. This covers a population of over 2.8 million and an area of approximately 25 square miles.

We offer many regional services across the North West (e.g. cochlear implants) and, for certain services, across the whole North of England and Scotland. Several of our most specialist services are nationally commissioned (e.g. Aspergillosis) and serve patients across the UK and internationally.

The health challenges for Manchester and Trafford
The health inequalities between the north and south of England are regularly highlighted in national statistics. Levels of poor health in Manchester and Trafford contribute to demand for hospital and community health services.

This table shows how Manchester and Trafford compare with the national average for different health indicators – life expectancy, adult premature death (before age 75), infant mortality, levels of cardiovascular disease and cancer, and lifestyle factors such as obesity, smoking and alcohol misuse. (Data taken from Public Health England Local Authority Health profiles https://fingertips.phe.org.uk/profile/health-profiles).

Indicators	Period covered	Manchester	Trafford	England
Male life expectancy at birth	2016-18	76.1 years	80.1 years	79.6 years
Female life expectancy at birth	2016-18	79.8 years	83.9 years	83.2 years
Under 75 mortality rate per 100,000 (all causes)	2016-18	516	313	330
Under 75 mortality rate per 100,000 from cardiovascular diseases	2016-18	124.6	69.1	71.7
Under 75 mortality rate per 100,000 from cancer	2016-18	190.3	129.8	132.3
Infant mortality rate per 1000 births	2016-18	6.4	4.2	3.9
Percentage of obese children in Year 6	2018/19	26.3%	17.7%	20.2%
Admission episodes for alcohol-related conditions per 100,000	2018/19	775	601	664

Indicators	Period covered	Manchester	Trafford	England
Percentage of adults who smoke	2018	17.2%	13.5%	14.4%
Percentage of overweight/obese adults	2017/18	63%	57.3%	62%

Working closely with our partners
MFT is proud to work alongside a wide range of partner organisations to help deliver outstanding care to the people of Manchester and beyond.

Manchester Health and Care Commissioning is the single body which brings together the NHS and Manchester City Council and is responsible for commissioning both health and social care services in Manchester. The equivalent organisation for Trafford is **Trafford Together for Health and Social Care**.

MFT is a partner in the **Greater Manchester Health and Social Care Partnership**.

In April 2016 Greater Manchester took charge of its health and care system as one Partnership spanning NHS and local government, commissioners and providers of both physical and mental health. In doing so, it embarked upon the most radical health and care transformation programme in the country. Devolution has put Greater Manchester in charge of improving the health and wellbeing of everyone who lives there –some2.8 million people. Its ten boroughs are working together to transform public services and tackle the biggest issues affecting health.

The **Manchester Local Care Organisation (MLCO)** is a partnership between the City Council, Commissioners and providers, including MFT, with responsibility for the delivery of out-of-hospital care and improved community-based health services aimed at preventing illness and caring for people closer to home. It is hosted by MFT and community healthcare staff are deployed to MLCO.

The partners agreed to develop a legally binding ten-year Partnering Agreement, which commits all parties (MFT, MHCC, Manchester City Council, Manchester Primary Care Partnership and Greater Manchester Mental Health NHS Foundation Trust) to the delivery of the LCO agenda and the transformation of out of hospital services. The Partnering Agreement came into effect on 1st April 2018, and established the MLCO.

The MLCO is a virtual organisation responsible for the delivery of a range of services including community health services and adult social care. As the organisation develops over an agreed three-year phased approach, the range of services that will be delivered through it will grow to include Mental Health and Primary Care.

Trafford Local Care Organisation

Leading local care, improving lives in Trafford with you

The **Trafford Local Care Organisation (TLCO)** came into operation on 1st October 2019 to deliver NHS community services in Trafford. Hosted and managed by MFT, TLCO brought together staff from Trafford community health who transferred to MFT and Trafford Council's Adult Social Care team.

Through the TLCO, community health staff and adult social care staff are delivering a wide range of out-of-hospital care services such as district nursing, school nursing, podiatry services and specialist palliative care. While there has been no change in how patients and residents access these services, the overall aim is to ensure that services are the best they can be and that care is better co-ordinated around people's needs.

The benefits which will be delivered through the LCOs include:

- Improved health outcomes.
- People having a better experience of care.
- Local people being independent and able to self-care.
- Better integrated care and use of resources.
- Fewer permanent admissions into residential/nursing care.
- Fewer people needing hospital-based care.

As a leading **research and teaching Trust,** MFT has a large number of clinical academics who are recognised as leaders in their field. We work closely with our main academic partner, the University of Manchester, and with industry partners through developments such as Citylabs 1.0.

We host the Manchester Biomedical Research Centre (BRC) and are a founding partner of Health Innovation Manchester, which works with innovators to discover, develop and deploy new solutions that improve the health and wellbeing of Greater Manchester's 2.8m citizens. Our Oxford Road campus is located on Corridor Manchester, acting as the translational engine room and driving all stages of the innovation pipeline from idea generation to adoption and engagement.

We provide undergraduate and postgraduate medical and dental education, as well as pre- and post-registration training across a range of professional staff groups. We provide much of this in partnership with local higher education institutions including The University of Manchester, Manchester Metropolitan University and Salford University.

Working collaboratively with patient groups, statutory services and other local organisations is key to helping provide improved health care to the communities we serve. Here are some success stories we would like to share:

The Disabled People's User Forum
The Disabled People's User Forum (DPUF) is a patient forum run by MFT's Equality and Diversity Team. The purpose of the DPUF is to listen to the views and experiences of disabled people and enable them to influence decision-making within MFT's hospitals and managed clinical services. This aims to improve the access to, experience of, and quality of health care for disabled people within our hospitals and managed clinical services.

In 2019 the Forum discussed topics including:

- The Accessible Information Standard.
- Patient Passports.
- Changing places facilities.
- Clinical correspondence.
- Signage for accessible toilets.
- Wayfinding.

Homelessness Reduction Act Working Group
Our Trust has a dedicated Homelessness Reduction Act Working Group which meets quarterly. The Working Group is a multi agency partnership with involvement and representation from across MFT, Manchester City Council, Manchester Local Care Organisation, Greater Manchester Mental Health, Manchester Health & Care Commissioning, Urban Village Medical Practice and local social housing providers.

The Working Group's purpose is to provide a forum for MFT staff and partner agency representatives to discuss, plan, respond to and audit requirements placed on the Trust and partners through legislative elements of the Homelessness Reduction Act 2017. In particular, the group looks at responding to the requirements of the Public Duty To Refer element of the legislation.

The Working Group also works to identify and implement examples of best practice around working with patients who are homeless or at risk of being homeless, establish audit methodology for data capture and collation on this patient group, and support innovative approaches in partnership and co-production where appropriate. All these activities tie into local, regional and national action plans and priorities to tackle homelessness.

Work Experience @ MFT
MFT is on course to host 800 work experience placements over the course of 2019/20, the highest number of placements we've hosted to date and the most we are aware of nationwide. The Widening Participation Team have continued to develop our work experience programme over recent years, building on long-standing programmes such as A Taste of Medicine and A Taste of Healthcare which help to highlight medical and nursing-based careers.

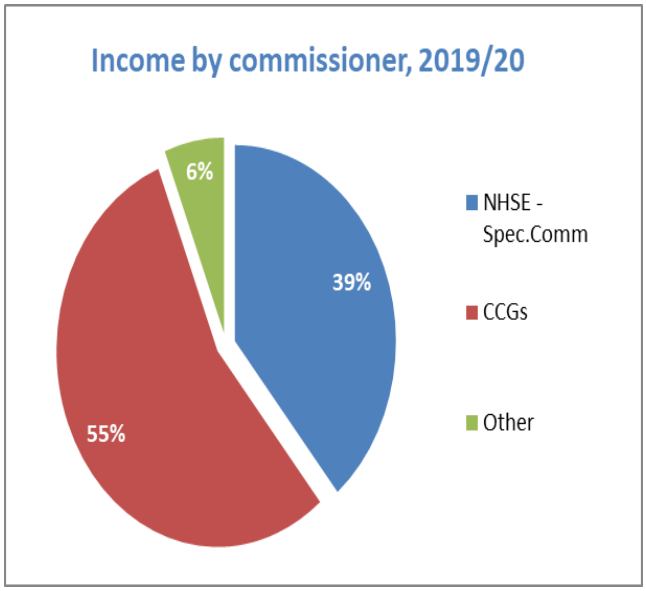
The team had close links with local schools and colleges in order to plan and co-ordinate placements for young people with aspirations to work in healthcare, as well as those who just want to get some insight into how our organisations work and the job opportunities available. The team also connected with the Social Mobility Foundation to allocate placements for young people who may face barriers to accessing these types of opportunities due to personal circumstances and background.

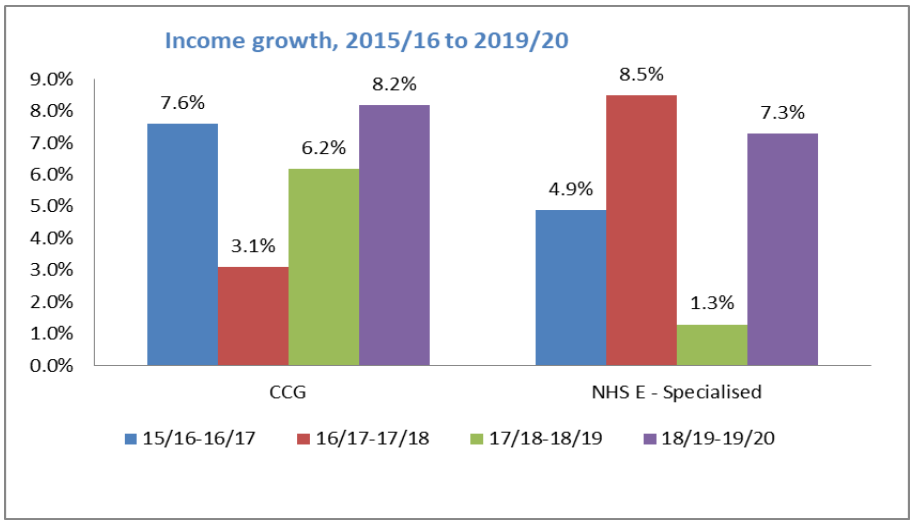
MFT continues to host insight days and careers events for schools in the local area such as the Healthcare Science event pictured below. These are always well received by our local schools and students get the chance to learn about careers in the NHS in fun and interactive ways.

Monitoring and managing risk
MFT faced a number of risks during 2019/20, including clinical risks such as access to treatment or tests, financial sustainability and organisational risks such as cyber security, access to patient records and complying with building regulations. A detailed summary of the risks, and information on how they were managed, is in the Annual Governance Statement on pages 129-144.

Our operating performance
We are one of the largest Trusts in England, with an income of over £1.8bn per year. With the addition of North Manchester General Hospital in 2020/21, we will become the largest Trust in England. Over half (55%) of our income comes from local and regional Clinical Commissioning Groups (CCGs), while 39% is from specialised services, commissioned by NHS England (NHSE). Our clinical income has continued to grow year on year.

The following charts show a breakdown of our income and how it has changed over the last five years:





Over 56.7% of our patients live in Manchester and Trafford, with around 30.9% coming from other areas of Greater Manchester and the remaining 12.4% from areas further afield.

Demand for our services continues to grow. Over the last five years on average:

- Referrals increased at 3.43% a year.
- Growth in elective (planned) services has averaged 2.5% a year.
- Non-elective activity grew by 1.25% a year.
- Outpatient activity grew by 2.8% a year.

Growth in Outpatient activity has significantly decreased in 2019/20 and we have seen negative growth during 2019/20 in Referrals, Elective and Non-elective activity.

We expect the reconfiguration of acute services across Greater Manchester to result in additional activity and income over the next five years. Decisions already made will see MFT:

- Taking on all high-risk elective and emergency general surgery for Manchester and Trafford.

- Becoming the arterial hub for vascular surgery for the whole of Greater Manchester.
- Undertaking specialist urology cancer surgery for the whole of GM.

Our clinical service strategy to expand the reach and breadth of our specialist services portfolio should also result in activity and income growth. At the same time, we hope to generate a gross reduction in the pattern of A&E attendances, emergency admissions and elements of outpatient care, as patients are treated closer to home, in the community and virtually. This should mean that non-elective income will fall in overall terms.

Our financial performance

MFT had an income of £1.826bn and expenditure of £1.811bn in 2019/20. The Trust's financial out-turn (before finance costs) for the year to 31st March 2020 was £14.361m.

The Trust's financial plan for 2019/20 was to achieve a Use of Resources rating of '2' (with '1' being the best score achievable and '4' being the worst score). The results delivered at the end of the year achieved a rating '2'.

During the year to 31st March 2020, we delivered £44.04m of savings against a plan of £56.38m.

The Trust spent £82.6m (including £5.4m from donated assets) in 2019/20 on capital schemes, of which £47.1m was on our estate, £17.4m was investment in new equipment and £18.1m was expenditure on the Trust's information technology.

The Board approved a Financial Plan for 2020/21 which contains a forecast surplus of £2.6m for this financial year, in line with the Control Total set for the Trust by NHS Improvement.

However, given the current coronavirus pandemic, the NHS has a new finance regime for at least the first four months of the financial year under which every Trust will break-even. At the time of writing, it is anticipated that this regime will continue at least until October 2020 and quite likely until the end of the financial year. This will therefore override the Trust's financial plan, although it is not materially different and therefore will not have a significant impact on the Trust's cash balance.

MFT Charity

We are also the Corporate Trustee to the MFT 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 MFT 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 to submit to the Charities Commission.

Shaping our future performance
The creation of MFT gave us an opportunity to think about how we can develop our services to improve care for our patients and create rewarding roles for our staff.

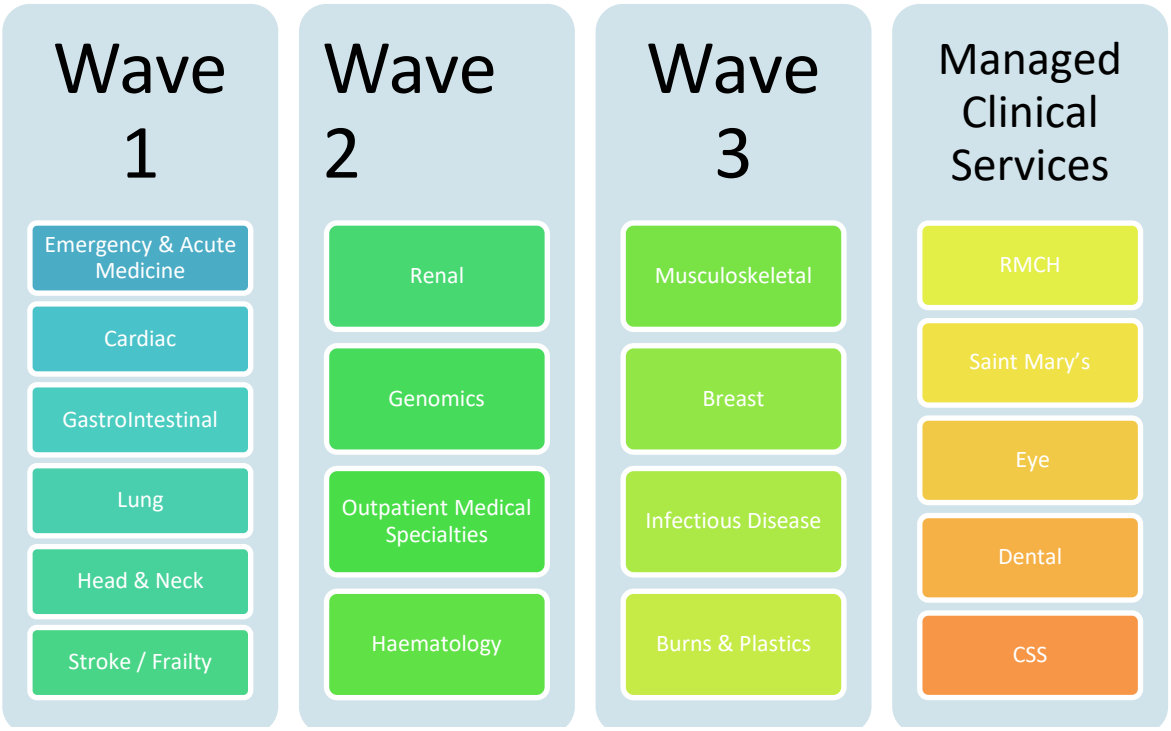
First, we produced a Group Service Strategy to set out our vision for how services should develop over the next five years. This involved engagement with around 235 internal and external stakeholders.

Five key themes have formed the pillars of the Group Service Strategy. Each pillar describes what we want to achieve and how we plan to get there. This diagram shows each pillar and how they are supported by Research & Innovation (R&I) and Education and Training (E&T).

Next we divided our services into four groups and then developed a strategy for each of our Clinical Services. These were developed by Clinical Working Groups made up of a Clinical Lead and staff from all related services. Colleagues from North Manchester General Hospital were also included in the development of the Clinical Service Strategies, as a future member of MFT.

Workshops were held for each Clinical Service Strategy where 400 internal and external participants were asked:

- How the service is currently delivered?
- What is the vision for the service in the future?
- How can MFT improve the service over the next 5 years?



Over 700 people were involved in developing the Clinical Service Strategy. We are now working to engage more widely with the public to test our ideas and get their views.

Infrastructure development
To deliver this vision for our clinical services, it is essential that we have sufficient clinical accommodation in the right place across all our sites.

On the Wythenshawe Hospital site, a master planning exercise has been undertaken which sets out a bold vision for the redesign of the whole campus which would see the development of brand new clinical buildings. This major development programme supports our plan to deliver single services across all our hospitals, but is dependent on securing clinical and other income.

In March 2020 we reached an important milestone in this long term vision through the development of a Strategic Regeneration Framework (SRF). This sets out our proposed vision for the Wythenshawe Campus which will deliver the following:

- **Exceptional health care and clinical facilities** by creating an enhanced clinical environment that is in line with modern standards and delivers a hospital that is accessible and welcoming for patients and visitors.
- A highly **sustainable campus** which delivers on MFT, Bruntwood and Manchester City Council's commitment to be **Net Zero Carbon by 2038**
- **A diversified range of uses** as part of an innovative sustainable health village which will include complementary research and development, offices and workspace buildings. Residential use linked to the hospital function, which addresses an identified need and helps to deepen the City's housing offer could be included. Other complementary uses would include hotels, conferencing, leisure, training, ancillary retail, and multi-storey car parking.

- **Supporting the local community** through access to jobs and skills.
- **A 'smart' hospital** – technologically advanced and 5G enabled.
- **World-class research and innovation** that leverages the strengths of Manchester and Wythenshawe Hospital.
- **Globally Competitive Location** for complementary businesses to grow and thrive.

The SRF was initially considered by Manchester City Council's Executive Committee on 11th March 2020, followed by a six week consultation period where staff and the public had the opportunity to give their views to shape the final version of the SRF.

Also at Wythenshawe, there are plans for a dedicated National Breast Imaging Academy building (*left*), next to the Nightingale Centre. This will be used for training our staff and creating more space for breast cancer patient clinics and research.

Future planned investments at the Oxford Road Campus include:

- Project RED – the £31 million programme to redevelop the Adult A&E. Enabling works continued through 2019, with Emergency Department works starting in 2020.

- £10 million for theatre redevelopment in MRI.
- The Helipad – this £7 million charitable programme of works will see the first NHS Helipad in the city centre open during 2020.
- Healthier Together - investment totalling £10 million.
- RMCH - paediatric ED redevelopment which is in the design phase.
- RMCH - iMRI development work which is ongoing – a £16m investment overall.

A charitable programme helped fund the Oxford Road helipad

Acquisition of North Manchester General Hospital (NMGH)
Another landmark event in 2020/21 will be the next stage of the North Manchester transaction. Work has been ongoing since 2018/19 with our partner organisations to safely split and reorganise Pennine Acute Hospitals NHS Trust (PAT). MFT will formally acquire NMGH as part of the Manchester Single Hospital Service and Salford Royal (SRFT) will formally acquire the Oldham, Bury and Rochdale sites as part of the Northern Care Alliance NHS Group. However, the complexity of the acquisition processes, and the significant amount of capital investment being sought from Government, meant that it was not possible to complete the formal acquisitions by 1st April 2020 as originally planned.

To provide certainty for the committed and valued staff who work across PAT hospitals and the population they serve, SRFT and MFT have agreed with NHS England/Improvement to put in place an interim management agreement from 1st April 2020 to oversee the running of the respective hospitals and services that the two Trusts are planning to acquire. Therefore from 1st April 2020, NMGH will be managed by MFT and the NMGH leadership team will form part of the MFT Group. There is a positive momentum among all the organisations involved as we move towards the conclusion of the process during 2020/21.

2.2 Analysis of our performance

Operational performance

In 2019/20 MFT has faced similar performance challenges to the national and regional positions with an unprecedented rise in demand for our urgent, elective, diagnostic and cancer services, which has placed constraints on the capacity across services and impacts on delivery of NHS Constitutional standards.

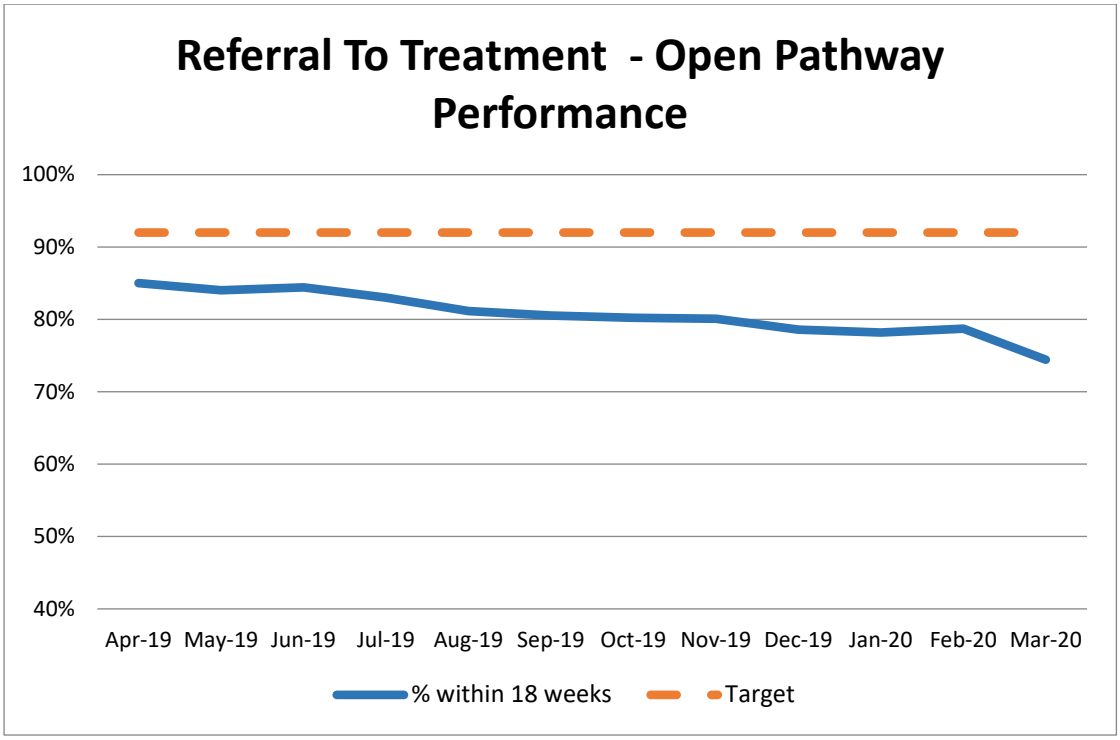
Whilst MFT is focused on delivering timely access to services for our patients, our performance has been reflective of the national and regional performance with the Constitutional access standards underachieved in the year. The focus for MFT has been on maintaining patient safety. There have been no 12 hour trolley waits in our Emergency Departments and strong performance for timely ambulance handover. In addition, we delivered our commitment to reduce elective long waits and eliminate any patient waiting longer than 52 weeks for nine months of the year. We had seen significant improvement in diagnostic waiting times with the national target achieved for a number of months in the year.

In March, and in line with national guidance relating to the Covid19 pandemic, we suspended the elective and outpatient department programme in order to focus our resources on the response to the pandemic and to support national guidelines relating to self-isolation and shielding of patients. This has had a detrimental effect on MFT planned care performance in March and an increase in the number of patients waiting over 52 weeks. Safety has remained a priority throughout, with all patients clinically triaged and assessed for clinical harm where long waits have occurred.

Waiting times

During 2019/20 MFT has under-achieved the referral to treatment (RTT) 92% incomplete standard, with performance falling below the national picture. The introduction and migration of RTT pathways to a compliant 18 week patient administration system has resulted in an expected reduction in performance. A priority for the Trust is patient safety and reducing the longest waits with no 52 week waits occurring for nine9 months of the year. However when these did occur in quarter 4 (Q4), harm reviews were undertaken and no harms have been found to have occurred. The challenge to meet the national standard of 92% remains, with a 4.4% increase in RTT 2019/20 referrals placing additional pressure on capacity to meet higher demand.

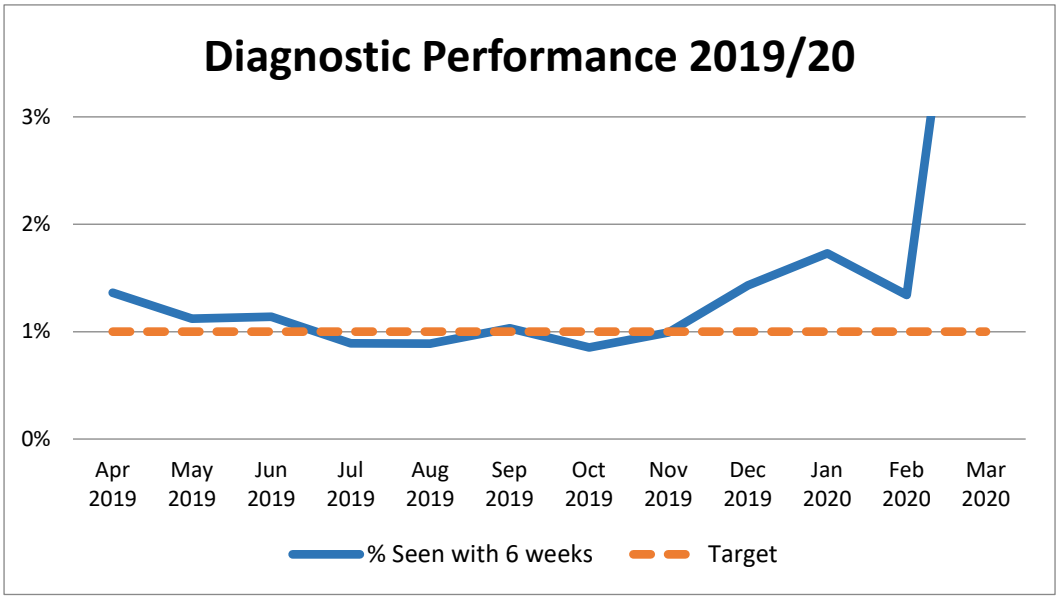
52+ Week Waiters											
Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**2**	**44**



Diagnostic Tests

MFT has delivered significant improvement in 2019/20 achieving the National standard for six consecutive months, and marginally falling outside the 1% threshold during the most challenged winter period. Trends in Q4 reflect the seasonal pressures on key imaging diagnostics as seen in previous years, which when coupled with increased demand has introduced additional capacity pressures in adult and paediatric MRI.

Recovery plans and trajectories are in place from Hospitals and Managed Clinical Services.



Cancer
MFT has under-achieved against key Cancer Standards, including 62 day in 2019/20. An increase of 13% in referrals (+ 2885), coupled with an increased demand for diagnostics, reduced theatre capacity and aid provided to neighbouring Trusts, has contributed to lower than anticipated performance against the standards.

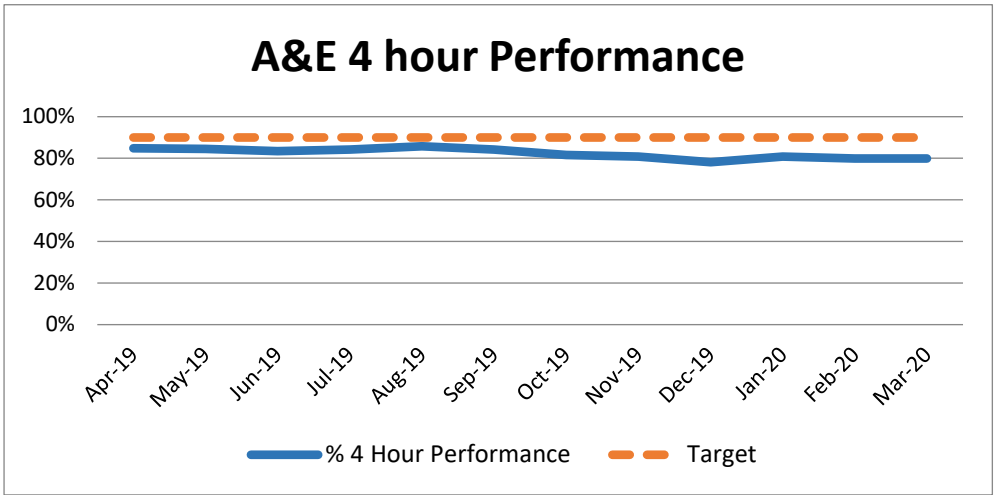
MFT has implemented a number of innovations and we are working with system partners to support resilience of cancer pathways and deliver better patient experience and outcomes. The Cancer Excellence Programme is based on NHSI guidance and good practice; it provides effective governance to support improvements against the standard and is the driver to Trust recovery. Phase 1 of the programme was implemented in Q3/Q4 and is already demonstrating quality and patient experience improvements for patients, as well as reduced delays in cancer pathways.

MFT provided support to the Stockport Breast Service which reduced performance against the two week wait standards throughout Q2/Q3. Actions taken by the Trust have subsequently improved the performance to target thresholds.

A&E Activity
MFT has continued to experience higher demand for urgent care in 2019/20 with an increase (+5%) in A&E attendance for the majority of the year, with the exception of March which had a reduction of 10,800 due to the impact of Covid-19. Demand for lower acuity attendance has remained static while more complex physical and mental health type 1 presentations has challenged delivery of the four hour standard in our consultant led services.

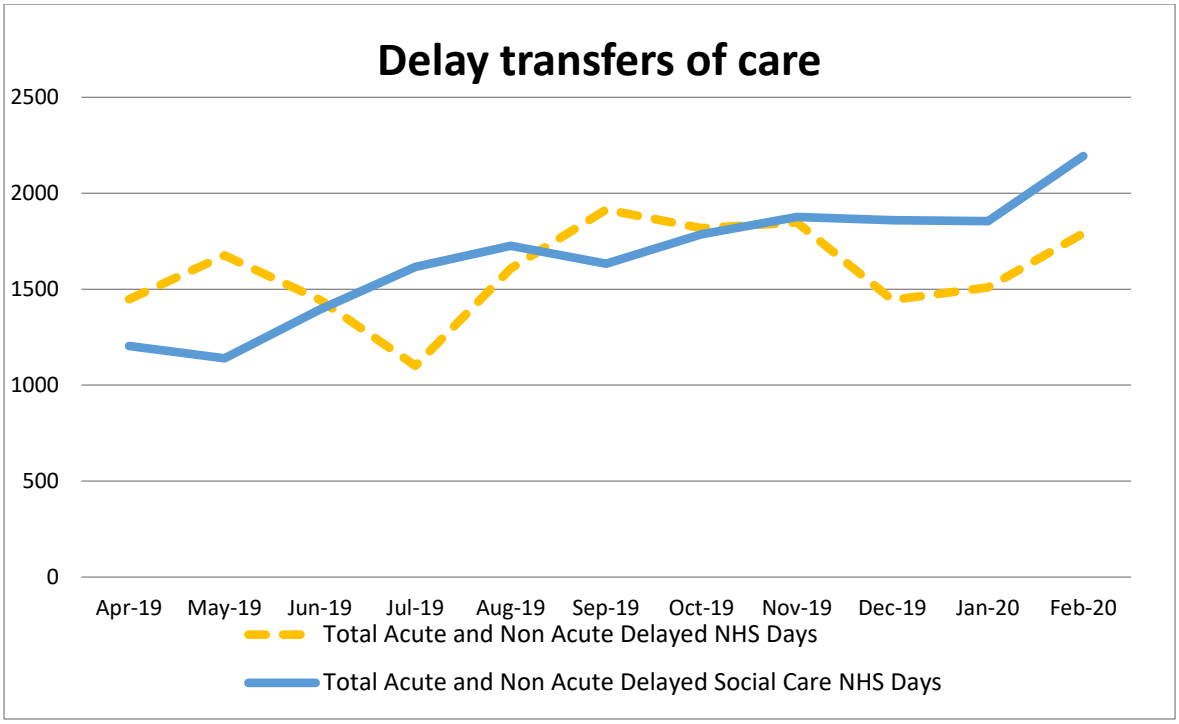
MFT's performance against the A&E standard is reflective of national trends. In the North West Region, the Trust has achieved 48th percentile and achieved rank 3rd in Greater Manchester for overall performance. The focus on safety has remained pivotal in our hospitals' plans with outcomes which include:

- Mutual aid to support clinical priority diverts.
- No reports of 12 hour trolley waits.
- Delivery against the 30 minute ambulance handover standard.
- Joint working with Mental Health partners to reduce time to assess our more vulnerable patients.



Delayed Transfer of Care
A Greater Manchester target for delayed transfers of care (DTOC) remains at 3.3% of occupied NHS bed days. The system has underachieved against the standard, with health and social care each reporting increased numbers of DTOC delays. There has been an overall 2% increase in the 65+ year age group, with reduced length of stay in non-complex pathways. MFT has seen an additional (+8854) DTOC occupied beds days compared to the previous year, and performance of circa 6% for the majority of the year.

MFT continues to work with national teams and our partners including the Manchester Local Care Organisation to deliver improvement against this standard. Furthermore, substantial joint investment has been committed to development of improved discharge processes and implementation of an Integrated Discharge Team at Manchester Royal Infirmary. Limited care home beds, community care capacity and complex needs are placing considerable challenge on recovery.



Infection Control
Infection Prevention and Control remains a high priority for the Trust and there is a strong commitment to reducing avoidable harm due to HCAI (Healthcare Acquired Infections). HCAI rates are closely monitored by the Group Chief Nurse with actions in place to address any exceedances and return rates to below the Trust's trajectory.

Infection control incidents of *Clostridium difficile* increased from 125 reported incidents in 2018/19 to 145 in 2019/20. The Trust is happy to report a reduction on the number of MRSA Bacteraemias, which has fallen from 10 attributable cases in 2018/2019 to 8 cases in 2019/2020.

Accident & emergency attendances 2019/20
A&E attendances = 413,732
Clinic attendances 3,803
Total = 417,535

In-patient/day case activity
In-patient (non-elective) = 124,744
In-patient (elective) = 29,818
Day cases = 136,524
Total = 291,086

Day cases as a % of elective activity = 82.07%
Day cases as a % of total activity = 46.90%

In-patient waiting list 2019/20

	In- patient	**Day case**	**Total**
Total on waiting list	4,459	20,697	25,156
Patients waiting 0-12 weeks	2,243	12,022	14,265
Patients waiting 13-25 weeks	1,414	5,021	6,435
Patients waiting over 26 weeks	802	3,654	4,456

Out-patient activity 2019/20
Out-patients first attendances: 495,386
Out-patients follow-up attendances: 1,301,341
Total = 1,796,727

Bed usage 2019/20
Average in-patient stay = 5.04 days

Patient care performance

- **Food Improvement Programme**

Learning from patient experience feedback

Understanding people's experiences of care and treatment while they are an inpatient provides important information about the quality of services, and this can be used to drive improvement.

One of our main tools to obtain patient feedback is the 'What Matters to Me' Patient Experience Survey. The Survey is administered via a handheld electronic device provided to patients and asks them a series of questions about their recent experience – Food and Hydration is a key section in the WMTM Patient Experience Survey.

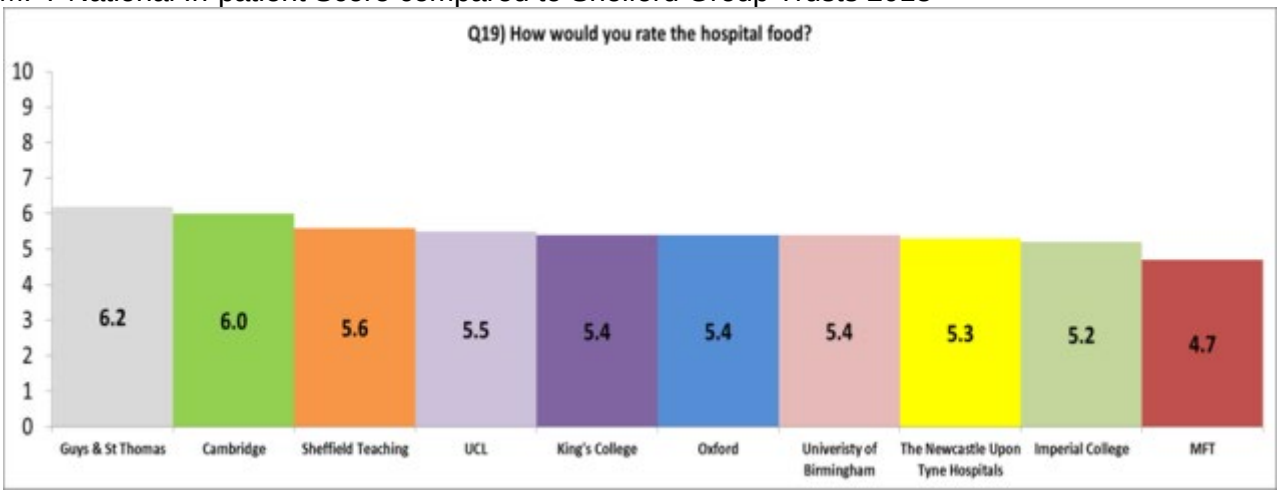
The Quality Care Round (QCR) is an MFT-designed self-assessment audit tool completed by either the Ward Manager or Matron on a monthly basis – Food and Nutrition is a key section in the QCR.

Data from both the QCR audit and WMTM Patient Experience Survey provide frontline teams with information to identify areas for improvement that matter to their patient group.

Based upon the analysis of 'What Matters to Me' survey data the satisfaction rate with the quality of food between April 2018 and March 2019 averaged 67.7%.

The annual Adult National Inpatient Survey is a CQC requirement to obtain feedback to improve local services for the benefit of patients and the public, based on adult in-patient patient experience. This table shows that in 2018 MFT rated least favourably for food when compared with other similar Trusts.

MFT National In-patient Score compared to Shelford Group Trusts 2018



Food Summit and development of a 'Model Ward' concept
Recognising that we needed to further improve the quality of food, a designated work programme, established in collaboration between Nursing, Estates and Facilities, was initiated in December 2019 with the intention of identifying a number of high impact changes. A key work stream is the concept of a 'Model Ward'.

Ward 12 at Trafford Hospital has been identified as the pilot 'Model Ward'. The aim of the 'Model Ward' is to develop an exemplar ward for catering provision and the dining experience for patients. Initial meetings have been held with stakeholders and the programme is being finalised. Changes that will be tested include: an 'end to end' catering service by dedicated catering professionals, developments around social dining, with the inclusion of relatives, enhanced snack rounds and hot breakfast options.

The changes will be introduced underpinned by the Trust's Improving Quality Programme (IQP), which with the use of patient feedback and other data metrics will identify the changes that deliver the highest impact and which can be replicated across the wider Trust.

- **Arrangements for monitoring improvements in the quality of healthcare**

Quality Care Round
The Quality Care Round (QCR) is a MFT designed self-assessment audit tool completed by either the Ward Manager or Matron on a monthly basis. The assessment is completed in all hospital-based clinical areas: inpatient, day case, outpatients, theatres and urgent care areas.

The following domains are assessed each month against a set of Quality Standards:
- Clean
- Communication
- Documentation
- Equality and diversity
- Hygiene and personal care
- Infection control
- Involving patients and their carers
- Nutrition and hydration
- Pain
- Patient safety
- Privacy and dignity

There is an internal baseline target of 85% achievement in all domains.

Patient experience feedback
One of the Trust's main tools to obtain patient feedback is the **'**What Matters to Me' Patient Experience Survey. The Survey is administered via a handheld electronic devise provided to patients that asks them a series of questions about their recent experience.

The responses are used alongside other available data (QCR, Friends and Family Test, Workforce, Complaints, and Incidents) to provide teams with a 'triangulated' view of an area, identifying elements that require improvement and also areas of strength and outstanding practice. This information then guides the improvement agenda within the area as well as the opportunity to celebrate and share successes.

The questions are grouped into the following domains:

- Clean environment
- Infection control
- Patient Safety
- Pain Management
- Privacy and Dignity
- Equality and Diversity
- Involving Patients and Carers
- Patient Satisfaction
- Clinic Organisation
- Staff Communication

There is an internal baseline target of 85% with those areas scoring less identified as requiring further analysis to consider areas for improvement.

Since the introduction on 1st April 2018 of a newly procured electronic system to capture and report the MFT 'What Matters to Me' patient experience survey data and QCR data, frontline teams have had real-time access to patient experience feedback. This includes qualitative comments provided by patients and the self-assessment data for each of the themed categories.

The electronic system allows analysis to be undertaken at ward, hospital/ Managed Clinical Service and Trust level for the quality of care (self-assessment audit) and overall patient experience satisfaction for each of the themed categories. The data is then used to identify and inform areas for improvement.

The Clinical Accreditation process is part of MFT's assurance mechanism for ensuring high quality care and the best patient experience. The process is underpinned by the Trust's Improving Quality Programme, Values and Behaviours Framework and the Nursing, Midwifery and Allied Healthcare Professionals' Strategy. The Accreditation assessment process involves the annual review by a senior clinical team of a series of defined standards and metrics within wards and departments across the Trust's Hospitals/Managed Clinical Services and Local Care Organisations culminating in each area being awarded a Bronze, Silver or Gold result.

As a part of the MFT Accreditation process, teams are assessed on their continuous improvement journey to ensure the best patient experience. The Trust's bespoke Improving Quality Programme (IQP) has been developed founded in the principles of the Productive Series with the aim to empower ward/department teams to identify areas for improvement by giving staff the information, skills and time they need to improve quality of care.

The IQP is a methodology for continuous improvement that supports staff to review their data, identify areas of concern, research best practice based on current evidence and implement changes following a structured approach that involves Model for Improvement and Plan-Do-Study-Act (PDSA) cycles. This approach guarantees that changes are evidence based, measurable, embedded and sustained in practice.

IQP also enables teams to improve their ward environment and processes, which helps 'release time', which can be reinvested in improving quality, safety and patient experience. The Improving Quality Programme (IQP) aims to achieve a level of standardisation across the organisation, with appropriate levels of flexibility built in to each standard to ensure changes are appropriately applied to all clinical areas.

Always Events®

Always Events® are defined as 'those aspects of the patient and family experience that should always occur when patients interact with healthcare professionals and the health care delivery system' Always Events® should be reliable processes or behaviours that ensure improvements in patient experience and, using a quality improvement methodology need to be measurable.

As a range of feedback from patients is already collected at MFT the Always Events® process will offer a structured methodology to further enhance the Trust's What Matters to Me Patient Experience Programme, with a systematic quality improvement process grounded in service user involvement.

During 2019 work was undertaken to establish a framework to support the pilot of Always Events®, laying the ground for a pilot of Always Events® in three separate teams/wards/ clinical areas from within RMCH, MLCO and MRI.

Bee Brilliant Annual Report 2019/2020

Bee Brilliant is an MFT quality initiative and is an opportunity to identify, share and celebrate good practice at scale across the Trust.

The Bee Brilliant programme is divided into quarters throughout the financial year, with each quarter commencing with a launch event. Each quarter has an overarching principal philosophy and is closely aligned to the Trust's Nursing, Midwifery and Allied Health Professional Strategy and Values & Behaviours.

The annual programme also reflects the key domains of the Trust **'**What Matters to Me' Patient Experience Programme:

Quarter	Title	Under-pinning themes/priorities
Q1	Communication	Listening and responding, positive communication
Q2	Leadership & Culture	Accountability
Q3	Professional Excellence	Delivering the best patient care, environment
Q4	Caring for you	Staff well-being, celebrate achievement

The content of the Bee Brilliant is coordinated by the Quality Improvement Team and presented by one of the Trust's Directors of Nursing/Midwifery/Health Care Professionals. Each event is interactive, fun, current and utilises a wide range of media tools to successfully communicate the key messages to staff, including: videos, sketches, and social media such as Twitter, guest speakers, quizzes, music and patient stories.

An integral but essential part of the presentation is the sharing of good practice with the inclusion of patient and staff stories from across the Trust. This demonstrates the staffs' commitment to achieving the best possible patient experience.

At the end of each session there is a 'Call to Action' for all staff to make a personal commitment. This requires the development of a quality improvement initiative bespoke to their individual clinical area. Each clinical area has a Bee Brilliant display board, which promotes how the 'Call to Action' has been adapted and what changes have been made for patient benefit. The boards are reviewed as part of the annual Accreditation Programme.

Complaints

The MFT Compliments, Concerns and Complaints Policy (2018) provides a framework for complaint handling to support MFT to meet the requirements of The Local Authority Social Services and National Health Service Complaints (England) Regulations Act (2009) and is in accordance with the requirements of the NHS Constitution and the Duty of Candour (2014).

It also reflects the Parliamentary and Health Service Ombudsman's Principles of Good Complaints Handling (2009). The policy also takes account of the principles of 'My Expectations for Raising Concerns and Complaints' (2014), published jointly by the Local Government Ombudsman, Healthwatch and the Parliamentary and Health Service Ombudsman.

The Policy provides staff with guidance, support and assistance in dealing with complaints, concerns and compliments; specifically emphasising the importance of the early resolution of concerns and complaints.

In line with the Regulations the Trust has a responsibility to ensure complaints are dealt with efficiently and all concerns and complaints are registered and dealt with openly, accurately and in a timely manner.

The timeframe assigned to a complaint is dependent upon the complexity of the complaint. The timeframe is agreed with all complainants with an explanation that when the outcome of the investigation is available this will be sent to them in writing from the Group or Hospital/ Managed Clinical Service/LCO Chief Executive.

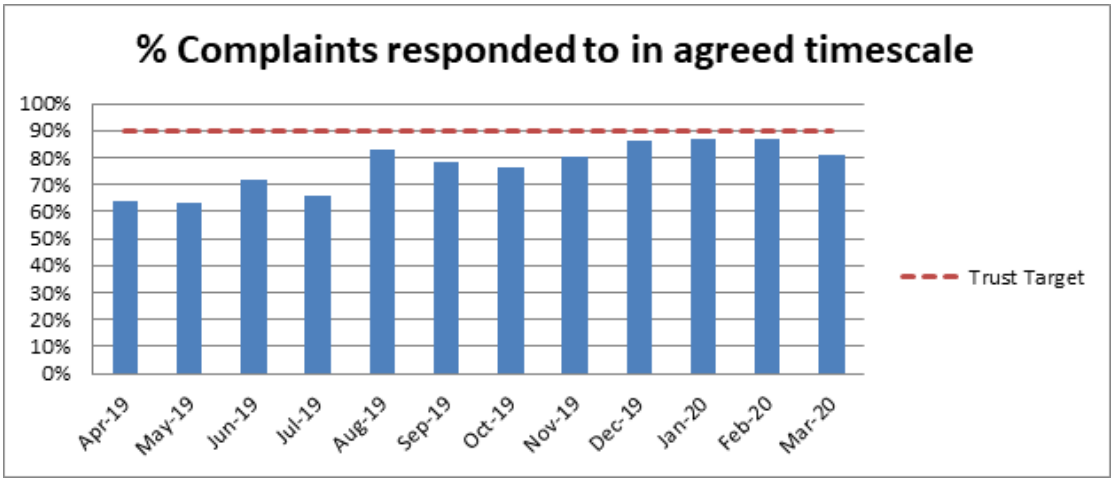
The Trust is committed to making improvements at all stages of the complaint journey and systems are in place to support the sharing of learning and service improvements that arise from complaints.

The accountability for the management and monitoring of complaints was fully devolved to the Hospital/MCS and LCO Chief Executives during Quarter 4 of 2017/18. All cases that remain unresolved after their agreed timeframe are monitored at Group level by the Executive Team via the Trust's Accountability Oversight Framework (AOF), which informs the decision-making rights of Hospital/MCS/LCO Chief Executives and their teams.

Against a target of 90% compliance resolution within timeframe, MFT reported a compliance rate of 42.3% against it in January 2019. In Quarter 1 of 2019/20, in discussion with Commissioners, the Trust agreed a trajectory for improvement, with the aim of reaching the 90% Target by the end of 2019/20.

Work is on-going with Hospital/MCS/LCO management teams to ensure timeframes are appropriate, and achieved, ensuring the complainant is kept informed, as to the progress of their complaint.

This graph demonstrates the improvement in responding to complaints within agreed timescales since January 2019, resulting in an 80%compliance against the 90% target as at March 2020.



Sustainability performance

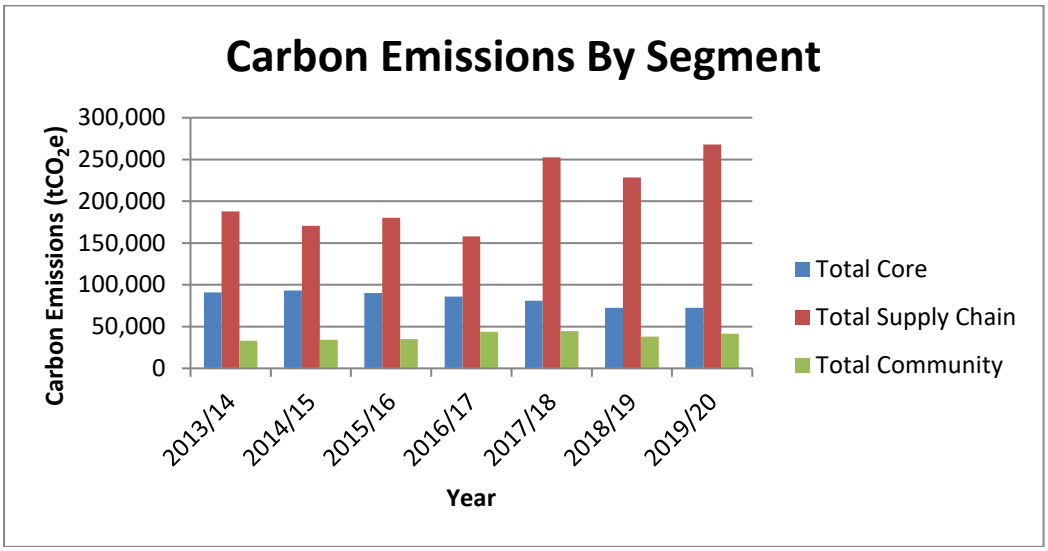
We are committed to being a leader in sustainable healthcare, by reducing environmental impact, protecting our natural environment, empowering staff and operating responsibly, enhancing social value and collaborating with our stakeholders across the system to generate the best quality of life for all those who live and work within the communities we serve.

Our strategy for delivering sustainable healthcare is outlined in the Sustainable Development Management Plan (SDMP, also known as a Green Plan), which was refreshed in January 2020. Each year we produce a detailed standalone sustainability report detailing our progress in delivering the commitments contained within the SDMP, and both documents are available to view via the Trust website. There have been some significant changes to strategic and policy sustainability requirements for the sector in the past 12-18 months, and the sustainability section of the NHS Standard Contract has been substantially revised for 2020/21, although implementation has been delayed.

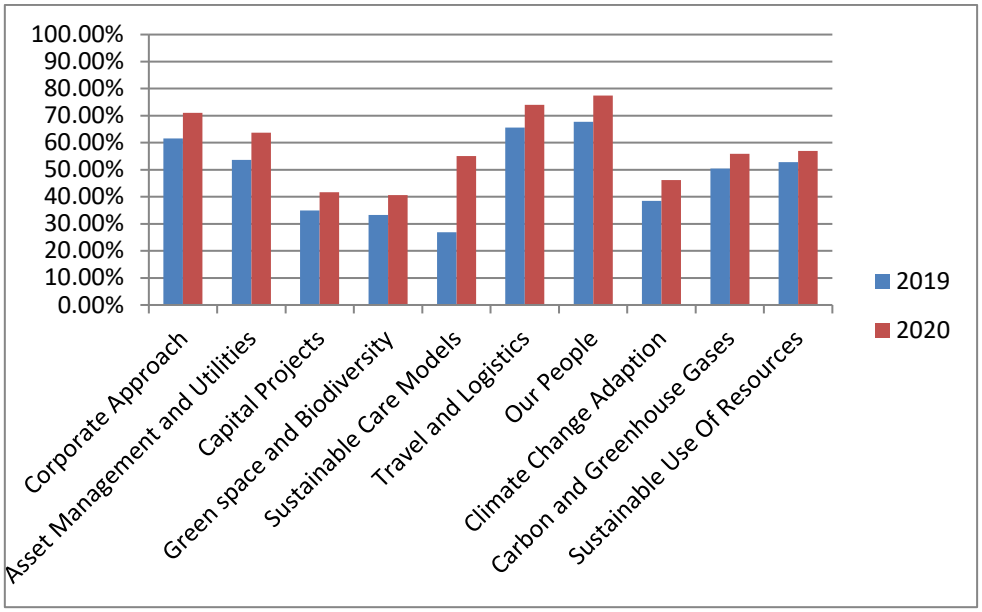
In November 2019, MFT publicly declared a climate emergency, committing to fast-tracking the delivery of the SDMP and contributing to a carbon-neutral city-region by 2038, aligning with the current Greater Manchester Combined Authority (GMCA) target and 5 Year Environment Plan. We have been working closely with the Greater Manchester Health and Social Care Partnership (GMHSCP) in the delivery of collaborative activity across the region to advance this agenda.

Summary of Sustainability Performance in 2019/20

Our SDMP sets out our five-year carbon budget and targets for carbon emissions, divided into three segments; core, community, and supply chain. The carbon budget for 2019/20 was 69,611 tonnes (core emissions, including energy, waste, water, business travel and transport (fleet) and anaesthetic gases -as a fugitive emission), and the actual emissions were 72,446 tonnes, which is 4.1% over the budget for the year, and a 0.1% decrease from the previous year's emissions. Despite a decrease in emissions from energy, emissions from business travel and anaesthetic gases have slightly increased. Whilst supply chain emissions have also increased, these are calculated using a cost multiplier and the degree of accuracy is lower.



We use the Sustainable Development Assessment Tool (SDAT) to help with setting our sustainability priorities and measuring our qualitative performance. The most recent assessment was undertaken in March 2020, and we achieved a score of 62%, an 8% increase from March 2019. Areas of improvement included Sustainable Care Models and Travel and Logistics.



The UN Sustainable Development Goals (SDGs) are a collection of 17 global goals and 169 targets covering a range of social and economic issues. As evidenced by our SDAT progress, we are starting to contribute to the following areas:

Asset Management & Utilities – We have continued to deliver energy efficiency schemes which have contributed to a 2.5% reduction in electricity consumption across the Estate. The installation of combined heat and power (CHP) at Wythenshawe and Withington has progressed, with an expected completion date of late 2020. More than 10,000 LED light fittings have already been installed, which will save over 2,000 MWh annually, and the scheme won the Sustainable Hospital Award at the Health Business Awards in November 2019.

Travel and Logistics – The second annual staff travel survey was undertaken, identifying that over 40% of staff use public or active travel to get to work. We ran a free bike hire scheme for staff in partnership with Transport for Greater Manchester (TfGM) and held two second-hand bike sales. We are starting to look at how to reduce emissions from delivery and logistics activities.

Our People – In May 2019, we launched Green Rewards, an online platform that gamifies sustainability behaviours and rewards participating staff with vouchers. Since the launch, 923 staff have signed up, over 41,000 actions have been completed and 72,000 kg of CO_2e have been saved. We have continued with Green Impact, our engagement programme for departments and teams, 50 teams took part in the 2019 cycle, saving 119 tonnes of CO_2e.

Sustainable Use of Resources – There has been a 1.4% increase in the overall volume of healthcare waste produced. More waste is now being diverted to energy recovery, and waste to landfill has reduced by over 1,200 tonnes. Healthcare waste e-learning was launched in May 2019.

MFT signed up to the NHS England and Improvement plastics pledge in late 2019, with the first phase of this committing to phase out avoidable single-use plastic stirrers and straws in catering and office spaces. The purchase of these items has already reduced by 90%.

Sustainable Care Models – The sustainable anaesthesia forum has expanded, and training and awareness-raising sessions have been delivered. The use of desflurane, a volatile gas with a high global warming potential (GWP) has been reduced by almost 50% and backup nitrous oxide cylinders have been removed from most hospitals.

Social, community, anti-bribery and human rights performance

MFT is committed to being an anchor institution in Greater Manchester, and our approach is to have a positive impact on the communities we serve. This includes being a good local employer, ensuring that we get the best value from procurement and supporting some of the most vulnerable communities in GM.

This year MFT launched our Modern Slavery & Human Trafficking Statement, continued to build support for the homeless community in Manchester and worked with partners to provide accessible route to employment at the Trust. We have an Equality & Diversity in Employment Policy in place.

Our Trust is doing everything it can to ensure slavery plays no part in the services we run and our supply chains. We are also working to make sure we are caring and protecting the communities we serve from the impact of modern day slavery. https://mft.nhs.uk/app/uploads/2019/09/GMB-modern-Slavery-Statement-July-2019-Final.pdf

MFT complies fully with the Public Sector Equality Duty Reporting requirements. This includes the following annual reports:

- Equality & Diversity Annual Report
- Workforce Race equality Standard
- Workforce Disability Equality Standard
- Gender Pay Report

All reports can be found on our website at: https://mft.nhs.uk/the-trust/equality-diversity-and-inclusion/

Here are some of our success stories

- **The NHS Rainbow Badge Initiative**

In 2019 the LGBT Staff Network led on the launch of the NHS Rainbow Badge Initiative across the Trust. This saw 4000 staff complete a pledge using the Trust Staff Learning Hub, to increase the inclusivity of our services by raising their awareness and wearing their NHS Rainbow Badge.

- **Removing the Barriers**

MFT's Workforce Race Equality Standard report (WRES) highlights that the overall ethnic diversity of the Trust is increasing year on year and reflects the Greater Manchester population. However, MFT is less diverse at senior staff levels (Agenda for Change bands 8a and above).

The Removing the Barriers Programme is part of MFT's response to the WRES and is an objective within the Trust's Equality, Diversity and Inclusion Strategy 2019-2023, which is called Diversity Matters. The Programme comprises action in four areas across the employee life cycle:

- Workforce planning and culture.
- Attraction and recruitment.
- In-role leadership development.
- Talent Management

Important events after the financial year end
In April 2020, the UK government announced that interim revenue support, including working capital loans and interim capital support loans, are no longer to be issued to providers and that interim revenue debt, working capital loans, and interim capital debts at 31st March 2020 will be repaid with new Public Dividend Capital (PDC) issued by the Department of Health and Social Care (DHSC) during the financial year ending 31st March 2021 in order to reset the wider financial architecture and simplify the system.

The Trust is currently engaged in discussions with the DHSC for a loan from the Independent Trust Financing Facility which amounts to £16.6m and is included on non-current borrowings as at 31st March 2020 to be recognised as an interim revenue support loan and converted to PDC following this announcement. If it is determined that this loan does, in fact, qualify to be repaid with new PDC, then this borrowing will be reclassified as a current borrowing on the 31st March 2020 balance sheet.

As the repayment of this loan would be funded through the issue of PDC, this does not present a going concern risk for the Trust.
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 assurance
After making enquiries, the directors have a reasonable expectation that Manchester University 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
Group Chief Executive
15th June 2020

3.1 Directors' Report

The MFT Board of Directors comprises Executive and Non-Executive Directors who have joint responsibility for every decision of the Board, regardless of their individual skills or roles. The Board is collectively responsible for discharging the powers and for the performance of the Trust.

The Executive Directors were appointed because of their business focus and operational/management experience within and outside the health and care sector. Their skills are complemented by the business, finance, education and other experience provided by the Non-Executive Directors, who also have strong links with the local community. All Directors are subject to an annual review of their performance and contribution to the management and leadership of the Trust.

MFT regularly reviews the skills and expertise of the Board and considers there to be a balance of appropriate skills amongst the Board members, ensuring balance, completeness and appropriateness to the requirements of the Trust.

The Board of Directors is responsible for preparing the Trust's annual report and accounts. We believe that the report and accounts is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess MFT'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 necessary 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 any steps 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 MFT acts in accordance with the requirements of its Foundation Trust license.

Board of Directors' Profiles

A number of Executive and Non-Executive Directors held posts at MFT's predecessor Trusts, Central Manchester University Hospitals NHS Foundation Trust (CMFT) and University Hospital of South Manchester NHS Foundation Trust (UHSM).

With the exception of Professor Jane Eddleston (1st September 2018) and Professor Luke Georghiou (1st June 2018), they were all appointed to substantive posts with MFT with effect from December 2017.

Peter Blythin was appointed Group Director of Workforce and Corporate Business on 1st April 2019.

Kathy Cowell OBE DL, Group Chairman
Kathy was Chairman at CMFT from November 2016 until the merger in 2017, having previously been a CMFT Non-Executive Director from March 2013 and Senior Independent Director since March 2016.
Read more at: https://mft.nhs.uk/people/kathy-cowell-obe-dl/

Barry Clare, Group Deputy Chairman
Barry was previously Chairman of UHSM and is a pioneering healthcare business leader with extensive experience in the healthcare industry sector.
Read more at: https://mft.nhs.uk/people/barry-clare/

Sir Michael Deegan CBE, Group Chief Executive
Mike was previously Chief Executive at CMFT, having also held the post of Chief Executive at Warrington Hospital and then North Cheshire Hospitals NHS Trust.
Read more at: https://mft.nhs.uk/people/sir-michael-deegan-cbe/

Darren Banks, Group Director of Strategy
Darren became Director of Strategy at CMFT in April 2006 and has led a number of major organisation-wide initiatives, including the successful Foundation Trust application in 2009 and the acquisition of Trafford Healthcare Trust in 2012.
Read more at: https://mft.nhs.uk/people/darren-banks/

Peter Blythin, Group Executive Director of Workforce and Corporate Business
Peter joined CMFT in 2016 to manage the merger that formed MFT, and was appointed to the MFT Board in April 2019. After working as a nurse in clinical practice, he held Executive Director roles for over 20 years in a variety of leadership positions. He has previously held a national position as the Director of Nursing for the Trust Development Authority and has experience of working at the Department of Health.
Read more at: https://mft.nhs.uk/people/peter-blythin/

Julia Bridgewater, Group Chief Operating Officer
Julia joined CMFT in September 2013 as Chief Operating Officer, from Shropshire Community Trust. She had previously served as Chief Executive at the University Hospital of North Staffordshire NHS Trust from 2007 to 2012.
Read more at: https://mft.nhs.uk/people/julia-bridgewater/

Professor Jane Eddleston, Group Joint Medical Director
Jane is a Consultant in Intensive Care Medicine and Anaesthesia in Manchester Royal Infirmary. She has extensive Clinical and Managerial experience in Critical Care and Acute Care and is the Chair of the Clinical Reference Group for Adult Critical Care.
Read more at: https://mft.nhs.uk/people/dr-jane-eddleston/

Gill Heaton OBE, Group Deputy Chief Executive
Gill was previously Deputy Chief Executive at CMFT. She has worked as a senior nurse in various clinical areas, such as intensive care and medical wards and has held senior management posts in large acute Trusts.
Read more at: https://mft.nhs.uk/people/gill-heaton-obe/

Professor Cheryl Lenney, Group Chief Nurse
Cheryl is the professional lead and is accountable for Nursing and Midwifery on the Board of Directors. She has over 35 years' experience as a nurse and a midwife, and has worked for MFT and its predecessor organisations since 2002.
Read more at: https://mft.nhs.uk/people/professor-cheryl-lenney/

Miss Toli Onon, Group Joint Medical Director
After training in obstetrics and gynaecology and cancer immunology, Toli became a consultant at UHSM in 2003. She was appointed as UHSM Medical Director in November 2016.
Read more at: https://mft.nhs.uk/people/miss-toli-onon/

Adrian Roberts, Group Chief Finance Officer
A Chartered Certified Accountant, Adrian previously held the role of Executive Director of Finance at CMFT from May 2007. Prior to that, he had 16 years' experience as an NHS Director of Finance, predominantly in Stockport.
Read more at: https://mft.nhs.uk/people/adrian-roberts/

John Amaechi OBE, Group Non-Executive Director
John is a psychologist, organisational consultant and high-performance executive coach. He is a New York Times best-selling author and a former NBA basketball player.
Read more at: https://mft.nhs.uk/people/john-amaechi-obe/

Professor Dame Sue Bailey OBE DBE, Group Non-Executive Director
After studying medicine and psychiatry at the University of Manchester, Sue worked as a Child and Adolescent psychiatrist for over thirty years. Her national health policy and research work has focused on how to improve health care delivery through education and training of practitioners. Read more at: https://mft.nhs.uk/people/professor-dame-sue-bailey-obe-dbe/

Dr Ivan Benett, Group Non-Executive Director
Ivan has worked as a GP in Central and South Manchester for 30 years and has also worked at Royal Manchester Children's Hospital. He trained in Manchester and was a junior doctor at Saint Mary's Hospital and the Manchester Royal Infirmary.
Read more at: https://mft.nhs.uk/people/dr-ivan-benett/

Professor Luke Georghiou, Group Non-Executive Director
Luke is the University of Manchester's Deputy President and Deputy Vice-Chancellor. Prior to this he was Vice President for Research and Innovation, helping the University to drive forward its research, business engagement and commercialisation agendas**.**
Read more at: https://mft.nhs.uk/people/professor-luke-georghiou/

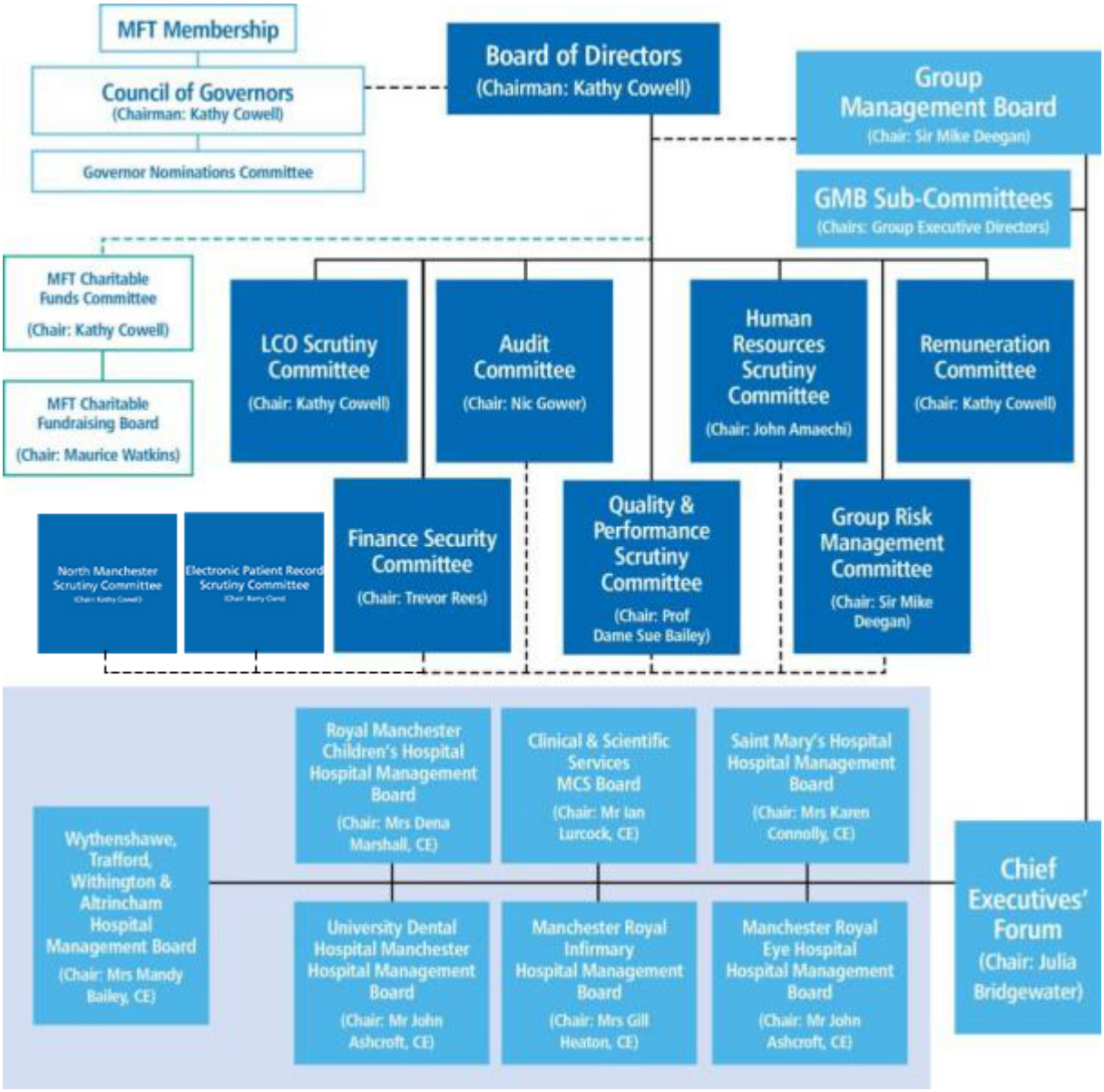
Nic Gower, Group Non-Executive Director
The majority of Nic's professional career as a Chartered Accountant was spent as a partner in PricewaterhouseCoopers LLP specialising in audit and assurance. Alongside providing professional services to his clients, he undertook leadership roles in quality, risk management and change management.
Read more at: https://mft.nhs.uk/people/nic-gower/

Christine McLoughlin, Group Non-Executive Director/Senior Independent Director
Chris was a staff nurse at Manchester Royal Infirmary in the 1980s, subsequently becoming a social worker based in a community team in central Manchester. She went on to hold key senior leadership positions with Manchester City Council and Stockport Metropolitan Borough Council.
Read more at: https://mft.nhs.uk/people/christine-mcloughlin/

Trevor Rees, Group Non-Executive Director
Trevor is a Chartered Accountant with over 20 years' experience of working with the NHS and other publicly funded/not for profit organisations, providing financial audit and advisory services. He has worked with both Provider and Commissioner organisations in the NHS.
Read more at: https://mft.nhs.uk/people/trevor-rees/

Board Sub-Committees

Chaired by the Non-Executive Directors and the Group Chief Executive, these committees provide oversight of all MFT's clinical and non-clinical activities.



The terms of reference for the new North Manchester Scrutiny Committee and Electronic Patient Record (EPR) Scrutiny Committee have been agreed. The North Manchester Committee has already held meetings, while the EPR Committee will meet from April 2020.

Board meeting attendance 2019/20

	May 19	Jul 19	Sept 19	Nov 19	Jan 20	March 20
Kathy Cowell Group Chairman	√	√	√	√	√	√
Barry Clare Group Deputy Chairman	√	√	√	√	√	√
Sir Michael Deegan Group Chief Executive	√	√	√	√	√	√
Darren Banks Group Director of Strategy	√	√	√	√	√	x
Peter Blythin Group Executive Director of Workforce and Corporate Business (Appointed 1/4/19)	√	√	√	√	√	√
Julia Bridgewater Group Chief Operating Officer	√	√	√	√	√	x
Professor Jane Eddleston Joint Group Medical Director	√	√	√	√	√	√
Gill Heaton Group Deputy Chief Executive	√	√	√	√	x	√
Professor Cheryl Lenney Group Chief Nurse	√	√	√	√	√	√
Miss Toli Onon Joint Group Medical Director	√	x	√	√	√	√
Adrian Roberts Group Chief Finance Officer	√	√	√	√	√	x
John Amaechi Group Non-Executive Director	X	√	√	√	√	x
Professor Dame Sue Bailey Group Non-Executive Director	√	X	X	√	√	√
Dr Ivan Benett Group Non-Executive Director	√	√	√	√	√	√
Professor Luke Georghiou Group Non-Executive Director	X	√	√	X	X	x
Nicholas Gower Group Non-Executive Director	√	√	√	√	√	√
Chris McLoughlin Group Non-Executive Director/Senior Independent Director	√	√	√	√	√	√
Trevor Rees Group Non-Executive Director	√	√	√	√	√	√

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

The Trust maintains a Register of Interests for **Directors**, which is open to the public and can be accessed on our website at https://mft.nhs.uk/the-trust/the-board/register-of-directors-interests/

We also maintain a Register of Interests for **Governors**, which is open to the public and can be downloaded from this page: https://mft.nhs.uk/the-trust/governors-and-members/council-of-governors/

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

Financial compliance

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

The Better Payment Practice Code requires the Trust and 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 processes all ordering and receipting of goods and services via our electronic purchase to pay system. Our compliance with the Better Payment Practice Code is as follows:

	2019/20 Number	**2019/20 £000**	**2018/19 Number**	**2018/19 £000**
Non-NHS				
Total bills paid in the year	242,129	1,019,337	242,483	920,503
Total bills paid within target	224,093	958,852	209,360	815,679
Percentage of bills paid within target	92.6%	94.1%	86.3%	88.6%
NHS				
Total bills paid in the year	11,300	195,083	10,824	193,636
Total of bills paid within target	7,952	167,294	7,251	163,329
Percentage of bills paid within target	70.4%	85.8%	67%	84.3%

Total				
Total bills paid in the year	253,429	1,214,420	253,207	1,114,139
Total of bills paid within target	232,045	1,126,146	216,611	979,008
Percentage of bills paid within target	91.6%	92.7%	85.5%	87.9%

In 2019/20 payments totalling £3,000 were made under the Late Payment of Commercial Debts (Interest) Act.

Statement about section 43(2A) of the NHS Act 2006
Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires the income from the provision of goods and service 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. Manchester University NHS Foundation Trust has complied with this requirement and is satisfied 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.

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

The Board ensures services are well-led through a number of arrangements MFT has 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 129 onwards.

The Directors use NHS Improvement's quality governance framework to help them reach an 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.

Audit Committee Report
The Audit Committee is made up of Group Non-Executive Directors and is chaired by Nic Gower. The Trust's external auditor, internal auditor, anti fraud specialist and Trust officials attend Committee meetings. The Group Chairman of the Trust is not a member but attends selected meetings by invitation.

It has primary responsibility for monitoring the integrity of the financial statements, assisting the Group Board of Directors in its oversight of risk management and the effectiveness of internal control, oversight of compliance with corporate governance standards and matters relating to external and internal audit.

The Committee provides the Board of Directors with a means of independent and objective review of financial and corporate governance, assurance processes and risk management across MFT. The Committee receives regular reports and updates from both the internal and external auditors to assist in assessing the extent to which robust and effective internal control arrangements are in place and regularly monitored. The system of internal control is designed to identify and understand risk to which the Trust is exposed and to manage such risk to reasonable level - the Board recognises that no system of internal control can eliminate all risks that the Trust is or may become exposed to.

The Committee's terms of reference are available from the Director of Corporate Services & Trust Board Secretary.

Audit Committee attendance 2019/20

Non-Executive Director	3rd April 2019	22nd May 2019	4th Sept 2019	6th Nov 2019	5th Feb 2020
Kathy Cowell	N/A	N/A	N/A	N/A	N/A
Barry Clare	X	X	√	√	√
Nic Gower (Committee Chairman)	√	√	√	√	√
John Amaechi	√	√	X	X	X
Sue Bailey	√	√	√	√	√
Ivan Benett	X	X	√	√	√
Luke Georghiou	X	X	√	X	X
Chris McLoughlin	√	√	X	√	√
Trevor Rees	√	√	X	√	√

Group Chief Finance Officer Adrian Roberts was also present at the meeting on 22nd May 2019.

Financial statements
The Audit Committee reviewed the financial statements for 2019/20 at its meeting on 26th May 2020. There were no significant issues for the Audit Committee to consider.

For the 2019/20 year, the Committee reviewed the following areas:

- Financial Controls
- Hospital Risk Management
- CQC Follow-up – Wythenshawe Hospital
- Well Led
- Nursing Agency staffing Controls.

Significant risks were considered in tandem with presentation of the external audit plan, the audit completion report and discussions with the external auditor.

External auditor
The audit fee for the 2019/20 audit of the MFT Group is £85,000 + VAT. Mazars did not perform any non-audit services in 2019/20.

Internal audit and anti fraud services.
The Trust outsources internal audit and anti fraud work. KPMG are appointed to provide internal audit and MiAA to provide anti-fraud services for two years with effect from 1st April 2018, following a procurement process which was completed in March 2018.

The internal auditors are responsible for undertaking the internal audit functions on behalf of the Trust. The Head of Internal Audit reports to each meeting of the Audit Committee on the audit activity undertaken. The Committee reviews and approves the Internal Audit Strategy and Plan and monitors progress including rigorous follow-up of recommendations. Additional information about internal audit is set out in the Annual Governance Statement (on pages 129 to 144).

Sir Michael Deegan CBE
Group Chief Executive
15th June 2020

3.2 Remuneration Report

Annual statement on remuneration by the Chairman
The Trust has a Remuneration Committee which advises the Board on appropriate remuneration and terms of service for the Group Chief Executive and Group Executive Directors. This Remuneration Report describes how the Trust applies the principles of good corporate governance through this Committee 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.

Remuneration Committee of the MFT Board of Directors
The MFT Remuneration Committee is a sub-committee of the MFT Board of Directors. The Committee is chaired by the Group Chairman, Mrs Kathy Cowell OBE DL.

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 Group Chief Executive, Group Executive Directors, Hospital/MCS Chief Executives and Directors, i.e. those people in senior positions having authority or responsibility for directing or controlling the major activities of the Trust.

The Group Chief Executive and the Group Executive Director of Workforce & Corporate Business are also in attendance, when required, 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.

The Committee has clear terms of reference which are regularly reviewed (most recently in August 2019). Membership includes:

- The Group Chairman of the Trust's Board of Directors.
- All Group Non-Executive Directors.

The Remuneration Committee met on three occasions in 2019/20 and the key decisions reached at the meetings in 2019/20 included:

- Agreeing a handling strategy for '*Retire & Return'* requests within the organisation
- Consider applications for '*Retire & Return'* to NHS Employment within the organisation
- Agreeing the annual review and updates to the Remuneration Committee Terms of Reference
- Agreeing the 2019/2020 annual pay increase for Executive Directors & Very Senior Managers (VSMs) on non-Agenda for Change terms and conditions
- Receiving a report from the Group Chief Executive on the performance of Group Executive Directors
- Receiving a report from the Group Chairman on the performance of the Group Chief Executive.

Remuneration Committee – 15th April 2019

Present (NEDs)	Mrs Kathy Cowell (Chair); Mr John Amaechi; Professor Dame Sue Bailey; Mr Barry Clare; Professor Luke Georghiou; Mrs Chris McLoughlin; Mr Nic Gower
Apologies	Dr Ivan Benett; Mr Trevor Rees
In attendance	Sir Mike Deegan; Mr Peter Blythin; Mr Alwyn Hughes

Agenda items:

- Receiving a report from the Group Chairman on the performance of the Group Chief Executive
- Receiving a report from the Group Chief Executive on the performance of Group Executive Directors
- Consider Applications for *Retire & Return* to NHS Employment within MFT:
    - Group Chief Nurse
- Report on the NHS Pension Scheme.

Remuneration Committee – 6th August 2019

Present (NEDs)	Mrs Kathy Cowell (Chair); Mr John Amaechi; Professor Dame Sue Bailey; Dr Ivan Benett; Mr Barry Clare; Mr Trevor Rees
Apologies	Professor Luke Georghiou; Mr Nic Gower; Mrs Chris McLoughlin;
In attendance	Mr Peter Blythin; Miss Charlotte Kelsall

Agenda Items:

- Update report on the handling of *Retire & Return* to NHS Employment
- Update report on the NHS Pension Scheme
- Approval of the Remuneration Committee Terms of Reference
- MFT VSM Pay Award
- *'Chairman's Action'* in relation to the appointment and remuneration of the Deputy Chief Executive for the Manchester Local Care Organisation (MLCO)

Remuneration Committee – 19th February 2020

Present (NEDs)	Mrs Kathy Cowell (Chair); Professor Dame Sue Bailey; Mr Ivan Benett; Mr Barry Clare; Mr Nic Gower; Mrs Chris McLoughlin; Mr Trevor Rees
Apologies	Mr John Amaechi; Professor Luke Georghiou
In attendance	Mr Peter Blythin; Mr Alwyn Hughes

Agenda Items:

- Report on the revised 2019/2020 annual pay increase for Executive Directors and VSMs on non-Agenda for Change terms and conditions;
- Consider applications for *Retire & Return* to NHS Employment within MFT:
    - Chief Executive of Saint Mary's Hospital/Managed Clinical Service
    - Chief Nurse and Professional Lead, Manchester and Trafford Local Care Organisations
    - Group Chief Informatics Officer

For clarity, the components of remuneration are:

- **Base salary-** individual base salaries are reviewed annually. For Group Executive Directors account is taken of the Department of Health and Social Care guidance on Very Senior Managers' Pay.
- **Pensions-** some, but not all, Group Executive Directors participate in the NHS Superannuation Scheme.

Nominations Committee of the Council of Governors

The Nominations Committee of the Council of Governors has a responsibility to consider the structure, size and composition of the Board of Directors and make recommendations for any changes. It is also, with external advice as appropriate, responsible for the identification and nomination of new Group Non-Executive Directors, and the remuneration of Group Non- Executive Directors.

The Group 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 Group Non-Executive Directors.

The terms of office for Group Non-Executive Directors at the Trust are managed in accordance with NHSI's Code of Governance, i.e. any term beyond six years (two three-year terms) will be subject to rigorous review and subject to annual reappointment.

- ***Group Chairman & Group Non-Executive Directors' Appraisal Process:***

It is important that there is a clear, fair and open performance review process for all Group Non-Executive Board Members that takes account of both individual accountability lines and the essential input of Governors.

Performance Reviews (Appraisals) are undertaken on an annual basis with the following key aim/outcomes being expected:

- Appraisal – evaluation of performance, opportunity to build on strengths and address any identified development needs.
- Raises overall standards of governance.
- Key principles:
  - Hold to account for performance
  - Set appropriate objectives consistent with role
  - Identify learning and development needs
  - Support succession planning and the management of the Group Non-Executive talent pool.
- All information is confidential within the agreed distribution of the process.

The appraisal process for the Group Chairman and Group Non-Executive Directors is a tried and tested process used in MFT's legacy organisations since 2009.
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 Group Chairman in May/June 2019.

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 for a number of years. The fee for the independent input received was £1,600.

In addition, a Governor questionnaire fed in views on Group Non-Executive Directors and the Group Chairman to the Lead Governor and Senior Independent Director (SID) respectively. The SID confirmed the process adopted and the key headlines covered in the report with the Council of Governors' Nominations Committee (Panel of Governors) at its meeting on **19th July 2019**.

The Group Non-Executive Directors performance review process was facilitated by the Group Chairman and following a robust, fair, clearly defined and transparent process which took the views of Governors into account, a Group NED Performance Report was produced, with the Group Chairman discussing final sign off with the Lead Governor, who shared the report findings highlights with the Council of Governors' Nominations Committee (Panel of Governors) at its meeting on 19th July 2019.

The following recommendation was made by the Panel of Governors to the Council of Governors at their meeting held on **31st July 2019**, and was approved:

> *The Council of Governors is asked to note the Council of Governors' Remuneration and Nominations Committee's Report (Panel of Governors) that the agreed appraisal process has taken into account all views and that Performance Reports have been received for the Group Chairman and each Group Non-Executive Director*.

- ***Remuneration of the MFT Group Chairman & Group Non-Executive Directors***

The Governor Remuneration Panel (of the CoG Nominations Committee) met on **29th October 2019** to consider options on the level of remuneration for the Group Chairman and Group Non-Executive Directors.

In February 2018, the MFT Council of Governors had approved the remuneration levels of the Group Chairman and Group Non-Executive Directors based on a range of market comparison information. Their remuneration has remained unchanged since then.

NHS England & Improvement (NHSE/I) published a document in September 2019 outlining a new remuneration framework aimed at aligning remuneration for NHS Trust and Foundation Trust Chairs and NEDs, to be phased in over the next 30 months. he MFT Governor Remuneration Panel carefully considered a number of question and answers provided by NHSI/E in this document, along with local remuneration options.

The following recommendation was made by the Governor Remuneration Panel to the Council of Governors at their meeting held on **5th November 2019**, and was approved:

The Governor Remuneration Panel (of the CoG Nominations Committee) recommends that the remuneration of the MFT Group Chairman, Group Deputy Chairman, Chair of the Audit Committee and the Group Non-Executive Directors is adjusted to the lowest percentage uplift paid within the 2019/20 Agenda for Change Pay Award.

Senior Managers' Remuneration policy – future policy table

Consideration	Salary/fees	Taxable benefits	Annual performance related bonus	Long term related bonus	Pension related benefits
Support for the short and long-term strategic objectives of the Foundation Trust	Ensure the recruitment/ retention of directors of sufficient calibre to deliver the Trust's objectives	None disclosed	Not applicable	Not applicable	Ensure the recruitment/ retention of directors of sufficient calibre to deliver the Trust's objectives
How the component operates	Monthly remuneration	None disclosed	Not applicable	Not applicable	Contributions are made in accordance with the NHS Pension Scheme
Framework used to assess performance	Trust appraisal process	None disclosed	Not applicable	Not applicable	Contributions are made in accordance with the NHS Pension Scheme
Performance measures	Based on individual objectives agreed with line manager	None disclosed	Not applicable	Not applicable	Not applicable
Performance period	Annual, linked to the individual's increment date	None disclosed	Not applicable	Not applicable	Not applicable
Amount paid for minimum level of performance and any further levels of performance	Remuneration committee calculated pay levels using criteria based on: -changes in responsibilities -cost of living increases	None disclosed	None paid	Not applicable	Contributions are made in accordance with the NHS Pension Scheme
Explanation of whether there are any provisions for recovery of sums paid to directors, or provision for withholding payment	Any sums paid in error may be recovered	None disclosed	None paid	None paid	Not applicable

Senior managers' remuneration policy

MFT'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.

The Trust has an Equality & Diversity Policy in Employment that sets out its approach to equality in the workforce. All workforce policies in line with the policy have an equality impact assessment undertaken. The Trust set out its new Equality, Diversity & Inclusion Strategy in October 2019 https://mft.nhs.uk/the-trust/equality-diversity-and-inclusion/ .

Monitoring of the impact of the strategy at an operational level is undertaken at the Group Equality, Diversity & Inclusion Group; the HR Scrutiny Committee monitors against the strategic aims. The Board annually accepts the Gender Pay report which outlines how MFT is performing against the national Gender Pay reporting framework.

The MFT executive pay structure is very simple. There is basic pay and no other elements. All pay is taxed at source. There are no bonus payments – however, Executive salaries are subject to a 10% earn back element in accordance with NHSI guidance.

Salaries have been benchmarked against NHS Improvement (NHSI) guidance. 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. MFT 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.

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

Where salaries of very senior managers exceed £150,000 per annum, this is in accordance with NHSI guidance and benchmarks and they are appropriate to match the market rate.

Performance of the Executive Directors is assessed and managed through regular appraisal against predetermined objectives along with monthly one to one reviews with the Group Chief Executive.

Similarly, the Chairman holds monthly one to one's with the Group 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 (including the Deputy Chairman) 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 Group Chief Executive and Non-Executive Directors – are 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 2019/20. 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 would be determined by the circumstances of the loss of office and would all be considered on a case by case basis by the Remuneration Committee and would be discussed with NHSI in advance.

Expenses

Directors

- The total number of Directors in office during 2019/20 was 18 (2018/19, 20)
- The number of Directors receiving expenses in 2019/20 was 7 (2018/19, 8)
- The total amount of expenses paid to Directors in 2019/20 was £5,655 (2018/19, £3,756).

Governors

- The total number of Governors in office during 2019/20 was 39 (2018/19, 35)
- The number of Governors receiving expenses in 2019/20 was 6 (2018/19, 15)
- The total amount of expenses paid to Governors in 2019/20 was £520 (2018/19, £2025).

Directors' Remuneration
Salaries for 2019/20 (audited)

	Salary £000 (Bands of £5,000) £000	Taxable benefits in kind	Annual performance -related bonuses	Long-term performance related bonuses	All pension related benefits (Bands of £2,500) £000	Total Bands of £5,000) £000
Kathy Cowell, Group Chairman	65-70	0	0	0	0	65-70
Barry Clare, Group Deputy Chairman	15-20	0	0	0	0	15-20
John Amaechi, Group Non-Executive Director	15-20	0	0	0	0	15-20
Dr Ivan Benett, Group Non-Executive Director	15-20	0	0	0	0	15-20
Chris McLoughlin, Group Non-Executive Director/ Senior Independent Director	15-20	0	0	0	0	15-20
Nic Gower, Group Non-Executive Director	20-25	0	0	0	0	20-25
Prof Luke Georghiou, Group Non-Executive Director	15-20					15-20
Dame Sue Bailey, Group Non-Executive Director	15-20	0	0	0	0	15-20
Trevor Rees, Group Non-Executive Director	15-20	0	0	0	0	15-20
Sir Mike Deegan, Group Chief Executive	290-295	5,800	0	0	0	300-305

	Salary £000 (Bands of £5,000) £000	Taxable benefits in kind	Annual performance -related bonuses	Long-term performance related bonuses	All pension related benefits (Bands of £2,500) £000	Total Bands of £5,000) £000
Gill Heaton, Group Deputy Chief Executive	155-160	0	0	0	0	155-160
Miss Toli Onon, Joint Group Medical Director	190-195	200	0	0	30-32.5	220-225
Adrian Roberts, Group Chief Finance Officer	200-205	0	0	0	0	200-205
Julia Bridgewater, Group Chief Operating Officer	200-205	0	0	0	5-7.5	205-210
Margot Johnson, Group Director of Workforce & OD (left the Board 30/3/19)	-	-	-	-	-	-
Cheryl Lenney, Group Chief Nurse	160-165	0	0	0	0	160-165
Darren Banks, Group Director of Strategy	170-175	0	0	0	0	170-175
Prof Jane Eddleston Joint Group Medical Director	175-180	0	0	0	0	175-180
Peter Blythin, Group Executive Director of Workforce & Corporate	170-175	0	0	0	0	170-175

	Salary £000 (Bands of £5,000) £000	Taxable benefits in kind	Annual performance -related bonuses	Long-term performance related bonuses	All pension related benefits (Bands of £2,500) £000	Total Bands of £5,000) £000
Business (joined the Board 1/4/19)						

Directors' Remuneration

Salaries for 2018/19 (audited)

	Salary £000 (Bands of £5,000) £000	Taxable benefits in kind	Annual performance -related bonuses	Long-term performance related bonuses	All pension related benefits (Bands of £2,500) £000	Total Bands of £5,000) £000
Kathy Cowell, Group Chairman	65-70	0	0	0	0	65-70
Barry Clare, Group Deputy Chairman	15-20	0	0	0	0	15-20
John Amaechi, Group Non-Executive Director	15-20	0	0	0	0	15-20
Dr Ivan Benett, Group Non-Executive Director	15-20	0	0	0	0	15-20
Chris McLoughlin, Group Non-Executive Director/Senior Independent Director	15-20	0	0	0	0	15-20
Nic Gower, Group Non-Executive Director	20-25	0	0	0	0	20-25
Prof Luke Georghiou, Group Non-Executive Director	10-15					10-15
Dame Sue Bailey, Group Non-Executive Director	15-20	0	0	0	0	15-20

	Salary £000 (Bands of £5,000) £000	Taxable benefits in kind	Annual performance -related bonuses	Long-term performance related bonuses	All pension related benefits (Bands of £2,500) £000	Total Bands of £5,000) £000
Trevor Rees, Group Non-Executive Director	15-20	0	0	0	0	15-20
Sir Mike Deegan, Group Chief Executive	265-270	0	0	0	205-207.5	475-480
Gill Heaton, Group Deputy Chief Executive	160-165	0	0	0	0	160-165
Silas Nicholls, Group Deputy Chief Executive (left the Board 31/3/18)	0-5	0	0	0		0-5
Prof Bob Pearson, Joint Group Medical Director (left the Board 31/8/18)	55-60	0	0	0	0	55-60
Miss Toli Onon, Joint Group Medical Director	180-185	0	0	0	12.5-15	195-200
Adrian Roberts, Group Chief Finance Officer	195-200	0	0	0	405-407.5	600-605
Julia Bridgewater, Group Chief Operating Officer	195-200	0	0	0	222.5-225	415-420
Margot Johnson, Group Director of Workforce & OD	165-170	0	0	0	375.5-380	545-550
Cheryl Lenney, Group Chief Nurse	165-170	0	0	0	0	165-170

	Salary £000 (Bands of £5,000) £000	Taxable benefits in kind	Annual performance -related bonuses	Long-term performance related bonuses	All pension related benefits (Bands of £2,500) £000	Total Bands of £5,000) £000
Darren Banks, Group Director of Strategy	165-170	0	0	0		165-170
Prof Jane Eddleston Joint Group Medical Director (joined the Board 1/9/18)	100-105					100-105

**Professor Georghiou commenced his role as Group Non-Executive Director on 1st June 2018 and has elected not to receive his remuneration for this post, but has nominated that the University of Manchester receives it on his behalf.*
The salary disclosed for Mr Blythin, Professor Eddleston and Mrs Johnson is for the period for which they were members of the Board.

The salary disclosed for Mrs Heaton and Professor Lenney in 2019/2020 reflects a reduction in their contracted hours.

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

The method used to calculate CETVs has changed to remove the adjustment for Guaranteed Minimum Pension (GMP) on 8 August 2019. If an individual was entitled to a GMP, this will affect the calculation of the real increase in CETV which has been reported. This is more likely to affect individuals who are members of the 1995 Section and 2008 Section of the NHS Pension Scheme.

Pensions for 2019/20 (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 31st March 20209	Lump sum at age 60 related to accrued pension at 31st March 2020	Cash Equivalent Transfer Value at 31st March 2020	Cash Equivalent Transfer Value at 31st March 2019	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**
Julia Bridgewater, Group Chief	0-2.5	2.5-5	85-90	260-265	2,065	1,933	56

Operating Officer							
Miss Toli Onon, Joint Group Medical Director	2.5-5	0-2.5	60-65	150-155	1,280	1,185	42

The above table gives Pension Benefits accruing from the NHS Pension Scheme up to 31st March 2020 - as Non-Executive Directors do not receive pensionable remuneration, there are no entries in respect of Pensions for these Directors.

The above table only includes the details of the two Directors who are currently in the NHS pension scheme.

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.

Pensions for 2018/19 (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 31st March 2019	Lump sum at age 60 related to accrued pension at 31st March 2019	Cash Equivalent Transfer Value at 31st March 2019	Cash Equivalent Transfer Value at 31st March 2018	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**
Mike Deegan, Group Chief Executive	10-12.5	30-32.5	65-70	195-200	1,525	1,125	366
Julia Bridgewater, Group Chief Operating Officer	17.5-20	55-57.5	80-85	250-255	1,933	1,483	405
Adrian Roberts, Group Chief Finance Officer	17.5-20	55-57.5	80-85	245-250	1,851	1,253	560
Margot Johnson, Group Director of Workforce & OD	17.5-20	52.5-55	75-80	235-240	1,764	1,207	521
Miss Toli Onon, Joint Group Medical Director	0-2.5		55-60	145-150	1,185	1,017	138

Fair pay multiple (audited)

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 full time equivalent annual remuneration of the highest paid director in the Trust in the financial year 2019/20 was £302,500 (2018/19, £270,000). This was 9.7 times the median remuneration of the workforce (2018/19, 9.1 times), which was £30,112. The remuneration ratio has increased from 9.0 in 2018/2019 to 10 in 2019/2020 as a consequence of the pay review of the highest paid director in line with the policy on directors' remuneration.

In 2019/20, no employees (2018/19, 0) received remuneration in excess of the highest paid director. Remuneration ranged from £17,652 to £292,500 (2018/19, £17,451 to £252,500).

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

Exit packages 2019/20 (audited)

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	3	47	50
£10,000- £25,000	4	7	11
£25,001 - £50,000	3	2	5
£50,000 - £100,000	3	0	3
£100,000 - £150,000	1	0	1
£150,000 - £200,000	0	0	0
Total	14	56	70

	Agreements Number	Total Value of Agreements £000
Contractual payments in lieu of notice	56	299

Exit packages 2018/19 (audited)

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	8	48	56
£10,000- £25,000	1	6	7
£25,001 - £50,000	0	1	1
£50,000 - £100,000	1	0	1
£100,000 - £150,000	0	0	0
£150,000 - £200,000	1	0	1
Total	11	55	66

	Agreements Number	Total Value of Agreements £000
Contractual payments in lieu of notice	55	286

Sir Michael Deegan CBE
Group Chief Executive
15th June 2020

Our Members and Governors

As an NHS Foundation Trust, we are accountable to our members (who include our patients, local residents, staff and stakeholders), with members being able to influence the Trust's decision-making processes and forward plans. By directly involving our members in this way means that we are able to respond, much more quickly and effectively, to the identified needs of our patients and their families and ultimately achieve and deliver a patient-centred National Health Service, via the provision of high quality care, which is shaped by the needs and wishes of patients/public and staff.

Another key benefit of being an NHS Foundation Trust is that those living in the communities, that we serve, can become public members with MFT's membership community being made up of both Public Members (including local residents, patients and carers) and Staff Members (including MFT's employees and other people who provide services to the Trust).

Foundation Trusts are democratic organisations in that Public and Staff Members vote for and can stand to become elected representatives (Governors) who, in turn, are responsible for representing the interests of members and partner organisations in addition to holding Non-Executive Directors to account for the performance of the Board of Directors. FTs are therefore accountable to their members through their elected and nominated Governors.

MFT'S Membership Aim & Key Priorities

Membership 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.

Key Priorities:

- *Membership Community* – to uphold our membership community by addressing natural attrition and membership profile short-fallings.
- *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 fulfil their role.

Membership Community - by ensuring that our public membership is diverse and representative of the communities that we serve enables:

- A wide-range of people from various backgrounds, locations and profile groups, to regular receive:
    - Key Trust information e.g. membership newsletters, invites and updates etc.
    - Key Membership involvement opportunities e.g. voting for Governor representatives and/or standing for election as a Governor in addition to participating in surveys and sharing their views about our future plans and attending events etc.

On 31st March 2020, we had 24,341 public members and 25,567 staff members, giving an overall total membership community of 49,908 members.

Public Membership
Public membership is on an opt-in basis, being 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 five areas:

Public Constituencies	*Number of public members*
Manchester	8,939
Trafford	3,522
Eastern Cheshire	1,129
Rest of Greater Manchester	8,141
Rest of England & Wales	2,610
Total	**24,341**

The map below illustrates the Public Member Constituencies for Manchester, Trafford, Eastern Cheshire and Rest of Greater Manchester areas. Areas that fall outside these constituencies are captured in the Rest of England and Wales Constituency.

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. In order to facilitate this, Governors have been actively involved in developing MFT's Membership and Engagement Strategy alongside public membership recruitment initiatives, with a detailed review of MFT's public membership profile being undertaken in January 2020.

As a result of this review, public membership profile gaps were identified, with a targeted public member recruitment campaign being held during February/March 2020. The focus of this campaign was to recruit additional, new members to address profile short-falls alongside attaining a total public membership in line with staff membership numbers.

The campaign concluded in mid-March 2020 with over 1,900 new public members being successfully recruited across several targeted profile groups namely: young people (11 – 16 and 17 – 21 years), adults (22 - 29 years) and males in addition to the following Ethnic Groups; White including Gypsy or Irish Traveller and Other, Mixed including 'White & Asian' and 'White & Black Caribbean' alongside 'Other Black' and 'Chinese'.

Public Membership Analysis Table at 31st March 2020

Profile Group	Membership 2018/19	%	Membership 2019/20	%
Age				
0-16	847	3.6	836	3.5
17- 21	1,266	5.5	1,513	6.2
22+	19,578	84.3	20,544	84.4
Not Stated	1,523	6.6	1,448	5.9
Ethnicity				
White	15,755	67.9	16,587	68.1
Mixed	515	2.2	559	2.3
Asian or Asian British	2,803	12.1	3,020	12.4
Black or Black British	1,243	5.4	1,326	5.5
Other	266	1.1	313	1.3
Not Stated	2,632	11.3	2,536	10.4
Gender				
Male	10,303	44.4	10,709	44.0
Female	11,740	50.6	12,534	51.5
Transgender	0	0	2	-
Not Stated	1,171	5.0	1,096	4.5
Recorded Disability	2,199	9.5	2,194	9.0

Note: Although the 0-16 year old membership group figure may appear low, the Trust's membership base for this group is between the ages of 11-16 years.

Total Public Membership (31st March 2020) = 24,341 (includes 1,448 members with no stated age, 2,536 members with no stated ethnicity, 1,096 members with no stated gender and 2 members who identify as transgender).

The Board of Directors monitor how representative our membership is and the level and effectiveness of membership engagement as part of the annual reporting process. The Governors' Membership & Engagement Sub-Group supported the Board of Directors in this process by developing a detailed 'Membership & Governor Key Engagement Plan' alongside identifying engagement success factors/measures.

During 2019, two Group NEDs were also substantive members of this Sub-Group and reported key membership information to the Board of Directors, with the Council of Governors also receiving key updates at their quarterly Governors' Performance Assurance Meetings.

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 four staff classes:

Staff classes	*Number of staff members*
Medical & Dental	2,284
Nursing & Midwifery	7,385
Other Clinical Staff	8,328
Non-Clinical & Support	7,570
Total	**25,567***

** This figure includes clinical academics, facilities management contract staff and full head counts which include bank staff and staff on zero hours contracts'*

Membership Engagement & Membership Strategy
The Trust, supported (and subsequently approved) by its Council of Governors, has developed a 'Membership & Engagement Strategy'. Its purpose is to outline 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, outlining how we recruit, retain, engage, support, and involve our membership in addition to the methods deployed to facilitate effective member communication and how the Trust evaluates membership recruitment and engagement success.

A key element of the strategy is the Trust's focus when undertaking annual public membership recruitment campaigns, which is to:

- Sustain MFT's overall public membership number in line with its overall staff membership number as well as;
- Housing a public membership that is representative of the diverse communities that the Trust serves by addressing identified short falls in terms of diversity of the Trust's public membership profile.

In addition, the strategy also outlines the Governor (membership representatives) role and duties alongside the key areas to support and develop the evolving role of Governors. The composition of MFT's Council of Governors is also included alongside the review process for the composition of the Trust's Non-Executive Directors.

The Membership Strategy will be regularly reviewed/updated by MFT's Council of Governors.

Membership Engagement/Benefits – Members are given a voice with their views/opinions being valued and whose support and involvement is vital to our future success:

- *Having a voice, through Governors (their elected representatives), which ultimately helps us to shape our future service provisions to more meet members', and their family's needs*
- *On behalf of members, Council of Governors sit around table with the Board of Directors and share both their and member's views during decision-making processes and when formulating future plans*
- *Membership is completely free*
- *Once a member, the individual decides how involved they want to be.*

The Trust strives to actively engage with members so that their contribution and involvement is turned into tangible service benefits thus improving the overall experiences of our patients. Membership engagement is facilitated via our strong working relationship with our Governors and by developing engagement best practice methodologies with key membership events being held each year including our Annual Members' Meeting and Young People's Event:

Annual Members' Meetings – these events provide members with interactive health information with our recent event (24th September 2019) having the theme '***Caring for You***'. Staff alongside partner organisations, hosted information stands highlighting the outstanding patient care provided across our hospitals and community services, with the interactive health sessions and information provided helping attendees to stay well during the winter months. In keeping with statutory requirements, Directors presented key information about our Annual Report & Accounts plus our future plans alongside a membership update being provided by our Lead Governor. Newly elected and nominated Governors were also formally introduced. Attendees also joined the Trust in celebrating our Care Quality Commission (CQC) rating of 'Good'. More information available on page 100 or at https://mft.nhs.uk/member-meetings/6796/

Annual Young People's Event – this event promotes young people's health, NHS careers, volunteer and involvement opportunities in addition to interactive demonstrations e.g. basic first aid, plaster of paris (orthopaedic) techniques and correct hand-washing procedures. The most recent event was held on 25th June 2019 with more information available on page 102 or at https://mft.nhs.uk/member-meetings/young-peoples-event/

Members' event information can be found on the Trust's website, via the 'Members' Meeting' webpage - https://mft.nhs.uk/the-trust/governors-and-members/members-meetings/

Members and the public are also provided with the following involvement opportunities:

- Talking to and engaging with Governors, at our membership events or via our Foundation Trust Membership Office
- Participating in interactive membership questionnaires/surveys, available at events or via our website and/or membership newsletter
- Joining our Youth Forum (if aged 11-21 years)

- Becoming a Hospital Volunteer (if aged 16 years or over)
- 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
- Sharing views and opinions about our hospital services
- Receiving information and updates about the Trust's plans, services and achievements through our 'MFT News' membership newsletter and via our Membership/Governor webpages
- Finding out more about NHS careers
- Receiving invites to attend key Membership Events
- Standing for election as a Governor.

To support Governors to appropriately engage with members and the wider public, the Trust has developed 'Membership Engagement and Recruitment Guidance for Governors' which provides key Trust, Membership and Governor Information alongside governance requirements. Governors are also issued with bespoke 'Governor Engagement Packs' in preparation of our key membership events. These packs include questionnaires and key engagement materials to facilitate direct face-to-faced engagement between Governors and event attendees.

How to become a Member
We are committed to establishing a truly representative membership and we welcome members from all backgrounds and protected characteristics including age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation (this is not exclusive of other diverse backgrounds).

Membership application forms are available on the Trust's website (www.mft.nhs.uk) by clicking the 'Become a Member of our Trust – Membership Form' button with hard copies being available from the Foundation Trust Membership Office (contact: ft.enquiries@mft.nhs.uk or 0161 276 8661).

As part of the NHS membership application process, individuals are asked to supply their personal data, with any data that is supplied being used only to contact them about the Trust's Membership or other related issues and will be processed for these purposes only. A copy of MFT's privacy notice can be found on the Trust's website https://mft.nhs.uk/privacy-policy/

Changes to membership details or cancelling membership
As part of the membership application process, the Department of Health asks NHS Foundation Trusts to capture information in relation to ethnicity, language and disability status so that we can be sure that we are representing all sections of our communities. We therefore ask membership applicants to disclose this information during the application process with all information collected being confidential, in keeping with Data Protection rules, and it is not released to third parties. Informational changes or membership cancellations are forwarded to the Foundation Trust Membership Office.

Helping to reduce our carbon footprint
Our Trust has an action plan to reduce our carbon footprint and save valuable natural resources. One of our sustainability commitments is to reduce the number of documents that we print, and we hope that members will help us to achieve this. Members are encouraged to receive information via e-mail by providing their email address during their application and/or involvement process or by contacting the Foundation Trust Membership Office.

Our Council of Governors
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 seeking assurance about the performance of the Board.

Our Council of Governors was established following the creation of MFT on 1st October 2017. The Board of Directors is committed to understanding the views of Governors and Members by holding and attending regular Governor and Members' Meetings/Events.

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

- to represent the views and interests of members of the Trust as a whole and the interests of the public.
- to hold the Non-Executive Directors individually and collectively to account for the performance of the Board of Directors.

In a recent MFT Governor Survey (September 2019), 100% of those Governors that responded stated that "*they have a clear understanding of role of Governor*" and "*that they felt that the Council of Governors fulfils its core statutory duties effectively*".

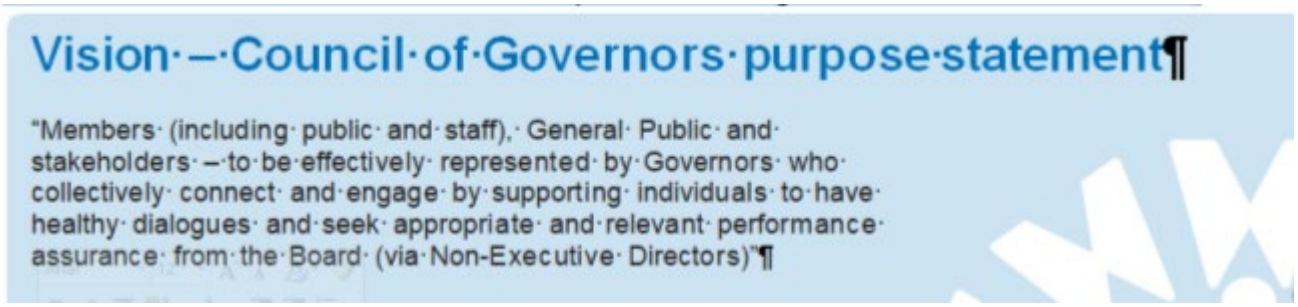
From these key duties, we have developed the following Governor aim and key objectives:

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.

MFT's Council of Governors has also developed the following associated Vision and Values:



Values – Council of Governors Operating Principles

Working Together

- We will attend meetings and be committed to our role of Governor
- We will advise of our meeting/event availability and when attending meetings/events, we will arrive on time
- We will read ahead and b prepared so we are able to contribute effectively
- We will strive to ensure that the interaction between the Board of Directors and the Council of Governors is seen primarily as being a constructive partnership seeking to work effectively together in our respective roles
- We will proactively engage with the Board of Directors in those circumstances when we have concerns

Dignity and Care

- We will support each other to work on our common objectives and collective beliefs, in keeping with our Governor Role/Code of Conduct

Everyone Matters

- We will listen to each other, allowing one person to speak at a time and give everyone the opportunity to contribute
- We will recognise time constraints and respect each other's time

Open and Honest

- We will create a friendly atmosphere and be polite and respectful to each other and those we interact with
- We will seek assurance and challenge positively

We have 32 Elected and Nominated Governors on our Council of Governors, the majority of whom (24 out of 32) are directly elected from and by our members. The table below outlines the composition of our Council of Governors:

Governor Constituency/Class/Partner Organisation		Number of Governor Posts
Public	Manchester	7
	Trafford	2
	Eastern Cheshire	1
	Greater Manchester	5
	Rest of England & Wales	2
	Total:	17
Staff	Nursing & Midwifery	2
	Other Clinical	2
	Non-Clinical & Support	2
	Medical & Dental	1
	Total:	7
Nominated	Local Authority (Manchester City Council and Trafford Council)	2
	Manchester University	1
	Manchester Health & Care Commissioning Group	1
	Trust Volunteer	1
	Trust Youth Forum	2
	Manchester Council for Community Relations or Manchester BME Network	1
	Third sector umbrella organisation (currently Caribbean & African Health Network)	1
	Total:	8

In 2019/20, elections for four Public Governors and three Staff Governors were held and nominations were received for three new Nominated Governors, one from Manchester City Council, one from the University of Manchester and one from the Trust's Youth Forum.

Our Board of Directors can confirm that elections for both Public and Staff Governors were held in accordance with the election rules as stated in our Constitution.

The Trust's Governor Election Turnout Data - 2019					
Date of Election	Constituencies/Classes Involved	Number of Eligible Voters (Members)	Number of Seats Contested	Number of Contestants	Election Turnout
September 2019	Public – Manchester	8437	3	23	7.5%
	Public – Trafford	3296	1	11	10.4%
	Public – Greater Manchester	7774	2	15	7.1%

	Public – Rest of England & Wales	2623	1	5	10%
	Staff – Nursing & Midwifery	6976	1	5	3.7%
	Staff – Other Clinical	N/A (election unopposed)	1	1	N/A
	Staff – Non-Clinical & Support	7124	1	6	10.6%

The ratio of candidates standing for election (per seats open for election) being circa. 1:6.6 ratio. In 2017 (at the time of the merger), the ratio was 1:3.2, so this year has seen a significant increase in number of candidates standing per seats open for election.

Successful candidates and nominees were announced at our Annual Members' Meeting on 24th September 2019 and formally commenced in post following closure of the meeting. More information about our Governor Elections and Annual Members' Meeting can be found under at https://mft.nhs.uk/the-trust/governors-and-members/

Lead Governor elections were also held during October/November 2019 with Jayne Bessant (Public Governor – Manchester) being re-elected for a one year term of office. Results were formally announced at the Council of Governors' Meeting on 5th November 2019 with the Lead Governor formally commencing in post following closure of this meeting.

Governor Interactions

The Council of Governors is encouraged to ensure its interaction and relationship with the Board of Directors is appropriate and effective with Governors holding our Group Non-Executive Directors (individually and collectively) to account for the performance of our Board of Directors by ensuring that they act so that we do not breach the terms of our authorisation. In addition, Governors receive agendas and approved minutes and are encouraged to attend each Board of Directors' Meeting.

Governors are responsible for feeding back information about the Trust i.e. its vision, forward plan (including its objectives, priorities and strategy) and its performance to members and the public. In the case of Nominated Governors, this information is fed-back to the stakeholder organisations that nominated them. Governors are, in return, also responsible for communicating back to the Board of Directors the opinions canvassed ensuring that the interests of our members and the public are represented.

In order to support Governors with this process, each year a 'Forward Plan Survey' is developed with this and other associated key information being promoted via the following membership webpage 'Our Forward Plans' https://mft.nhs.uk/the-trust/governors-and-members/our-forward-plans/

Members' and the general public's views were actively encouraged with the survey being widely available via MFT's membership newsletter 'MFT News' and at key membership events (Young People's Event and Annual Members' Meeting). Survey e-mail invitations were also sent to public members in addition to personalised letters being sent to those who had previously expressed an involvement interest in being 'consulted on the Trust's forward plans'.

Survey participation was also encouraged/promoted beyond the Trust's Membership to community/seldom heard groups, patients and members' of the general public via the Trust's Communications, Patient Experience and Equality & Diversity Teams in addition to the MLCO with regular promotions being posted via e-mail and social media. Staff were also actively encouraged to share their views via reminders in weekly 'MFT iNews' alongside a new staff intranet page and PC screen savers being developed.

Key membership/public views were captured and shared with Governors as part of the '2019 Membership Forward Plan Report' presented at a Governor Winter Development Session (18th December 2019) with Directors giving consideration to both Members' and Governors' views as part of their Annual Forward Planning Workshop (held on 29th January 2020).

Feedback regarding the key findings from the previous 2018 Membership Forward Plan Survey were also widely available as part of the 2019 Survey promotions with a new Chairman's Governor Bulletin being developed and circulated to Governors on a monthly basis – includes key information/updates around the 3 Membership Forward Plan Survey Themes (2018) i.e. Out-Patient Waiting Times, Staffing Levels and Electronic Patient Records alongside an associated 'Our Forward Plans 2019/20 - Governor Engagement Briefing' being developed with Governors being encouraged to share this key information with their friends, family, work colleagues, partner organisations, local community contacts/networks.

In a recent MFT Governor Survey (September 2019), 100% of Governors stated that "*Governors make a positive contribution in supporting the Board of Directors to consider the views of members and the public during the forward planning process"*",

with the majority of Governors also feeling that "*Governors are provided with an opportunity to influence the direction of the Trust's future strategy as a result of being involved in the annual forward planning process and associated Strategy Sessions*",

and that "*Membership Questionnaires help Governors to canvass the opinion of members/public in relation to their key priorities and put forward these views as part of the Trust's forward planning process".*

Members of the Council of Governors 2019/20

As outlined in the Trust's Constitution (October 2017), an elected Governor may hold office for a period of up to three years with Transitional Governors holding office for a period determined in accordance with the Trust's Constitution (Annex 3.1). In a recent MFT Governor Survey (September 2019), 100% of those Governors that responded "*felt proud to be a Foundation Trust Governor*".

Elected Public Governors		
Name	**Public Constituency**	**Term of Office**
Janet Heron	Manchester	3 years ending 2022
Ann Kerrigan	Manchester	3 years ending 2022
Lisa Watson	Manchester	3 years ending 2022
Jayne Bessant*	Manchester	3 years ending 2020
Dr Michael Kelly*	Manchester	3 years ending 2020
Suzanne Russell*	Manchester	3 years ending 2020
Sue Rowlands*	Manchester	3 years ending 2020
Margaret Clarke	Trafford	3 years ending 2022
Jane Reader*	Trafford	3 years ending 2020
Chris Templar*	Eastern Cheshire	3 years ending 2020
Ronald Catlow	Rest of Greater Manchester	3 years ending 2022
Colin Potts	Rest of Greater Manchester	3 years ending 2022
Paula King	Rest of Greater Manchester	3 years ending 2021
Ivy Ashworth-Crees*	Rest of Greater Manchester	3 years ending 2020
Cliff Clinkard*	Rest of Greater Manchester	3 years ending 2020
Christine Turner	Rest of England & Wales	3 years ending 2022
Sheila Otty	Rest of England & Wales	3 years ending 2021

Public Governor Terms of Office Ended during 2019/20:

- Dr Syed Ali* (Manchester) – Stepped down (September 2019)
- John Churchill* (Manchester) – Stepped down (September 2019)
- Stephen Caddick* (Rest of Greater Manchester) – Stepped down (September 2019)

*Transitional Public Governor

Elected Staff Governors		
Name	**Staff Class**	**Term of Office**
John Cooper	Nursing & Midwifery	3 years ending 2022
Jacky Edwards*	Nursing & Midwifery	3 years ending 2020
Esther Akinwunmi	Other Clinical	3 years ending 2022
Geraldine Thompson*	Other Clinical	3 years ending 2020
Rachel Koutsavakis	Non-Clinical & Support	3 years ending 2022
VACANT	Medical & Dental	
VACANT	Non-Clinical & Support	

Staff Governor Terms of Office Ended during 2019/20:

- Alix Joddrell-Banks* (Other Clinical) – Stepped down (September 2019)
- Dr Matthias Schmitt* (Medical & Dental) – Resigned (December 2019)
- Colin Owen* (Non-Clinical & Support) – Retired (December 2019)

*Transitional Staff Governor

A Nominated Governor may hold office for a period of up to three years with Governors being nominated by a number of partner organisations and groups:

Nominated Governors		
Name	**Nominating Organisation**	**Term of Office**
Dr Shruti Garg	The University of Manchester	3 years ending 2022
Cllr James Wilson	Manchester City Council	3 years ending 2022
Bethan Rogers	MFT Youth Forum	3 years ending 2022
Rev Charles Kwaku-Odoi	Third Sector Umbrella Organisation (currently Caribbean & African Health Network)	3 years ending 2021
Cllr Chris Boyes	Trafford Borough Council	3 years ending 2020
Circle Steele	Manchester BME Network	3 years ending 2020
Graham Watkins	MFT Volunteer Services	3 years ending 2020
VACANT	Manchester Health and Care Commissioning	

Nominated Governor Terms of Office Ended during 2019/20:

- Dr Denis Colligan (Manchester Health and Care Commissioning) – Resigned (February 2020)
- Dr Jenny Myers (The University of Manchester) – Stepped down (August 2019)
- Cllr Tracey Rawlins (Manchester City Council) - Stepped down (May 2019)
- Brooke Taylor (MFT Youth Forum) - Stepped down (May 2019)

Governors can be contacted through our Foundation Trust Membership Office in the following ways:

By Post:
Freepost Plus RRBR-AXBU-XTZT
MFT NHS Trust
Oxford Road
Manchester M13 9WL

By Phone:
0161 276 8661
(office hours 9.00 am to 5.00 pm, Monday to Friday; answering machine outside these hours)

By E-mail:
ft.enquiries@mft.nhs.uk

Declaration of Interests

The Governors' Declaration of Interest Register is updated on an annual basis and formally recorded at a Council of Governors' Meeting. The register discloses the details of any company directorships or other material interests held by Governors. None of our Council of Governors hold the position of Director and Governor of any other NHS Foundation Trust. More information about our Council of Governors and associated register is available on the Trust's website – 'Meet our Governors' webpage (https://mft.nhs.uk/the-trust/governors-and-members/council-of-governors/).

Council of Governor Meetings
Council of Governors' (COG) Meetings are open to members and the public to attend with meeting dates and papers being found on our website (Members' Meeting - https://mft.nhs.uk/the-trust/governors-and-members/members-meetings/).

Four Council of Governors' Meetings are held throughout a year. In a recent MFT Governor Survey (September 2019), 100% of those Governors that responded felt that:
"*the Council of Governors effectively discharges appropriate statutory duties at Council of Governors' Meetings*", that the "*Council of Governors meets sufficiently regularly enough to discharge its statutory duties*"

"*Governors understand what they need to do in order to be prepared for meetings to ensure that they have a sufficient level of knowledge and understanding so to actively participate and make positive contributions during meeting discussions*"

The majority of Governors also felt that:
"*the information received at Council of Governors' Meetings is appropriate to the Governor function"*

"*Council of Governors' Meeting papers are received in a timely manner in order to prepare for meetings*"

"*Governors know exactly what is expected of them in relation to the topics that are discussed during meetings*"

"*Governors listen carefully to all participants during meetings*"
"*COG Pre-meetings are useful in helping Governors to prepare for formal COG meetings*".

Governor Attendance at Council of Governor Meetings – 2019/20

Governor	Council of Governors' Meetings			
	2019			2020
	15th May	31st July	5th November	12th February
Esther Akinwunmi – Staff Governor (Other Clinical)			✓	✓
Dr Syed Ali – Public Governor (Manchester)*	✓	x		
Ivy Ashworth-Crees – Public Governor (Rest of Greater Manchester)	x	✓	✓	✓
Jayne Bessant – Lead & Public Governor (Manchester)	✓	✓	✓	✓
Chris Boyes – Nominated Governor (Trafford Borough Council)	✓	✓	✓	x
Stephen Caddick – Public Governor (Rest of Greater Manchester)*	✓	✓		

Governor	Council of Governors' Meetings			
	2019			2020
	15th May	31st July	5th November	12th February
Dr Ronald Catlow – Public Governor (Rest of Greater Manchester)			✓	✓
John W Churchill – Public Governor (Manchester)*	x	x		
Margaret Clarke – Public Governor (Trafford)			✓	✓
Cliff Clinkard – Public Governor (Rest of Greater Manchester)	✓	✓	✓	✓
Dr Denis Colligan – Nominated Governor (Manchester Health & Care Commissioning)*	✓	x	x	x
John Cooper – Staff Governor (Nursing & Midwifery)	x	✓	✓	✓
Jacky Edwards – Staff Governor (Nursing & Midwifery)	✓	✓	x	x
Dr Shruti Garg – Nominated Governor (University of Manchester)			✓	✓
Janet Heron – Public Governor (Manchester)	✓	✓	✓	✓
Alix Joddrell-Banks – Staff Governor (Other Clinical)*	✓	✓		
Dr Michael Kelly – Public Governor (Manchester)	✓	x	✓	✓
Ann Kerrigan – Public Governor (Manchester)			✓	x
Paula King – Public Governor (Rest of Greater Manchester)	x	x	x	✓
Rachel Koutsavakis – Staff Governor (Non-Clinical & Support)	✓	x	✓	✓
Rev Charles Kwaku-Odoi – Nominated Governor (Caribbean & African Health Network)	✓	✓	✓	x
Dr Jenny Myers – Nominated Governor (University of Manchester)*	x	x		
Sheila Otty – Public Governor (Rest of England & Wales)	✓	✓	x	x
Colin Owen – Staff Governor (Non-Clinical & Support)*	✓	x	x	
Colin Potts – Public Governor (Rest of Greater Manchester)			✓	✓
Cllr Tracey Rawlins – Nominated Governor (Manchester City Council)*				
Jane Reader – Public Governor (Trafford)	✓	✓	✓	✓
Bethan Rogers – Nominated Governor (Youth Forum)			x	x
Sue Rowlands – Public Governor (Manchester)	✓	✓	✓	x
Suzanne Russell – Public Governor (Manchester)	✓	x	✓	✓
Dr Matthias Schmitt – Staff Governor (Medical & Dental)*	x	x		
Circle Steele – Nominated Governor (Manchester BME Network)	✓	✓	✓	x
Brooke Taylor – Nominated Governor (Youth Forum)*				
Chris Templar – Public Governor (Eastern Cheshire)	✓	✓	✓	✓
Geraldine Thompson – Staff Governor (Other Clinical)	✓	✓	x	✓
Christine Turner – Public Governor (Rest of England & Wales)	✓	✓	✓	✓

Governor	Council of Governors' Meetings			
	2019			2020
	15th May	31st July	5th November	12th February
Graham Watkins – Nominated Governor (Volunteer Services)	x	✓	✓	✓
Lisa Watson – Public Governor (Manchester)			✓	✓
Cllr James Wilson – Nominated Governor (Manchester City Council)			✓	✓

*Retired Governor

Key: Not Applicable	✓ - In Attendance	X - Non-Attendance

MFT's Constitution, 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 and makes provision for the disclosure of interests and arrangements for the exclusion of a Governor, declaring any interest, from any discussion or consideration of the matter in respect of which an interest has been disclosed.

In keeping with statutory requirements the Trust each year, at a Council of Governors' Meeting, provides Governors with the following documents:

- MFT's Annual Report and Accounts any report of the auditors on them.

In a recent MFT Governor Survey (September 2019), 100% of those Governors that responded confirmed that "*Council of Governors receives the Annual Report, Accounts and Auditor Reports at a Council of Governors' Meeting*".

An Annual Report overview is also presented by Directors to Members at the Trust's Annual Members' Meeting which also open to the public.

Group Executive Director Attendance at Council of Governor Meetings – 2019/20

Group Board of Directors	Council of Governors' Meetings			
	2019			2020
	15th May	31st July	5th November	12th February
John Amaechi – Group Non-Executive Director	x	x	x	x
Professor Dame Susan Bailey – Group Non-Executive Director	✓	✓	✓	✓

Darren Banks - Group Director of Strategy	x	✓	✓	✓
Dr Ivan Benett – Group Non-Executive Director	✓	x	✓	✓
Peter Blythin – Group Executive Director of HR and Corporate Business	✓	✓	✓	✓
Julia Bridgewater - Group Chief Operating Officer	✓	x	✓	✓
Barry Clare – Group Deputy Chairman/Non-Executive Director	x	x	✓	x
Kathy Cowell – Group Chairman	✓	✓	✓	✓
Sir Michael Deegan - Group Chief Executive	✓	x	✓	✓
Professor Jane Eddleston - Group Joint Medical Director	✓	x	x	✓
Professor Luke Georghiou – Group Non-Executive Director	x	x	x	x
Nic Gower – Group Non-Executive Director	✓	x	✓	✓
Gill Heaton - Group Deputy Chief Executive	x	✓	x	x
Professor Cheryl Lenney - Group Chief Nurse	✓	✓	✓	✓
Chris McLoughlin – Group Senior Independent Director/Non-Executive Director	✓	✓	x	✓
Miss Toli Onon - Group Joint Medical Director	✓	✓	✓	x
Trevor Rees – Group Non-Executive Director	x	x	✓	✓
Adrian Roberts - Group Chief Finance Officer	✓	✓	✓	✓

Key: Not Applicable	✓- In Attendance	X - Non-Attendance

Directors can be contacted via the Director of Corporate Services/Trust Secretary by e-mail Trust.Secretary@mft.nhs.uk or telephone 0161 276 4841.

Group Executive Director and Council of Governor Interactions

The Trust Chairman 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. As set out in NHS Improvement's Code of Governance for NHS Foundation Trusts, there is a requirement for a mechanism to be in place to resolve disagreements between the Board of Directors and Council of Governors with MFT's Constitution (October 2017) outlining this process.

In a recent MFT Governor Survey (September 2019), the majority of Governors felt that:

"*the Council of Governors adopts the policy to proactively engage with the Board of Directors in those circumstances when they have concerns*"

"*the Council of Governors takes responsibility to ensure arrangements work so that an effective, constructive partnership with the Board of Directors is achieved*".

Governors in action

The Council of Governors has a number of statutory powers, including the appointment of the Group Chairman, Group Non-Executive Directors and the Trust's External Auditors. The Council of Governors discharges its statutory duties at its meeting of the Council of Governors which meets four times during the course of a year in addition to a fifth statutory event i.e. Annual Members' Meeting.

Council of Governors' Meeting (including Pre-COG Meeting)

These meetings are attended by the Council of Governors and Board of Directors (Executive and Non-Executive Directors) and are chaired by the Chairman of the Trust. Statutory requirements (as per legislation) are performed at this meeting and formal presentations are received at each meeting. These include a Chairman's Report, Chief Executive/Executive Director Reports, and a Lead Governor Report in addition to key Governor updates.

As outlined in the 'Governor Declaration of Interest' process, any Governor who has an interest in a matter to be considered by the Council of Governors shall declare such interest to the Council of Governors and:

- shall withdraw from the meeting and play no part in the relevant discussion or decision; and
- shall not vote on the issue (and if by inadvertence they do remain and vote, their vote shall not be counted).

The meeting is held in two parts which include a public part (open to staff/public members in addition to members of the general public) and a private part which is open to Governors and designated Board members in order to approve (or not) key appointments.

In preparation of each formal Council of Governors' Meeting, a Pre-COG Meeting is held (attended by Governors only), to enable Governors to discuss agenda items and associated meeting information (papers/presentations) and determine associated key questions in order to represent the interests of members and the wider-general public and seek assurances on their behalf. Led by the Lead Governor, these Pre-Meetings enable Governors to collectively be more effective in their role, when representing and appropriately seeking assurances and holding NEDs to account.

Annual Members' Meeting

In keeping with statutory requirements, each year (usually in September) the Trust holds an interactive Annual Members' Meeting which includes a formal presentation from Directors in relation to the Trust's Annual Report and Accounts, in addition to key performance information and plans for the future and is chaired by the Chairman of the Trust. The Lead Governor (and/or nominated Governor deputy) also presents key information in relation to the Trust's Membership & Engagement Strategy in addition to a Governor & Membership overview.

Each Meeting is focused on a theme with the recent members' meeting (24th September 2019) being focused around *'Caring for You*'. At each meeting, staff and partner organisations showcase the outstanding services and care that is provided to MFT's patients, across our hospitals and in the community.

The Council of Governors are also in attendance, providing an opportunity for members and the public to directly engage with Governors in addition to the Chairman facilitating a Q&A element (as part of the formal meeting presentations), inviting members' and the public's views, opinions and questions in relation to the Trust's services. Historically around 200-250 members and the public attend each year with around 20-30 stand-holders being enlisted from the Trust and partner organisations to showcase our services.

'Governors Engagement Sessions' are also provided, with members/public being signposted to engage with Governors and participate in an interactive questionnaire (where appropriate) which also helps to facilitate Governor and attendee engagement in addition to views being canvassed in relation to our forward plan priorities.

Governors are the link between our members and the wider public, determining their needs/views on the delivery of our services, and our Directors who make the decisions and hold responsibility for our services. In order to enhance this process, and to provide further support in relation to the Council of Governors' role/key duties, in 2018 the Group Chairman led a review, which was supported by Governors, and which resulted in the development of a 'Governor Meeting Framework'.

The meeting structure included the establishment of the following non-statutory meetings:

- **Governors' Performance Assurance Meetings** - attending Directors hold discussions with Governors in order to understand their views on the Trust's performance and provide details of actions in place to improve performance where required. Governors are actively encouraged to provide feedback on the Trust's Board Performance Report (Board Assurance Reports) with a view to ensuring that the right level of detail/information is provided, appropriate assurances received and/or action taken in relation to the associated report themes namely '*Safety, Patient Experience, Operational Excellence, Workforce & Leadership and Finance*'. These meetings have been established to support Governors in holding Non-Executive Directors to account for the performance of the Board of Directors by reviewing the Trust's performance across patient quality, clinical effectiveness, patient experience, finance and productivity.
- **Hospital/MCS Governor Educational Programme** - each year, a programme of bespoke presentations/visits are specially arranged for Governors to learn about the various key services provided across MFT's Hospitals/Managed Clinical Services (MCS) and provide knowledge-building opportunities for Governors to find out about the expert range and quality of services provided throughout MFT.
- **Chairman/Governor Surgeries** - the Chairman hosts a number of surgeries for Governors, which are also supported by Non-Executive Directors.

The aim is to create an informal setting to encourage Governors to have open and transparent discussions and so to continue to build and strengthen working relationships and ultimately support Governors to become increasingly effective in their role.

- **Governor/Non-Executive Director (NED) Networking Sessions -** includes an overview of a NED's specific work projects/area of expertise and provides Governors with further opportunities to raise any issues and/or seek assurances in addition to building and strengthening effective working relationships.
- **Pre-COG Meetings** - in preparation of each formal Council of Governors' Meeting, a Pre-COG Meeting is held (attended by Governors only), to enable Governors to discuss agenda items and associated meeting information (papers/presentations) and determine associated key questions to be asked during the formal meeting. Led by the Lead Governor, these Pre-Meetings enable Governors to collectively be more effective in their role, when representing members and the wider-general public appropriately seeking assurances and holding NEDs to account on their behalf.
- **Governor Forward Planning Workshop and dedicated Strategy Sessions** – in order to support Governors with their key role in relation to the preparation of our Forward Plans, the Chairman holds a Governors' Forward Planning Workshop each year alongside regular Strategy Sessions, led by Strategy Directors. At this workshop Membership Forward Plan Survey findings are presented, with Governors being encouraged to forward their (and additional members' views) on the Trust's forward plans.
  At the event Governors are also encouraged to identify and prioritise quality indicators/priorities and, from the suggestions made, Governors choose and agree a local quality indicator for the forthcoming year.
- **Governor BOD Sessions** - Governors are encouraged to attend Board of Directors' Meetings (open to the public) to directly observe Non-Executive Directors' scrutiny, challenge and support of Executive Directors with agendas and minutes being circulated to Governors in preparation of each meeting. Following the formal Board of Directors' Meeting, a dedicated private session is held for Governors to raise any questions and/or observations on the items discussed by the Board of Directors.
- **Young People's Event** - hosted by the Chairman and organised by the Membership Team, an interactive Young People's Health Event is held each year to provide a forum to engage with our young members. The event includes health information stands and interactive demonstrations from varying health professionals with stands promoting key health service areas (including support services), within the Trust in addition to advice on NHS careers/voluntary services. Governors are also in attendance, providing an opportunity for young members and the public to directly engage with Governors and forward their views and opinions in relation to our services.

  Historically, around 400-500 young people, students, teachers, staff and their children attend with attendees including groups of students from various schools/colleges/universities from across Manchester and Greater Manchester in addition to groups of attendees from Young Disabled People's Forums.

Around 30 stand-holders are enlisted from the Trust and partner organisations to showcase our services, with Governors' Engagement Sessions being provided. During the event, young members/public are signposted to engage with Governors and participate in an interactive questionnaire.

This facilitates Governor/attendee engagement in addition to views being canvassed in relation to our forward plan priorities and membership involvement opportunities, plus suggestions in relation to the Trust's and general NHS services.

Engagement with students at the 2019 Young People's Event

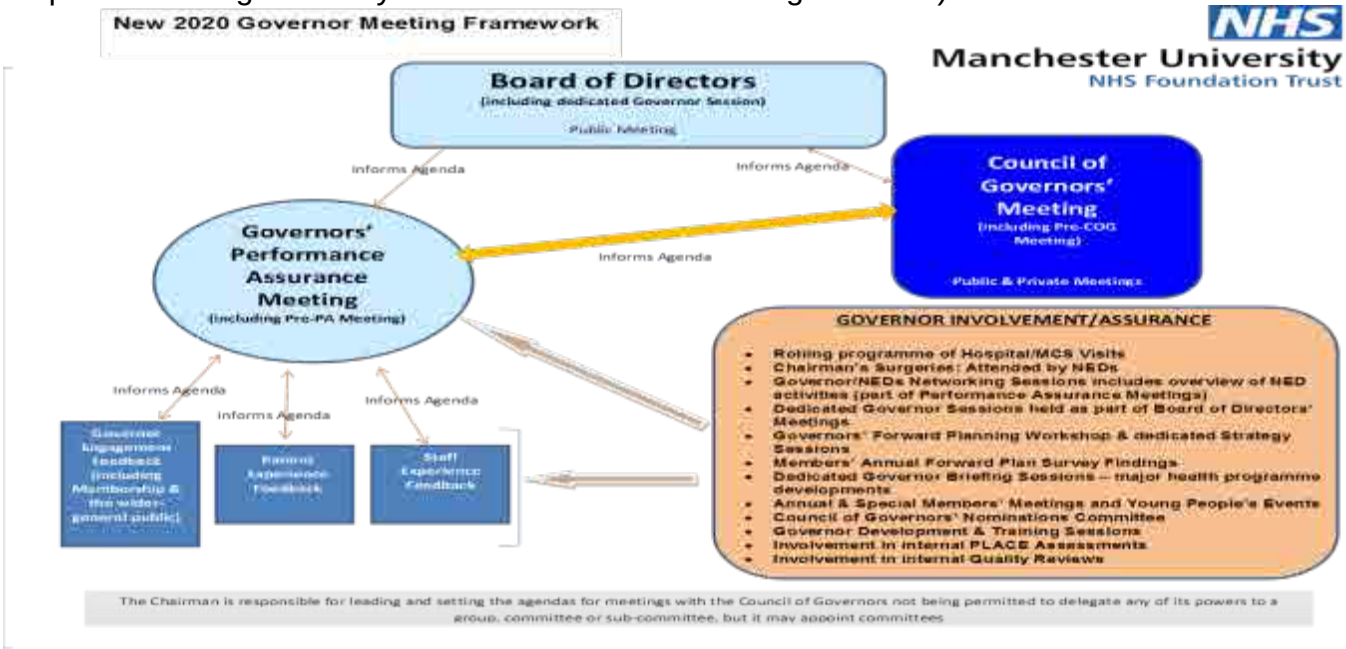
- **Governor Focus Groups** – ad hoc Governor Focus Groups are held as and when appropriate Governor involvement opportunities arise. A previous focus group held was in relation to the Trust's CQC inspection (October 2018) which provided an opportunity for Governors to speak to Care Quality Commission (CQC) inspectors and share their and members' views and experiences of the Trust.
- **Governors' Membership & Engagement Sub-Group** – looked at ways to recruit, retain and engage with members, ensuring a representative base is established which accurately portrays the diverse communities that the Trust serves. Membership engagement best practice methodologies were reviewed, developed and supported by our Governors alongside actively developing, monitoring and reviewing the Trust's Membership & Engagement Strategy.

- **Governors' Patient Experience Sub-Group** - supported the Trust's 'What Matters to Me' philosophy on matters relating to patient experience and quality by advising on key patient areas such as accessibility, customer focus, front of house/reception areas, interpretation services, patient information, and developing meaningful involvement with patient partnership groups.
- **Governors' Staff Experience Sub-Group** - supported the Trust's 'Workforce and Organisational Development Strategy' and on matters relating to staff experience and well-being, receiving key information in relation staff survey/pulse check findings in addition to workforce data (including equality and diversity data) in addition to Staff Recognition Awards.

During late summer/autumn 2019, the Chairman and Lead Governor held an annual review meeting with the Governor Chair and supporting Director/Non-Executive Directors of each Governor Sub-Group. This was to determine their key achievements over the past year plus any areas they felt may require further development. In keeping with recommendations made by the Lead Governor and the three Governor Sub-Group Chairs, the Council of Governors agreed a new Governor Meeting Framework for 2020, with the following key changes being made:

- Governors' Performance Assurance Meetings to be utilised as the key forum to seek patient and staff experience assurances.
- To enable Governors to more collectively determine key performance assurances from the Trust, new performance assurance pre-meets to be established (in preparation for each Governors' Performance Assurance Meeting).
- A new Engagement Task and Finish Group to be established to focus upon the concept of engagement with the wider-general public and further strengthen and develop engagement/communication initiatives.

A further review will be undertaken during 2020 to assess the above new meeting arrangements (with the former three Governor Sub-Groups being temporarily suspended during the first year of this new 2020 meeting structure).



Governors regularly receive invitations to attend Trust-wide events alongside other involvement opportunities, andn2019/20 these included the Trust's Staff Recognition Awards Event, the Trust's Diversity Matters Strategy Launch Events, MFT Service Strategy Workshops and also to participate in the Trust's Patient-Led Assessments of the Care Environment (PLACE). Staff Governors also receive invitations to attend the Trust's Schwartz Rounds (a forum at which staff to come together and share the emotional, social, and psychological aspects of work).

In a recent MFT Governor Survey (September 2019), the majority of Governors felt that:

"the Trust provides Governors with accurate, timely and clear information", the "*Board of Directors engages with Governors on a regular basis in order to understand Governor/Member views and respond to any concerns*"

"the Trust supports Governors in inviting attendance at Governor meetings appropriate Directors to obtain information about the performance of the Trust's functions or Directors' performance of their duties".

Council of Governors' Nominations Committee including Review the Performance of the Group Non-Executive Directors

Each year, Governor feed-back is invited via questionnaire and/or Lead Governor contact, in relation to the performance of the Group Chairman and Group Non-Executive Directors with resultant key findings being directly fed into their respective appraisal process.

As part of this process, a panel of Governors is also constituted each year (Council of Governors' Nominations Committee), which is supported by the Senior Independent Director, to receive detailed feedback from the above appraisal process and who report back to the full Council of Governors (formal Council of Governors' Meeting) their assurances/recommendations.

Other Council of Governors' Nominations Committees are also convened (as and when required) in relation to Group Chairman and Group Non-Executive Directors appointments and remuneration, alongside External Auditor appointments and again report back to the full Council of Governors (formal Council of Governors' Meeting) their assurances/recommendations when seeking statutory approvals. More information is available on page 70.

In a recent MFT Governor Survey (September 2019), the majority of Governors felt that:

"*the Council of Governors' Nominations Committee effectively reports to the Council of Governors when seeking recommendation approvals (Group Chairman/NED appointments and remuneration in addition to performance review findings etc.)*"

Governor Development & Training
The Health and Social Care Act (2012) states that Foundation Trusts must take steps to secure that Governors are equipped with the skills and knowledge in order to fulfil their role with the Trust being committed to providing high quality information, regular updates and training for Governors.

In order to facilitate this, led by the Chairman and in order to accurately inform the Governor development process, a 'Governor Effectiveness and Performance Questionnaire' is completed by Governors each year. The associated key findings are presented to Governors with identified development/training elements being taken forward as part of a bespoke programme of Governor Development Sessions.

At these sessions, a range of topics are discussed for example performance against the Trust's forward plan key priorities, an annual report and accounts overview, NHS health plans and associated programmes of work. Governors are also formally presented with the finalised 'Quality Report' alongside key patient and staff experience information. They are encouraged to proactively engage with Directors, raising any concerns or issues and offer their views and suggestions for consideration.

During 2019, the key Training & Developmental areas provided to Governors included:

- MFT's Cultural Diagnostic Leadership Programme
- Role of Governor and Governor Meeting Framework
- Governor Engagement with Members and the wider general public
- Effective Team Working
- MFT's Diversity Matters Strategy
- MFT Charities Involvement Opportunities
- Effective Communication and Forward Plan Survey Development
- North Manchester General Hospital Acquisition Updates
- Manchester Local Care Organisation Updates
- Manchester and Trafford Locality Plans
- Clinical Service Strategy Plans
- Quality Report Priorities and Metric Identification (supported by the Trust's External Auditors) alongside key Trust information including Estates Strategy/Plans and Electronic Patient Record (IT) Plans.

In a recent MFT Governor Survey (September 2019), 100% of Governors that responded stated that:
"the Trust provides the appropriate level of support to Governors to carry out their Governor role and responsibilities"

with the majority of Governors also feeling that
"*Governors have regular access to training and development which is necessary for them to carry out their Governor role*".

Governors will continue to be regularly appraised of developments in relation to several major on-going health programmes including Single Hospital Service (SHS), Manchester Local Care Organisation and Manchester and Trafford Locality Plans.

New Governor induction session with the Trust's Chairman
All new Governors are invited to attend an introduction meeting with the Chairman at which key information is provided about the Trust and its organisational structure and associated governance and support arrangements, in addition to the Trust's Governor Meeting Framework.

Induction arrangements also include providing an overview of the Trust's Risk & Assurance process and Patient Safety, the Trust's Performance process, and Vision & Values. Other ongoing major health programmes e.g. Single Hospital Services (alongside other topical health information) are also highlighted. In addition, this session provides a networking opportunity between fellow new and existing Governors. As part of this induction meeting, a site tour is also scheduled for new Governors so that they can become more familiar with the Central Site Hospitals (Oxford Road Campus) and includes a 'Hospital Arts Tour'.

New Governor role training session
All new Governors are invited to attend a full day training session which is facilitated by an external training consultant. This provides in-depth information about the role of an NHS Governor alongside MFT governance arrangements plus the wider National Health Service landscape.

In a recent MFT Governor Survey (September 2019), 100% of Governors that responded stated that:
"the new Governors induction information/programme equipped them to carry out the role as Governor".

Ongoing training and development sessions will be provided to Governors throughout 2020, informed via the 'Annual Governor Effectiveness and Performance Questionnaire' key findings, with a particular focus on the concept of Governor interactions (engagement).

Additional support
In 2019, a 'Buddy Scheme' was established for new Governors which enabled experienced Governors to provide additional support e.g. advice and mentoring to their new Governor colleagues.

Governors engaging with members at the Annual Members' Meeting


3.3 Staff report

WORKFORCE DEMOGRAPHICS (subject to audit)	31 March 2020		31 March 2019	
	Headcount	% of Total Headcount	Headcount	% of Total Headcount
Staff Group				
Additional Professional Scientific and Technical	1,165	4.9%	1,071	4.9%
Additional Clinical Services	4,240	17.8%	3,891	17.7%
Administrative and Clerical	5,282	22.2%	4,899	22.3%
Allied Health Professionals	1,530	6.4%	1,297	5.9%
Estates and Ancillary*	1,038	4.4%	1,073	4.9%
Healthcare Scientists	852	3.6%	760	3.5%
Medical and Dental	2,057	8.6%	1,897	8.6%
Nursing and Midwifery Registered	7,609	32.0%	7,036	32.1%
Students	28	0.1%	21	0.1%
Grand Total	**23,801**	**100%**	**21,945**	**100%**
Full Time/Part Time				
Full Time	16,002	67.2%	14,747	67.2%
Part Time	7,799	32.8%	7,198	32.8%
Gender				
Female	18,993	79.8%	17,468	79.6%
Male	4,808	20.2%	4,477	20.4%
Disabled				
No	16,907	71.0%	14,984	68.3%
Not recorded	6,187	26.0%	6,356	29.0%
Yes	707	3.0%	605	2.8%
Ethnic Group				
BME	4,777	20.1%	4,206	19.2%
Not recorded	2,029	8.5%	1,814	8.3%
White	16,995	71.4%	15,925	72.6%
Age				
16-20	124	0.5%	139	0.6%
21-30	5,321	22.4%	4,857	22.1%
31-40	6,168	25.9%	5,677	25.9%
41-50	5,661	23.8%	5,286	24.1%
51-60	5,059	21.3%	4,718	21.5%
61+	1,468	6.2%	1,268	5.8%

Staff Turnover	1st April 2018 to 31st March 2019	1st April 2019 to 31st March 2020
	12.5%	12.0%

Staff Sickness Absence	1st April 2018 to 31st March 2019	1st April 2019 to 31st March 2020
Sickness %	4.8%	5.2%
Average Working Days lost (per wte)	17.0	18.2

Senior Staff Gender Breakdown	Male	Female
Executive Directors	5	4
Non-Executive Directors	3	6

Staff costs

Full year 2019/20 (audited)

	Total	Permanent	Other
Trust	£000	£000	£000
Salaries and wages	807,563	807,563	0
Social Security costs	74,470	74,470	0
Apprenticeship Levy	3,616	3,616	0
Pension cost - defined contribution plans (employer's contributions to NHS pensions)	90,937	90,937	0
Pension cost – employer contribution paid by NHSE on provider's behalf (6.3%)	39,668	39,668	0
Pension cost - other	204	204	0
Temporary staff - external bank	55,910	0	55,910
Temporary staff - agency/contract staff	19,241	0	19.241
Total Trust staff costs	**1,091,609**	**1,016,458**	**75,151**
NHS charitable funds staff	49	49	0
Total Trust and Group Staff costs	**1,091,658**	**1,016,507**	**75,151**

Full year 2018/19 (audited)

	Total	Permanent	Other
Trust	£000	£000	£000
Salaries and wages	726,167	726,167	0
Social Security costs	66,904	66,904	0
Apprenticeship Levy	3,571	3,571	0

Pension cost - defined contribution plans (employer's contributions to NHS pensions)	82,915	82,915	0
Pension cost - other	79	79	0
Temporary staff - external bank	47,378	0	47,378
Temporary staff - agency/contract staff	30,918	0	30,918
Total Trust staff costs	**957,832**	**879,636**	**78,196**
NHS charitable funds staff	790	790	0
Total Trust and Group Staff costs	**958,622**	**880,426**	**78,196**

Staff policies and actions applied during the year

Workforce Disability
MFT has a robust approach in place for assessing the impact of its policies and procedures on people sharing protected characteristics. This includes equality impact assessment methodology, guidance and an assessment form. An Equality Advisor at Group level dedicated to supporting equality impact assessment provides one to one and group training. The Equality Advisor also completes quality assurance of equality impact assessments. Policies and procedures are required to complete equality impact assessments in order to receive a registration number that they need for the policy and procedure to be presented to the relevant committee.

Our Trust is committed to ensuring staff with a disability receive reasonable adjustments in the workplace to support them. This is managed in different ways across our hospital sites and managed clinical services but examples of both formal reasonable adjustment plans and informal adjustments are in place based on local working practices. All hospital sites have access to Employee Health and Wellbeing services where they can gain advice and support around reasonable adjustments.

MFT is a Disability Confident Employer including a guaranteed interview for applicants with a disability who meet the essential shortlisting criteria. We have Disability in Employment guidelines and 69% of staff say that MFT has made adequate adjustment(s) to enable them to carry out their work (WDES 2019).

Across different parts of the Trust we have provided a range of additional training covering topics such as, inclusive recruitment practice, dyslexia, learning disability awareness and topics covering other accessibility needs. MFT has a range of widening participation initiatives and provides over 30 supported work programmes for young people with learning disabilities.

Communicating and consulting with our staff
Ensuring effective employee relations are maintained remains a key objective for MFT. We have a Partnership Agreement which outlines the framework for consultation and collective bargaining, to assist our managers, staff and Trade Union representatives work collaboratively and improve working relationships. Core functions include:

- facilitating the Joint Negotiating and Consultation Committees for medical and non-medical staff groups
- developing workforce policies and procedures based on best practice
- providing assistance in employee relations matters, e.g. disciplinary, grievance and dignity at work processes.

We have undertaken a series of service reviews and restructuring exercises this year to integrate services, continuously improve our services and drive efficiencies.

Providing information to employees on matters of concern to them as employees

We have workforce policies to support staff in raising a matter of concern as an individual or as a collection group. Information is made available to staff using the Trust's intranet. Key communications to employees are shared through our MFT iNews bulletin, which is delivered to all email addresses on a weekly basis. The Group Chief Executive also holds staff engagement sessions each year, and Hospital/MCS Chief Executives share information through regular blogs and other local communication channels

Looking after our staff (occupational health and health and safety)

The Trust has an active Employee Health & Wellbeing (EHW) Service that offers a wider range of support for staff including.

- Management referral assessments to support attendance and fitness for work.
- Advice on rehabilitation and adjustments at work.
- Immunisation and vaccination screening programmes.
- Clinical management of staff who sustain accidental inoculation and contamination injuries.
- Workplace risk assessments and health surveillance programmes.
- Rapid access interventions including counselling, physiotherapy and osteopathy.
- Annual influenza vaccine campaign for staff providing direct patient care. The 2019/20 programme ensured that 79.4% of frontline staff (11,555 colleagues) received the flu vaccine, compared with 76% in 2018/19.
- Health and wellbeing initiatives targeting and raising awareness on specific health issues.

The EHW Psychological Wellbeing teams provide support to individuals and teams on managing under pressure, building emotional resilience and maintaining healthy and effective team working.

An Employee Assistance Programme - EAP (including Counselling Services) - is in place providing all staff with access to a range of services which are available 24 hours a day, 7 days a week. The service is independent and confidential, providing advice and support on a range of issues and resources via telephone and an Online Health Portal.

Supporting our staff through change

We continue to provide a high performing team framework in conjunction with Affina Organisational Development to build our capacity for developing effective team-based working. We continue to partnership work with services including Human Resources and Health and Well-being to provide a multidisciplinary approach to

manage change and to deliver high quality care, operational performance and engagement to complex team interventions across our Trust.

By adopting a multidisciplinary approach we have introduced technological platforms to share real-time data on team interventions across our departments, which will help our teams further navigate change with openness and transparency.

We are currently overseeing 97 service/team levels interventions with Team Leaders being guided through the foundations of effective team working using advanced team diagnostics or with an evidence-based online tool called the 'Affina Team Journey'.

The online toolkit is supported by 42 organisational Team Coaches who help Team Leaders use and apply this tool and learning. The nine stages of the team development journey include: assessing team potential using a diagnostic questionnaire, developing team identity and objectives and supporting positive communication and decision-making. At each stage Team Leaders are provided with team assessment tools, with automated online reporting, and briefings for team development activities.

Together with the Advancing Quality Alliance (AQuA) we continue to offer the change and improvement capability-building curriculum. We have introduced a blended learning approach to improvement training by introducing the MFT Discover, Design and Deliver online programme which has seen a threefold increase in staff members accessing improvement training to approximately 600 staff members per year.

To further support our commitment to continuous improvement and innovation, we have expanded our curriculum to offer bespoke improvement training to the Newly Appointed Consultants Programme and Clinical Leadership Programme in conjunction with the Kings Fund for 2020/21.

Leadership development activity
We have continued to develop our leadership development offer throughout 2019-20. This has included bringing together our Leadership, Improvement and Team Development programmes into a new MFT Academy for all levels of leaders, clinical and non-clinical, across the Trust.

Our LEAD programme supports those taking on, or aspiring to, new leadership roles with a three-day programme giving an overview of leadership skills. This is followed by a suite of optional modules for staff members to design their own development programme based on their own needs and aspirations. The range of modules offered as part LEAD programme expanded during 2019/20 to include, for example, basic project management skills. There were approximately 1800 attendances at LEAD programmes during 2019.

We continue to be Greater Manchester hosts for the NHS Leadership Academy Mary Seacole programme for first line leadership, which combines online learning, forums, 360° feedback and three workshops for a comprehensive overview of leadership and

management. The programme is accessed by a range of professionals across the Greater Manchester region.

Since launching in May 2018, we have been able to offer 20 programme cohorts, making up to 400 places available to staff across Greater Manchester. We also hosted two presentation events during 2019-20 to recognise the achievements of those completing the programme. We are also re-licensing to continue to host the programme on behalf of Greater Manchester through to 2022.

In 2019/20, we continued to provide our development programmes for Newly Appointed Consultants and our Clinical Leadership Programme for experienced Consultants, and have entered into a partnership with The King's Fund for the delivery of these programmes through to 2022.

In addition, we have expanded our Apprenticeship programmes to include the MFT General Management Graduate Scheme which provides an opportunity for 16 trainees every two years to complete a senior leaders' masters apprenticeship. In partnership with Manchester Metropolitan University, in the last year 60 staff have also been progressing on the Chartered Management Degree Apprenticeship.

Recognising staff excellence
The MFT Excellence Awards is our annual Trust staff recognition scheme, showcasing the range of incredible staff accomplishments under categories such as Unsung Hero, Clinical Team of the Year, Brilliant Ideas, Equality, Diversity and Inclusion Champion and Patient Choice.

Together with representatives from clinical areas receiving Gold accreditation as part of our Improving Quality Programme, finalists in the award categories are recognised and their achievements celebrated at the annual MFT Excellence Awards ceremony. The awards ceremony is usually held in March, but this year was postponed until September due to the coronavirus outbreak.

Supporting staff to 'Speak Up'
Freedom to Speak Up is a national programme that supports staff, student, Governors and patients to raise concerns. Effective speaking up arrangements help to protect patients and improve the working experience of NHS staff.

We have continued to build our Freedom to Speak Up Champions programme and now have over 25 active champions across the Trust supporting the MFT Freedom to Speak Up Guardian. To celebrate Speak out Safely Month in October 2019, MFT hosted a lecture by the NHS's National Guardian, Dr Henrietta Hughes (*left*).

Following a review of the champions programme, we have an action plan to increase engagement and communications across the Trust. In 2019/20 the Freedom to Speak Up Guardian and champions supported 67 colleagues to raise concerns.

Preventing fraud and corruption
We are committed to reducing the level of fraud, bribery and corruption both within MFT and the wider NHS and aim to eliminate all such activity as far as possible. We are required to comply with the NHS Counter Fraud Authority Standards for Providers and have an Anti-Fraud, Bribery and Corruption Policy in place which encourages anyone having reasonable suspicions of fraud, bribery or corruption to report them.

Our agreed work programme to combat fraud, bribery and corruption was followed, in accordance with the agreed Anti-Fraud Work Plan and included a range of awareness exercises; local and national proactive exercises; reviews of policies and procedures; and conducting investigations where suspected or apparent fraudulent activity has been identified and seeking financial redress where appropriate.

Trade Union Facility Time disclosures
The following information was submitted to the Government Trade Union Facility Time Publication Service in line with the Trade Union (Facility Time Publication Requirements) Regulations 2017:

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period (01/04/18-31/03/19)	**Full-time equivalent employee number**
49	46.3

Percentage of time relevant union officials spent on facility time

Percentage of time	**Number of employees**
0%	16
1-50%	29
51%-99%	3
100%	1

Percentage of pay bill spent on facility time

Description	**Amount**
Total cost of facility time	£308,357.26

Total pay bill	£954,261,000
Percentage of the total pay bill spent on facility time Calculated as: (total cost of facility time ÷ total pay bill) x 100	0.03%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (*Total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ Total paid facility time hours)* x 100	11.07%

Consultancy and other costs

During the year, MFT spent £2,951k on consultancy (£3,200k in the year to 31st March 2019).

Off payroll engagements

MFT seeks assurance about the tax arrangements of individuals engaged off-payroll and the information is recoded 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.

MFT applies rigorous controls to all aspects 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 for the period 1st April 2019 to 31st March 2020 for more than £245 per day and that last for longer than six months

No. of existing arrangements as of 31st March 2020	0
Of which	
Number that have existed for less than one year at time of reporting	0
Number that have existed for between one and two years at time of reporting	0
Number that have existed for between two and three years at time of reporting	0
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	0

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

No. of new engagements, or those that reached six months in duration, between 1st April 2019 and 31st March 2020	0
Of which	
No. assessed as caught by IR35	0
No. assessed as not caught by IR35	81
No. engaged directly (via Personal Services Company contracted to the entity) and are on the entity's payroll	0
No. of engagements reassessed for consistency/assurance purposes during the year	6
No. of engagements that saw a change to IR35 status following the consistency review	0

For all off-payroll engagements for the year to 31st March 2019 for more than £245 per day and that last for longer than six months:

No. of existing arrangements as of 31st March 2019	0
Of which	
Number that have existed for less than one year at time of reporting	0
Number that have existed for between one and two years at time of reporting	0
Number that have existed for between two and three years at time of reporting	0
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	0

For all new off-payroll engagements, or those that reached six months in duration, between 1st April 2018 and 31st March 2019, 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 2018 and 31st March 2019	0
Of which	
No. assessed as caught by IR35	30
No. assessed as not caught by IR35	0
No. engaged directly (via Personal Services Company contracted to the entity) and are on the entity's payroll	0

No. of engagements reassessed for consistency/assurance purposes during the year	10
No. of engagements that saw a change to IR35 status following the consistency review	0

Staff engagement - our approach

The staff survey is the Trust's primary method by which organisational culture is measured. This includes how well led staff are and whether they feel sufficiently supported to enable them to fulfil their potential. This can be best described as staff experience.

The culture MFT seeks to create is described in the MFT Leadership and Culture Strategy (2017). The overall aim of the MFT Leadership and Culture strategy is to develop a compassionate, inclusive and high quality care culture that is underpinned by exemplary leadership and ensures the best outcomes for people, improving the health of our local population.

The MFT approach to staff engagement combines Group level strategy and activities, with hospitals and services leading on the development of staff engagement locally. Staff provide feedback on their experiences through their local team structure and through surveys. In addition to the annual staff survey, in 2019-20 this included Pulse Surveys in Q1 and Q2, and also Culture of Care surveys, which form part of MFT's internal accreditation process. Additionally, in Q4 2019-20, a comprehensive culture diagnostic was undertaken, to assess the progress made to towards the aims and objectives agreed in the 2017 Leadership and Culture Strategy.

Following the analysis of the 2018 staff survey results, the following priority areas for 2019 were agreed by the Group Board. These were a continuation of the priority areas first identified following the 2017 survey:

- Staff engagement (particularly supporting staff to implement improvements)
- Quality of Appraisals
- Health and well-being
- Equality, Diversity and Inclusion
- Quality of Care
- Immediate Managers.

NHS Staff Survey 2019

The NHS staff survey is conducted annually. In 2018, the results from questions were grouped to give scores in ten indicators (referred to as Key Themes). These indicator scores are based on a score out of 10 for certain questions, with the indicator scores being the average of those. In 2019 an additional indicator was added.

The response rate to the 2019 survey amongst Trust staff was 33% (2018: 35%).

Summary of performance

The scores for each indicator together with that of our survey benchmarking group, combined acute and community trusts, are presented below. The benchmarking data used in the table is taken from reports supplied by the Survey Co-ordination Centre. The indicative MFT data for the 2017 staff survey has also been provided by the Survey Co-ordination Centre and is included in our benchmark report.

	2019/20		2018/19		2017/18	
	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group
Equality, diversity and inclusion	9.1	9.2	9.1	9.1	9.0	9.1
Health and wellbeing	6.0	6.0	6.0	5.9	5.9	6.0
Immediate managers	6.9	6.9	6.8	6.8	6.7	6.8
Morale	6.2	6.2	6.2	6.2	N/A	New indicator in 2018
Quality of appraisals	5.5	5.5	5.3	5.4	5.2	5.4
Quality of care	7.4	7.5	7.5	7.5	7.4	7.5
Safe environment – bullying and harassment	8.2	8.2	8.3	8.1	8.2	8.1
Safe environment – violence	9.6	9.5	9.6	9.5	9.6	9.5
Safety culture	6.8	6.8	6.8	6.7	6.7	6.7
Staff engagement	7.1	7.1	7.1	7.0	7.0	7.0

Team-working has been introduced as an eleventh Key Theme for 2019, with the data retrospectively supplied for 2018:

	2019/20		2018/19		2017/18	
	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group
Team-working	6.6.	6.7	6.7	6.6	N/A	N/A

MFT Key Themes scores are within 0.1 (rounded) of the sector average for all Key Themes. Overall, MFT scores for Key Themes are very similar to 2018, with a statistically significant improvement in the score for *Quality of Appraisals*. Although reported as the same score as in 2018 (due to rounding), the score for the Key theme *Safe Environment – Violence* showed a statistically significant decline.

Summary of performance against priority areas identified following the 2018 staff survey

- Staff Engagement (particularly supporting staff to implement improvements)

As in previous years, the overall staff engagement score is based on three factors: recommendation of the organisation as a place to work/receive treatment (advocacy) staff motivation at work (motivation); and contribution towards improvements at work (involvement). The staff engagement score was unchanged at 7.1 (rounded) and there were no statistically significant changes to the overall scores for advocacy, motivation and involvement.

- Quality of Appraisals

The MFT Key Theme score for Quality of Appraisals (5.5) showed a statistically significant improvement on 2018 (5.3). For the second year running, scores for all 4 contributory questions increased.

- Health and Wellbeing

The overall score of 6.0.was unchanged on 2018, with no statistically significant changes in scores across the 5 questions that contribute to the overall score.

- Equal opportunities and discrimination

The overall score of 9.1 for the Key Theme Equality, Diversity and Inclusion was unchanged on 2018, with no statistically significant changes in scores across the 4 questions that contribute to the overall score.

- Quality of Care

The Quality of Care score of 7.4 was down 0.1 on 2018, with a reduction in scores across the three contributory questions.

- Immediate Managers

The overall Key Theme score for Immediate Managers increased from 6.8. to 6.9, with all 6 contributory questions showing an increase on 2018.

Future priorities and targets

The workforce Group-level actions planned for 2020/21 that will address the priority areas for improvement identified by staff in the survey, and further build on existing strengths, are outlined in the MFT Leadership and Culture and Equality, Diversity & Inclusion strategies. An MFT People Strategy will be approved in 2020 and will focus on strengthening and advancing a high quality and safe culture that makes MFT the best place to work and learn. Hospital and Managed Clinical Services specific actions are outlined in the Annual Plans for each and are aligned to the Group plans.

For 2020, the priority areas for improvement will focus on the key themes where the Trust has either deteriorated or where we are below the benchmark group. However, improvement trajectories have been set for all themes, aimed at MFT being among the best performing Trusts in the sector benchmarking group. Feedback on staff experience and staff engagement will continue to be measured though the Staff

Friends and Family Test, our pulse checks and culture of care surveys, and reported to the Group Board each quarter through our Accountability Oversight Framework.

3.4 NHS FT Code of Governance disclosures

Manchester University 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 MFT Board of Directors and 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 (NEDs) 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.

NEDs 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 NEDs 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.

Our 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.
The Council of Governors meets on a regular basis so that it can discharge its duties, and the Governors have elected a Lead Governor, Jayne Bessant. The Lead Governor's main function is to act as a point of contact with NHSI, our independent regulator.

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

Our Constitution (available at https://mft.nhs.uk/the-trust), 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.

The performance review process of the Group Chairman and NEDs involves the Governors. The Senior Independent Director supports the Governors through the evaluation of the Chairman. Each Executive Director's performance is reviewed by the Group Chief Executive who in turn is reviewed by the Chairman. The Chairman also holds regular meetings with NEDs without the Executives present.

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

The Group Chief Executive ensures that the Board of Directors and the Council of Governors of MFT 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 Group Chief Executive considers infringes these requirements, he will follow the procedures set by NHSI for advising the Board and Council for recording and submitting objections to decisions. During 2019/20 there have been no occasions on which it has been necessary to apply the NHSI procedure.

MFT staff are also required to act in accordance with NHS standards and accepted standards of behaviour in public life. 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 is repeated annually. All new appointments are also required to complete the self-declaration and the full requirements of the FPP test have been integrated into the pre-employment checking process.

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

Relationship with stakeholders and duty to co-operate
MFT has well-developed mechanisms for engagement with third party bodies at all

levels across the organisation. These include regular arrangements such as standing meetings, and time-limited arrangements set up for a specific purpose. Greater Manchester (GM) Devolution has continued to change the landscape significantly and a well-established set of governance arrangements 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 information 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:
    - Manchester Health and Care Commissioning.
    - The Christie.
- A dedicated Contracts and Income Team that liaises between the Trust, our hospitals 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 MFT 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 brings together representatives from Manchester City Council, acute Trusts, CCGs, the 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.

Academic institutions

The Trust has a strong relationship with its key academic partner, The University of Manchester (UoM), and there are joint committees that support activities such as clinical appraisals, research and education.

MFT 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, which brings together research-active hospitals and UoM to deliver improvements in healthcare, driven from a platform of research excellence.

Health Innovation Manchester, whose remit is to drive forward the adoption of innovations to improve healthcare, is located in Citylabs on our Oxford Road campus. It 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 MFT 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. We also have a long term agreement with Roche to provide laboratory equipment (diagnostics) and Fresenius for renal services.

The Trust and Manchester Science Partnerships are working together to develop the next phase of the Citylabs development on the former Saint Mary's site. The £60m, 220,000 sq ft expansion is due to complete at the end of 2020. It will house SMEs and large companies which are developing new products and services relevant to our core services, including laboratory diagnostics, genomics, digital health and clinical trials. A major collaboration with global diagnostics firm QIAGEN will see the company making Citylabs its base, bringing jobs and investment to

Manchester.

Education
MFT continues to be the lead sponsor of Manchester Health Academy in Wythenshawe, which is rated Good by OfSTED. The MFT Chairman Mrs Kathy Cowell also chairs the Academy's governing body. The Academy has a sound financial position and is well regarded for its support to local students.

The links with MFT help to promote further career opportunities for students. They benefit from access to a comprehensive range of NHS expert practitioners and their working environment. As one of Manchester's biggest employers, MFT is committed to improving the life chances for the students in the Academy. Students not only have the opportunity to gain insights into the career opportunities in the medical, clinical, nursing and technical health areas, but also to access the diverse support trades and services essential to the life of MFT. The focus of health runs through all aspects of student life and learning at the Academy.

3.5 NHSI 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.

Segmentation
The Trust has been placed in segment 2 by NHS Improvement. This segmentation information is the Trust's position as at 31st March 2020. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

Finance and use of resources
The finance and use of resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance. These scores are then weighted to give an overall score. Given that finance and use of resources is only one of 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:

Finance Risk Ratings

Area	Metric	2019/20				2018/19			
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial sustainability	Capital service capacity	3	4	4	4	2	4	4	4
	Liquidity	1	1	1	1	1	2	2	1
Financial efficiency	I&E margin	2	2	3	4	1	2	3	3
Financial Controls	Distance from financial plan	1	1	1	2	1	2	2	2
	Agency spend	1	1	1	1	2	2	3	2
Overall scoring		**2**	**3**	**3**	**3**	**1**	**3**	**3**	**3**

3.6 Statement of Accounting Officer's responsibilities

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

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Department of Health and Social Care Group Accounting Manual and in particular to:

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

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

taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Sir Michael Deegan CBE
Group Chief Executive
15th June 2020

3.7 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 Manchester University 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 MFT 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 the *Manchester University NHS Foundation Trust (MFT).*
- Evaluate the likelihood of those risks being realised and the impact should they be realised and
- Manage them efficiently, effectively and economically.

The system of internal control has been in place in Manchester University NHS Foundation Trust for the year ended 31st March 2020 and up to the date of approval of the annual report and accounts.

During the COVID-19 National Emergency, the Trust has adopted interim governance arrangements which are in keeping with national policy and guidelines including NHSE/I's *'Reducing burden and releasing capacity at NHS providers and commissioners to manage the COVID-19 pandemic'* (NHSI/E Chief Operating Officer Letter – Dated: Saturday 28th March 2020 - Publications approval reference: 001559), and the four phases of the Trust's own *'COVID-19 Strategic Recovery Framework and Operational Delivery Plans.'*

Capacity to handle risk

The Trust leadership continues to play a key role in implementing and monitoring the risk management process and the chart on page 62 shows the MFT governance structure.

The Group Chief Executive chairs the **Group Risk Management (Oversight) Committee** and actual risks scoring 15 or above are reported to the Committee. Risk reports are received from each responsible Director, Hospital/MCS/LCO CE and Group Executive Director, with details of the controls in place and actions planned and completed against which assessment is made by the Committee.

During Q3 and Q4 2019/20, an independent, Internal Audit (review) was commissioned of the risk management processes and oversight arrangements at local, Hospital/MCS levels throughout the organisation.

The auditors found there to be clear risk management processes and escalations in place within each MFT Hospital/MCS which started with a clear Group-wide Risk Management Strategy and Policy.

It was also confirmed that this process extended through to the identification and monitoring of risks within Hospitals/MCS and culminated in regular reports of overall hospital risks to the Operational Risk Management Group and the reporting of highly rated risks (over 15) to the Group Risk Management Committee.

The IA review concluded that the Hospital and MCS risk management arrangements provided the organisation with *'significant assurance with minor improvement opportunities'.*

In response to improvement opportunities identified during the audit coupled with the positive risk maturity ratings for individual Hospitals/MCS within the Group, a decision was taken to devolve the management of certain risks to Hospital / MCS / LCO / Corporate Service Directors and the 'Group Risk Management Committee' was re-calibrated to become a 'Group Risk Oversight Committee' (with the Committee's terms of reference and Group Risk Management Strategy amended and updated accordingly).

The 'Group Risk Oversight Committee' provides the Board of Directors with an assurance that risks are well managed throughout the Group with the appropriate mitigation and plans in place. Reports demonstrate that the risk management reporting process includes all aspects of risk, clinical and non-clinical.

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 Joint Group Medical Directors as the lead Executives and Chairs of the **Quality & Safety Committee**. This Committee sets the strategic direction for quality and safety for MFT. It is responsible for developing the organisational strategy for quality and safety in line with national/international evidence based practice and standards.

This Committee also ensures that MFT has the structures, systems and processes it needs in order to achieve its key clinical objectives, and that they are monitored and performance managed. A significant amount of work has continued to be undertaken to develop clinical effectiveness indicators across all our Hospitals and Managed Clinical Services (MCS).

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 alongside 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 Hospital and MCS records its activity and performance against the key clinical effectiveness indicators and produces a summary for discussion at their hospital/service review. Areas of good practice are collected on a corporate basis and shared throughout the organisation. MFT is also represented on a number of national and regional working groups.

The Trust has a well-established **Quality & Performance Scrutiny Committee (QPSC)** which 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 Chaired 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. A detailed stocktake exercise of the QPSC was undertaken in December 2019 with a focus on effectiveness and opportunities for further refinement and re-calibration.

Examples of areas examined during 2019/20 include:

- 'Connect NW Neonatal Transport Service and Current Challenges' (April 2019)
- 'Update on 'EU Exit' Contingency Plans' (April 2019)
- 'Overview of the MRI's Post-CQC Action Plan & Delivery Framework' (June 2019)
- 'Update on the Maintenance of Medical Equipment – MEAM' (June 2019
- 'Management of Puerperal Sepsis' (August 2019)
- 'Management of Patient Records Performance Matrix (inc. data on patient risk/harm identified)' (August 2019)
- 'MFT Out-Patient Transformation Programme (inc OP Standards & Letters, and, the MRI Central Booking System)' (October 2019)
- 'Report on the RCOG Action Plan' (October 2019)
- 'Update on HFEA's *'Unannounced Targeted Inspection'* of the Department of Reproductive Medicine, SMH' (February 2020)
- 'Update Report on 'Falls' (inc. incidents and severity; actions to reduce falls; and, falls prevention)' (February 2020)

This ensures a level of detailed review, challenge and learning in areas of identified risk.

The **Human Resources Scrutiny Committee (HRSC)** reviews MFT's Workforce Strategy and monitors the development and implementation of the key workforce deliverables. A detailed stocktake exercise of the HRSC was undertaken in April 2019 with a focus on effectiveness and opportunities for further refinement and re-calibration.

Examples of key areas of focus during 2019/20 include:

- 'Staff Survey Action Plan' (June 2019)
- 'Proposed NMGH Acquisition – Workforce Due Diligence Review' (August 2019)
- 'Guardian of Safe Working Quarterly Reports'

- ‘Report on MFT Gender & BME Pay’ (August 2019)
- ‘MFT Local Clinical Excellence Awards’ (October 2019)
- ‘Annual Medical Revalidation Report (2018/19) and Annual Statement of Compliance’ (October 2019)
- ‘Composite Update on the MFT Apprenticeship Programme’ (December 2019)
- ‘Update on the ED&I Implementation Plan’ (December 2019)
- ‘Mandatory Training Task & Finish Group Report and Action Plan’ (February 2020).
- ‘Equality Public Sector Duty Report’ (February 2020)

The Board Assurance Framework outlines the key strategic aims of the Trust and associated risks with plans to achieve aims and mitigate risk. Key workstreams associated with this are also monitored via the HR Scrutiny committee for assurance.

The workforce and leadership section of the Board assurance report is reviewed by the Board on a monthly basis to monitor the key workforce metrics, such as attendance, vacancies, mandatory training and appraisal compliance. Monthly performance monitoring is also undertaken as part of the Trust’s Accountability Oversight Framework (AOF) process, whereby Executive Directors review key workforce metrics and delivery plans for each Hospital/MCS site.

Safer staffing reports for nursing and midwifery are submitted to the Board during the year, in line with regulatory requirements.

In line with NHS Improvement guidance the Developing workforce safeguards recommendations was implemented in 2019/20, in order to support a consistent approach to workforce decision-making.

The Board of Directors also seeks assurance about the performance and risk management strategy of a key external partnership, the Manchester & Trafford Local Care Organisations (M&TLCOs), through the **M&TLCOs Scrutiny Committee**.

Examples of key areas of focus during 2019/20 include:
- ‘Progress report on workstreams to address ‘Stranded Patients’ (July 2019)
- ‘MLCO Business Plan (inc. 2018/19 MLCO Annual Report)’ (July 2019)
- ‘Update Report on the MLCO Phase 2 and Business Case Development Programme’ (September 2019)
- ‘System Resilience, Urgent Care and *‘Winter Panning’* (inc. DTOC & Stranded Patients)’ (November 2019)
- ‘Trafford (LCO) Community Health Service Transition’ (November 2019)
- ‘MLCO Workforce and Organisational Development Plan – 2019/20’ (January 2020)
- ‘MLCO Communications Strategy’ (January 2020)

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 hospital/service arrangements. This is reflected in the corporate and Hospital/MCS work programmes/key priorities and the governance arrangements within the Trust.

The responsibilities of each Executive Director are detailed below:

Group Deputy Chief Executive

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

Group Chief Nurse

- Responsible and accountable for leading professional nursing, patient experience and engagement.
- The Trust's Director of Infection Prevention and Control (DIPC).
- Chairs the Group Infection Control Committee and Group Safeguarding Committee.
- Responsible for ensuring compliance with statutory requirements regarding safeguarding children and vulnerable adults.

Group Chief Finance Officer

- 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.

Joint Group Medical Directors

- Responsible for leading on patient safety and clinical effectiveness, research and innovation and medical education.
- Chair the Clinical Advisory Committee, the Quality & Safety Committee, the Research Governance Committee and the Informatics Strategy Board.
- Responsible for ensuring the Trust is compliant with the Human Tissue Act.
- The Responsible Officers for the Trust for the revalidation of doctors with the General Medical Council, and the Trust's Caldicott Guardians.

Group Executive Director of Workforce & Corporate Business

- 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 Group Chief Executive and Board of Directors on all employment matters.
- Chairs the Workforce & Education Committee.
- Responsible for developing, implementing and monitoring a comprehensive Workforce 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.

Group 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 hospitals and services.
    - 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.
- Chairs the Hospital/MCS CEO Forum and the Trust Cancer Committee.
- Contributes to the development and delivery of the wider Trust agenda, including implementation of the Trust's strategic vision.

Group 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 NHSI, through monitoring submissions and exception reporting as required.
- Chairs the Service Strategy Committee.
- 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** (see above review) provides us with a framework that identifies risk and analyses its impact for all hospitals and services 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 across the organisation. The strategy clearly sets out the individual and corporate responsibilities for the management of risk within MFT.
Implementation of the strategy ensures the Board is informed about significant risks and is then able to communicate these effectively to external stakeholders.

The Risk Management Strategy is disseminated throughout MFT 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 Hospital, MCS and LCO 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 Group Risk Management (Oversight) Committee so that plans can be monitored. All Hospitals and MCSs report on all categories of risk to both the Group Risk Management and Quality & Safety Committees.

The Group Risk Management (Oversight) 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.

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 Joint Group Medical Directors and Group 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 Group Chief Executive makes regular reports to the Governors on the position against Trust risks scored at 15 or above. Progress on mitigation is Red/Amber/Green rated and shared with the Governors with bespoke presentations at each CoG on key risks (at the request of Governors).

Overview of the organisation's major risks
The Trust identified a number of significant risks during 2019/20. These have been or are being addressed through robust monitoring at the bi-monthly Risk Management (Oversight) Committee, chaired by the Chief Executive.

More detail on work to mitigate these risks can be found in the Performance Report on page 27 onwards.

Summary of high level risks we faced during 2019/20

Risk	Category	Status
Group delivery of the RTT 18 weeks standard and risk of 52+ week breaches	Clinical	Ongoing
Timely access to Emergency Services – meeting the 4 hour standard	Clinical	Ongoing
RMCH Urgent Care & Emergency Care Capacity	Clinical	Ongoing
Timely access to Cancer Services (Delivery of the 62 day standard)	Clinical	Ongoing
Delivery of the 6 week wait diagnostic target	Clinical	Ongoing
SMH Obstetric capacity	Clinical	Ongoing
Medicines Management & Security	Clinical	Ongoing
Never events	Clinical	Ongoing
Communication of diagnostic test and screening test results	Clinical	Ongoing
Lack of dedicated ambulance provision for Connect North West Neonatal Transport Service	Clinical	Ongoing
Adult Congenital Heart Services	Clinical	Ongoing
Compound risk relating to the proposed acquisition of NMGH	Organisational & Clinical	Ongoing
Financial sustainability	Financial	Ongoing
Compliance with Building Regulations (Electrical Compliance and Fire Stopping. *NB. Electrical Compliance was subsequently downgraded in Q1 2019/20)*	Organisational	Ongoing

Risk	Category	Status
Availability and Management of Patient Records on the Oxford Road site	Organisational	Ongoing
Cyber security	Organisational	Ongoing
Appraisal compliance	Organisational	Ongoing
HFEA (IVF Services)	Clinical	New
Group-wide Decontamination Processes	Clinical	New
Impact of the COVID-19 Pandemic on MFT services & workforce	Clinical, organisational, financial	New
Catheter Lab (x4) Equipment	Clinical	New & Downgraded
Community (EMIS) Electronic Patient Record Implementation Project	Clinical	New & Downgraded
Non-compliance with national minimum wage	Organisational	New & Downgraded
'EU Exit' No Deal	Organisational	Downgraded

Quality governance arrangements
Compliance with Care Quality Commission (CQC) registration was monitored through a number of Trust Committees but the main Committees are the Group Quality and Safety Committee, the Quality & Performance Scrutiny Committee, and, the Group Risk Management (Oversight) Committee.

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

All Hospitals and MCS report risks via an electronic system and risks are escalated up to the Group Risk Management (Oversight) 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 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
MFT 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 2019/20, nor did MFT participate in any special reviews or investigations by the CQC. A planned CQC inspection of the Trust took place in autumn 2018, and the rating of 'Good' for MFT was awarded in March 2019.

During 2019/20, and following the CQC's comprehensive inspection of the Trust in 2018, a time limited working Group was also established (the CQC Inspection Response Group - CIRG) with the aim of providing assurance to the Quality and Safety Committee on the development and timely implementation of action plans across the Group in response to the CQC recommendations received post-inspection. The CIRG also ensured effective Group-wide communication of learning and improvements made and maintained regular, proactive engagement with the local CQC representatives throughout.

Managing conflicts of interest
The Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the Trust with reference to the guidance) within the past twelve months, as required by the Managing Conflicts of Interest in the NHS guidance. https://mft.nhs.uk/the-trust/the-board/register-of-directors-interests/

Hospital/MCS Review Process
A review process has been established through which each Hospital/MCS is assigned an overall monthly Accountability Oversight Framework (AOF) Level which determines the level of recognition, intervention and support required. The AOF levels range from 1 (low risk) to 6 (high risk). A Hospital/MCS rated 1 will have earned autonomy; as the level of risk increases there is a corresponding and proportionate increase in the level of scrutiny, intervention and action that is required.

The frequency of performance review meetings between the Group Executive Directors and the Hospital/MCS Executive team ranges from six monthly (lowest risk) to monthly (highest risk). The Hospital/MCS AOF level is a composite score of performance against the six domains: Safety, Patient Experience, Operational Excellence, Finance, Workforce & Leadership; and, Strategy.

Each domain comprises a range of key performance indicators (KPIs) that align to regulatory and organisational requirements. In addition, any soft intelligence available to the Group Executives will be taken into consideration.

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 MFT'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 committees:

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

MFT 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.

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 121 onwards of this report.

We have also undertaken risk assessments and have a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). MFT ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with. See pages 53-55 for more information about our sustainability plans.

Information governance

MFT takes its Data Protection and Information Governance responsibilities very seriously. It has a comprehensive Information Governance (IG) framework of statutory requirements, standards, best practice policies and guidelines to ensure personal data and corporate information is safeguarded, handled and managed in line with Data Protection legislation and NHS national standards and guidelines.

The IG framework provides the tools to enable MFT staff to confidently handle the personal data that is necessary for their role. It promotes confidentiality, integrity and availability of data with a focus on security and provides guidance for the handling of personal data legally, effectively and efficiently in order to provide the best possible healthcare.

MFT takes the threat of cyber-attacks very seriously and has robust measures and controls in place to improve cyber awareness and resilience of its IT infrastructure and manage the threat of Cyber-attack and other IT vulnerabilities and security threats.

The Information Governance agenda is overseen by the Group Information Governance Board (GIGB). The GIGB formally reports to the Group Informatics Strategy Board as part of the Trust's information governance assurance process.

The GIGB supports the Group Chief Executive as Accountable Officer of the Trust and the Executive Senior Information Risk Owner (ESIRO) via the Senior Information Risk Owner (SIRO) in providing assurance, through the Annual Governance Statement, that information risks are effectively managed and mitigated.

The GIGB monitors MFT compliance and progress against the Information Governance agenda and the annual mandatory NHS Data Security and Protection Toolkit (DSPT). The DSPT is a self-assessment against the 10 Data Security Standards set by the National Data Guardian.

The DSPT allows MFT to measure itself against the standards, and demonstrate that information is handled correctly and protected from unauthorised access, loss, damage and destruction.

The Trust completed and published its 19/20 NHS Data Security and Protection Toolkit (DSPT) on 31st March 2020. There were two standards that have not been met due to the Covid-19 pandemic. The Trust has an improvement plan for these two standards which has been reviewed and agreed by NHS Digital.
The Trust's external auditors have reviewed the DSPT and have provided an assurance rating of significant assurance.

Information Governance breaches, which include breaches under Data Protection Act 2018/GDPR and Security of Network Information System Regulations 2018 (NIS) are managed in line with the Trust's incident management policy. Serious information governance breaches are also managed in line with the NHS Guide to the Notification of Data Security and Protection Incidents.

There have been no incidents at a level which required reporting to the Information Commissioner's Office (ICO).

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. 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 MFT 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.

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 coronavirus pandemic, NHS Improvement has relaxed this requirement for 2019/20 and so a Quality Report is not included within this Annual Report.

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, individual Hospital and MCS performance, highlights areas of risk, factors impacting on performance and the actions being taken to bring performance back to the required standard.

In addition, the outputs from the monthly AOF process are reported to the Group Executive Team, Trust Quality & Performance Scrutiny Committee and Group Management Board. This enables the Quality & Performance Scrutiny Committee to use this intelligence alongside the Trust Board Assurance Report to identify any areas that require further scrutiny and assurance.

MFT uses a reporting and analysis system to support the management of services and performance. This system is available to all staff from Board to ward, who can view it on a daily basis and access up to date performance information. The system is used to support our internal governance structure 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.

To support assurance of the accuracy of reported KPIs through the Trust internal audit programme and the external audit programme, a number of Board Assurance metrics are selected every year for testing. The outcomes of this testing are reported to the MFT Audit Committee and actions are put in place based on the recommendations to drive continuous improvement in data quality.

In addition, this is supplemented by further audits throughout the year, undertaken by the performance team and Hospitals, to provide assurance of maintaining and improving levels of data quality. Over the last four years there has been a particular focus on KPIs for the A&E four hour wait standard, Referral to Treatment 18 weeks, Cancer and Diagnostics.

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 a range of performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board of Directors, the Group Risk Management (Oversight) 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(s)
- 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 Sub-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 66 to 67).

- **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 MFT's systems for risk management, control and governance support the achievement of the Trust's agreed key priorities.

The Internal Audit team works 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. 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 on 26th May 2020 that ***'Significant assurance with minor improvements required'*** could be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

- **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 557 local clinical audits during 2019/20, which took place across all our Hospitals and Managed Clinical Services, and completed 184 which had their results disseminated and action taken in response

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.

- **Additional Scrutiny Committees**

To provide oversight of two significant programmes, the Trust has established two new Scrutiny Committees. The North Manchester Scrutiny Committee's remit is to oversee the progress of the acquisition of North Manchester General Hospital from Pennine Acute Hospitals NHS Trust. The Electronic Patient Record (EPR) Scrutiny Committee reviews the £400m programme to deliver the new MFT EPR, which is called Hive.

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 NHS Improvement's Quality Governance Framework (supported by Care Quality Commission information, our own information on serious incidents and patterns of complaints) MFT has effective arrangements for monitoring and continually improving the quality of healthcare provided to our patients.

Sir Michael Deegan CBE
Group Chief Executive
15th June 2020

Independent auditor's report to the Council of Governors of Manchester University NHS Foundation Trust

Report on the financial statements

Opinion on the financial statements

We have audited the financial statements of Manchester University NHS Foundation Trust ('the Trust') and its subsidiaries ('the Group') for the year ended 31 March 2020 which comprise the Trust and Group Statements of Comprehensive Income, the Trust and Group Statements of Financial Position, the Trust and Group Statements of Changes in Taxpayers' Equity, the Trust and Group Statements of Cash Flows, and notes to the financial statements, including the summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by HM Treasury's Financial Reporting Manual 2019/20 as contained in the Department of Health and Social Care Group Accounting Manual 2019/20, and the Accounts Direction issued under the National Health Service Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust and Group as at 31 March 2020 and of the Trust's and the Group's income and expenditure for the year then ended;
- have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2019/20; and
- have been properly prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Trust and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Accounting Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's or the Group'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.

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.

Key audit matter	Our response and key observations
Valuation of property, plant and equipment (Trust) *Note 10 to the financial statements discloses information on the Trust's holding of property, plant and equipment (PPE) which includes £530m of land and buildings held at current value at 31 March 2020. These assets are subject to periodic revaluation in line with the requirements of the Group Accounting Manual (GAM). Note 1.10 to the financial statements describes the Trust's accounting policy with respect to the valuation of land and buildings and note 10 discloses further information on the balance, which includes disclosure of a material valuation uncertainty as a result of the Covid-19 pandemic.* The Trust's holding of PPE includes a portfolio of land and building assets that are held at current value. Management engage a valuation expert ('the valuer') to provide the Trust with valuations in accordance with Royal Institution of Chartered Surveyors (RICS) requirements. We consider there to be a significant risk of material misstatement in relation to the valuation of the Trust's land and buildings as a result of the: • High degree of estimation uncertainty associated with the valuations; • Level of judgement applied by management and the valuer in estimating current values; and • Extent to which the valuations are reliant on complete and accurate source data on individual assets being provided to the valuer. The significant risk of material misstatement is further increased due to the additional estimation uncertainty arising from the Covid-19 pandemic.	Our audit procedures included, but were not limited to: • Obtaining an understanding of the skills, experience and qualifications of the valuer, and considering the scope of the valuer's work as set out by the valuer. • Obtaining an updated understanding of the basis of valuation applied by the valuer in the year. This included understanding and assessing the methodology applied to estimate the gross replacement cost of the Trust's operational land and buildings on a modern equivalent asset basis. • Agreed the total floor area data provided by the Trust and used by the valuer as part of their valuations. • Testing the accuracy of how valuation movements were presented and disclosed in the financial statements. • Making direct enquiries with the valuer to understand the nature of the material valuation uncertainty disclosed in his valuation report. • Using relevant market and cost data to assess the reasonableness of the valuation as at 31 March 2020. In doing so, we also considered relevant, publicly available valuation indices to assess the effect of the material valuation uncertainty disclosed by the valuer and the Trust in the financial statements. ***Key observations*** We obtained sufficient appropriate evidence to conclude that the valuation of PPE included in the financial statements is reasonable. In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.6 to the financial statements concerning the material valuation uncertainty statement made by the Trust's valuer.
Revenue recognition (Trust) *The Trust recognised £1,826m of revenue from activities in the Statement of Comprehensive Income. The Trust's primary source of revenue is through contracts with commissioning bodies in respect of the provision of acute and community healthcare services. Notes 2.1 and 2.2 provide further information on the nature and source of the Trust's revenue.* ISA (UK) 240 incudes a rebuttable presumption that there is a risk of fraud in relation to revenue recognition. We have not rebutted the presumed risk on the basis that the Trust is under increasing	Our audit procedures included, but were not limited to: • Evaluating the Trust's accounting policy in respect of revenue recognition to ensure that it is in line with the requirements of the GAM. • Reconciling all revenue recognised through contracts with commissioners, to the underlying contractual agreement and any agreed variations in the year to appropriate evidence. • Testing a sample of other revenue by agreeing the transactions to appropriate source documentation and obtaining assurance that each item was recorded in the correct financial year and at the correct value.

financial pressure in 2019/20 and there is a perceived incentive to recognise revenue before it has been earned. Furthermore, the Trust recognised additional revenue from the Department of Health and Social Care, to fund the Trust's expenditure incurred to respond to the Covid-19 pandemic. We consider there to be a risk of fraudulent revenue recognition in relation to this funding because of the incentive and opportunity to claim for the reimbursement of expenditure that is not Covid-19-related.	• Considering information provided by the Department of Health and Social Care in respect of year-end intra-NHS transactions. We identified any significant differences between the Trust's position and that of the counterparty and obtained assurance that the Trust's position was supported by appropriate evidence. • Testing a sample of expenditure items for which the Trust has recognised additional funding from the Department of Health and Social Care to obtain assurance that these were correctly recorded as Covid-19-related expenditure items. ***Key observations*** We obtained sufficient appropriate evidence to conclude that revenue recognised in the financial statements is reasonable.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures, and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as follows:

	Trust	Group
Overall materiality	£27.170m	£27.199m
Basis for determining materiality	1.5% of gross operating expenses	
Rationale for benchmark applied	Gross operating expenses is a key measure of financial performance for the users of the financial statements.	
Performance materiality	£21.736m	£21.759m
Reporting threshold	£0.300m	£0.300m

The range of financial statement materiality across components, audited to the lower of local statutory audit materiality and materiality capped for Group audit purposes, was between £0.156m and £27.170m. In all cases, component materiality did not exceed our overall materiality for Group audit purposes.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the Accounting Officer made subjective judgements such as making assumptions on significant accounting estimates.

We gained an understanding of the legal and regulatory framework applicable to the Trust and the Group and the sector in which they operate. We considered the risk of acts by the Trust and Group which were contrary to the applicable laws and regulations including fraud. We designed our audit procedures to respond to those identified risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the National Health Service Act 2006.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Trust's and the Group's accounting processes, controls and their environments, and considered qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items. There were no changes to the scope of the current year audit from the scope in the prior year.

Our tests included, but were not limited to:

- obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by irregularities including fraud or error;
- review of minutes of board meetings in the year; and
- enquiries of management.

As a result of our procedures, we did not identify any key audit matters relating to irregularities, including fraud (other than the key audit matter on revenue recognition outlined above). The risks of material misstatement, including due to fraud, that had the greatest effect on our audit, including the allocation of resources and effort, are discussed under 'Key audit matters' within this report.

Our group audit scope included an audit of the Trust and Group financial statements. Based on our risk assessment, the Trust was subject to a full-scope audit and analytical procedures were undertaken on its subsidiary, Manchester University NHS Foundation Trust Charity. Full-scope audit procedures were undertaken on Group components that account for 90% of the Group's net assets and 99% of the Group's operating income and expenses.

At the Group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We are also required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

We have nothing to report in these regards.

Responsibilities of the Accounting Officer for the financial statements
As explained more fully in the Statement of Accounting Officer's Responsibilities, 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.

The Accounting Officer is required to comply with the Department of Health and Social Care Group Accounting Manual and prepare the financial statements on a going concern basis, unless the Trust is informed of the intention for dissolution without transfer of services or function to another entity. The Accounting Officer is responsible for assessing each year whether or not it is appropriate for the Trust and Group to prepare financial statements on the going concern basis and disclosing, as applicable, matters related to going concern.

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

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

Opinion on other matters prescribed by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2019/20; and
- the other information published together with the audited financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Annual Governance Statement	
We are required to report to you if, in our opinion: • the Annual Governance Statement does not comply with the NHS Foundation Trust Annual Reporting Manual 2019/20; or • the Annual Governance Statement is misleading or is not consistent with our knowledge of the Trust and Group and other information of which we are aware from our audit of the financial statements.	We have nothing to report in respect of these matters.
Reports to the regulator and in the public interest	
We are required to report to you if: • we refer a matter to the regulator under Schedule 10(6) of the National Health Service Act 2006 because we have a reason to believe that the Trust, or a Director or officer of the 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; or • we issue a report in the public interest under Schedule 10(3) of the National Health Service Act 2006.	We have nothing to report in respect of these matters.

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

Matter on which we are required to report by exception
We are required to report to you if, in our opinion, we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We have nothing to report in this respect.

Responsibilities of the Accounting Officer
The Chief Executive as Accounting Officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Trust's use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources
We are required by Schedule 10(1) of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary.

Use of the audit report
This report is made solely to the Council of Governors of Manchester University NHS Foundation Trust as a body in accordance with Schedule 10(4) of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust 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 Council of Governors of the Trust as a body for our audit work, for this report, or for the opinions we have formed.

Certificate

We certify that we have completed the audit of the financial statements of Manchester University NHS Foundation Trust and Manchester University NHS Foundation Trust Group in accordance with the requirements of chapter 5 of part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

Karen Murray – Key Audit Partner
For and on behalf of Mazars LLP

One St Peter's Square
Manchester
M2 3DE

19 June 2020

Manchester University
NHS Foundation Trust

FOREWORD TO THE ACCOUNTS

These Accounts for the year ended 31 March 2020 have been prepared by Manchester University 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 and Social Care.

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.

Sir Michael Deegan CBE
Group Chief Executive
15th June 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

		2019/2020	2019/2020	2018/2019	2018/2019
		Trust	**Group**	Trust	Group
	NOTE	**£000**	**£000**	£000	£000
Operating Income from Continuing Operations	**2**	**1,825,716**	**1,826,692**	1,706,807	1,709,055
Operating Expenses of Continuing Operations	**3**	**(1,811,355)**	**(1,813,240)**	(1,639,613)	(1,642,518)
Operating Surplus before finance costs		**14,361**	**13,452**	67,194	66,537
Finance Costs:					
Finance Income	**6**	**1,072**	**1,666**	791	1,204
Finance Expense - Financial Liabilities	**7**	**(40,765)**	**(40,765)**	(41,009)	(41,009)
Other (losses) / gains	**11**	**(921)**	**(921)**	1,647	1,647
Public Dividend Capital Dividends Payable		**(1,887)**	**(1,887)**	(1,838)	(1,838)
Net Finance Costs		**(42,501)**	**(41,907)**	(40,409)	(39,996)
(Deficit) / Surplus for the period prior to transfers by absorption		**(28,140)**	**(28,455)**	26,785	26,541
Net assets transferred to MFT upon transfers by absorption		**660**	**660**	0	0
(Deficit) / Surplus for the period		**(27,480)**	**(27,795)**	26,785	26,541
Other Comprehensive Income					
Amounts that will not be reclassified subsequently to income and expenditure:					
Revaluations	**22**	**4,016**	**4,016**	0	0
Amounts that will subsequently be reclassified to income and expenditure:					
Other Reserve Movements	**SOCTE**	**0**	**(1,107)**	0	543
Total Other Comprehensive Income		**4,016**	**2,909**	0	543
Total Comprehensive (Expenditure) / Income for the Period		**(23,464)**	**(24,886)**	26,785	27,084

The Trust's reported deficit after impairments was £27.5m (2018/2019 £26.8m surplus). The Trust's reported deficit includes £27.9m (2018/2019 £66.9m) of Provider Sustainability Fund income, £4.6m (2018/2019 £2.4m) donated and granted asset income/depreciation and £47.5m (2018/2019 £50.1m) impairments.

The Notes on Pages 5 to 43 form part of these Accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	NOTE	31 March 2020 Trust £000	31 March 2020 Group £000	31 March 2019 Trust £000	31 March 2019 Group £000
Non-Current Assets					
Intangible Assets	9	**4,006**	**4,006**	4,120	4,120
Property, Plant and Equipment	10	**608,068**	**608,139**	594,723	594,805
Investment Property	11	**0**	**3**	0	3
Investments	11	**1,592**	**20,035**	2,513	22,063
Trade and Other Receivables	14	**6,329**	**6,329**	4,969	4,969
Total Non-Current Assets		**619,995**	**638,512**	606,325	625,960
Current Assets					
Inventories	13	**18,618**	**18,618**	16,462	16,462
Trade and Other Receivables	14	**116,658**	**115,177**	128,934	129,865
Non-Current Assets Held for Sale	12	**210**	**210**	210	210
Cash and Cash Equivalents	16	**133,281**	**140,840**	154,563	160,113
Total Current Assets		**268,767**	**274,845**	300,169	306,650
Current Liabilities					
Trade and Other Payables	17	**(188,253)**	**(188,583)**	(175,645)	(176,074)
Borrowings	18	**(20,173)**	**(20,173)**	(19,780)	(19,780)
Other liabilities	19	**(18,435)**	**(18,435)**	(20,400)	(20,400)
Provisions	20	**(13,417)**	**(13,417)**	(15,858)	(15,858)
Total Current Liabilities		**(240,278)**	**(240,608)**	(231,683)	(232,112)
Total Assets less Current Liabilities		**648,484**	**672,749**	674,811	700,498
Non-Current Liabilities					
Trade and Other Payables	17	**(2,599)**	**(2,599)**	(2,600)	(2,600)
Borrowings	18	**(391,455)**	**(391,455)**	(407,793)	(407,793)
Other liabilities	19	**(3,442)**	**(3,442)**	0	0
Provisions	20	**(14,635)**	**(14,635)**	(8,815)	(8,815)
Total Non-Current Liabilities		**(412,131)**	**(412,131)**	(419,208)	(419,208)
Total Assets Employed		**236,353**	**260,618**	255,603	281,290
Financed by Taxpayers' and Others' Equity					
Public Dividend Capital	SOCTE	**208,994**	**208,994**	204,780	204,780
Revaluation Reserve	22	**49,424**	**49,424**	45,408	45,408
Income and Expenditure Reserve	SOCTE	**(22,065)**	**(22,065)**	5,415	5,415
Charitable Fund Reserves	SOCTE	**0**	**24,265**	0	25,687
Total Taxpayers' and Others' Equity		**236,353**	**260,618**	255,603	281,290

The accounts on pages 1 to 43 were approved by the Trust on the 15th June 2020 and signed on its behalf by

Sir Michael Deegan CBE
Group Chief Executive

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

Year to 31 March 2020	NOTE	Public Dividend Capital Trust £000	Revaluation Reserve Trust £000	Income and Expenditure Reserve Trust £000	Charitable Fund Reserve Charity £000	Total Group £000
Taxpayers' and Others' Equity at 1 April 2019		**204,780**	**45,408**	**5,415**	**25,687**	**281,290**
Deficit for the year	**SOCI**	0	0	(27,480)	(315)	(27,795)
Fair value (losses) on financial assets designated at fair value through OCI	**32**	0	0	0	(1,107)	(1,107)
Total Comprehensive Income	**SOCI**	**0**	**0**	**(27,480)**	**(1,422)**	**(28,902)**
Revaluations	**10.1**	0	4,016	0	0	4,016
Public Dividend Capital (PDC) received *	**31.1**	4,214	0	0	0	4,214
Taxpayers' and Others' Equity at 31 March 2020	**SOFP**	**208,994**	**49,424**	**(22,065)**	**24,265**	**260,618**

Year to 31 March 2019	NOTE	Public Dividend Capital Trust £000	Revaluation Reserve Trust £000	Income and Expenditure Reserve Trust £000	Charitable Fund Reserve Charity £000	Total Group £000
Taxpayers' and Others' Equity at 1 April 2018		**203,291**	**45,408**	**(21,370)**	**25,388**	**252,717**
Surplus for the year (excluding opening transfer by absorption)	**SOCI**	0	0	26,785	(244)	26,541
Fair value gains / (losses) on financial assets designated at fair value through OCI	**32**	0	0	0	543	543
Total Comprehensive Income	**SOCI**	**0**	**0**	**26,785**	**299**	**27,084**
Public Dividend Capital (PDC) received *	**31.1**	1,489	0	0	0	1,489
Taxpayers' and Others' Equity at 31 March 2019	**SOFP**	**204,780**	**45,408**	**5,415**	**25,687**	**281,290**

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.

* Public Dividend Capital received in the year from the Department of Health and Social Care is £4.214m comprising of £1.919m for IT Schemes, £1.857m medical equipment, £0.307m COVID 19 isolation pods and £0.13m building works (£1.489m for IT schemes in 2018/2019).

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2020

	NOTES	2019/2020 Trust £000	2019/2020 Group £000	2018/2019 Trust £000	2018/2019 Group £000
Cash Flows From Operating Activities					
Operating Surplus from Continuing Operations	SOCI	**14,361**	**13,452**	67,194	66,537
Operating Surplus		**14,361**	**13,452**	67,194	66,537
Non-Cash Income and Expense					
Depreciation and Amortisation	3	**27,036**	**27,047**	27,441	27,454
Net Impairments	3	**47,547**	**47,547**	50,060	50,060
Non-Cash Donations / Grants Credited to Income	2.1	**(5,363)**	**(489)**	0	0
(Increase)/Decrease in Inventories	13	**(2,156)**	**(2,156)**	564	564
Decrease in Trade and Other Receivables	14	**10,361**	**12,635**	4,611	4,611
Increase in Trade and Other Payables	18	**3,784**	**3,784**	18,713	18,713
Increase / (Decrease)in Other Liabilities	19	**1,477**	**1,477**	(7,487)	(7,487)
(Decrease) / Increase in Provisions	20	**3,414**	**3,414**	(5,644)	(5,644)
Movements in charitable fund working capital		**0**	**39**	0	(11)
Other movements in operating cash flows		**0**	**0**	(1)	(1)
Net Cash Generated From Operations		**100,461**	**106,750**	155,451	154,796
Cash Flows From Investing Activities					
Interest Received	6	**1,072**	**1,072**	791	791
Purchase of Intangible Assets	9	**(841)**	**(841)**	(611)	(611)
Purchase of Property, Plant and Equipment		**(73,119)**	**(73,119)**	(58,919)	(58,919)
Purchase of Equipment Transferred by Absorption	10	**(576)**	**(576)**	0	0
Receipt of Cash Donations to Purchase Capital Assets		**5,363**	**489**	0	0
NHS Charitable funds - net cash flows from investing activities		**0**	**594**	0	413
Net Cash Used In Investing Activities		**(68,101)**	**(72,381)**	(58,739)	(58,326)
Cash Flows From Financing Activities					
Public Dividend Capital Received	SOCTE	**4,214**	**4,214**	1,489	1,489
Movement in loans from the Department of Health and Social Care	18	**(4,025)**	**(4,025)**	(7,233)	(7,233)
Movement in other loans	18	**(726)**	**(726)**	(788)	(788)
Capital Element of Private Finance Initiative Obligations	18 & 26.3	**(11,176)**	**(11,176)**	(11,200)	(11,200)
Interest Paid		**(2,841)**	**(2,841)**	(3,069)	(3,069)
Interest Element of Private Finance Initiative Obligations		**(37,977)**	**(37,977)**	(37,997)	(37,997)
Public Dividend Capital Dividends Paid		**(1,111)**	**(1,111)**	(3,247)	(3,247)
Net Cash Used In Financing Activities		**(53,642)**	**(53,642)**	(62,045)	(62,045)
(Decrease)/Increase in Cash and Cash Equivalents	16	**(21,282)**	**(19,273)**	34,667	34,425
Cash and Cash Equivalents at Start of Financial Period (1 April 2019)	16	**154,563**	**160,113**	119,896	125,688
Cash and Cash Equivalents at End of Financial Period (31 March 2020)	16	**133,281**	**140,840**	154,563	160,113

Notes to the Accounts - 1. Accounting Policies and other information

1.1 Basis of Preparation

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

The Trust has robust processes relating to the Cashflow and has included in the financial plans for 2020/21 submitted to NHSI a cashflow which demonstrates sufficient cash balances.

The Trust has received confirmation from NHSi of the funding and cashflow processes to support the Trust while dealing with the COVID-19 pandemic. This includes arrangements for earlier receipt of cash and also top up funding to cover the increased costs due to the pandemic ensuring the Trust does not have any loss of income during the future period.

Following this confirmation from NHSi. the Trust has reviewed the Going Concern status and the Trust continues to operate on this basis.

1.4 Consolidation of Subsidiaries and Group Accounting

The Trust is the corporate trustee to Manchester University NHS Foundation Trust Charity (MFT Charity). The MFT 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 MFT Charity's statutory accounts are prepared to 31 March 2020 in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard 102 (FRS 102). On consolidation, necessary adjustments are made to the charity’s assets, liabilities and transactions 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 classification of the investments follow the accounting standard IFRS9 and they are classified as fair value through through Other Comprehensive Income instruments.

Notes to the Accounts - 1. Accounting Policies (Continued)

These Accounting Policies apply to both the Trust and the Group. The MFT Charity's latest Audited Accounts, which have been prepared in accordance with the UK Charities Statement of Recommended Practice (SORP)*, can be obtained from the Charity Commission website. Accounts for the financial year ending 31 March 2020 have also been prepared by the Charity, and will be submitted to the Charity Commission.

* The Charities SORP is based on UK Financial Reporting Standard 102 (FRS 102).

The MFT 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 objectives of the Charity.

The MFT Charity is the Trust's sole subsidiary. Its financial performance is detailed in notes 32 and 33 to the accounts.

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 or discontinued operations during the year to 31 March 2020.

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.

Key Judgements and Sources of Estimation Uncertainty

The following are the key assumptions 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:-

Valuation of Land and Buildings

The valuation of the Trust's land and buildings is subject to estimation uncertainty. Independent valuers provided advice on valuations, as at 31 March 2020, 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 is based on a theoretical configuration of facilities on the Trust main hospital sites, providing a more efficient and compact design. The Trust considers that in line with the GAM this is an appropriate basis. More detail of the desktop valuation and the carrying amounts of the Trust's Land and Buildings is included in note 10.

The desktop valuation exercise was carried out in February 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2017 ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

Of the £530m net book value of land and buildings subject to valuation, £515m relates to specialised assets valued on a depreciated replacement cost basis. Here the valuer bases their assessment on the cost to the Trust of replacing the service potential of the assets. The uncertainty explained above relates to the estimated cost of replacing the service potential, rather than the extent of the service potential to be replaced.

An increase of 1% in the land and building values would result in a net book value of £535m and an increase of 5% would result in a net book value of £557m.

It is possible that the COVID-19 pandemic will affect the Trust's future assessment of what would be required in a modern equivalent asset, but as yet there is insufficient evidence to affect the assumptions used in the valuation.

Financial value of provisions for liabilities and charges

The Trust and the Group make financial provisions for obligations of uncertain timing or amount at the date of the Statement of Financial Position. These are based on estimates, using as much relevant information as is available, at the time the financial statements are prepared. They are reviewed to confirm that the values included in the financial statements best reflect the current relevant information, and where necessary, the values of the provisions are amended. More detail on this area is given in Note 1.21.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.7 Revenue from contracts with customers

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

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability in note 19.

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

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases, it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract.

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

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

1.8 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 the two 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 or NEST website at:-
www.nhsbsa.nhs.uk/pensions and https://www.nestpensions.org.uk.

Notes to the Accounts - 1. Accounting Policies (Continued)

Both NHS Pension Schemes are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

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 is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as at 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

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

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

Employer's pension cost contributions for all schemes are charged to operating expenses as and when they become due. In 2019/2020 these contributions amounted to £130.605m (2018/2019: £82.9m), as detailed in note 4. The estimated level of contributions for the full financial year 2020/21 equate to £139.8m.

Notes to the Accounts - 1. Accounting Policies (Continued)

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 always 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 1.11 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.

Measurement

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 held for their service potential are measured subsequently at current value in existing use.

Notes to the Accounts - 1. Accounting Policies (Continued)

Land and buildings used for the Trust's services are stated in the Statement of Financial Position at their revalued amounts, being the current value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are undertaken with sufficient regularity to ensure that carrying amounts are not materially different to those that would be determined at the end of the reporting period. Current values are determined as follows:

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 below.

Specialised operational buildings are held at depreciated replacement cost and 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. Operational buildings are considered for impairment.

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 current value in existing use. 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 current value in existing use.

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.

Revaluation gains and losses

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 operating expenditure. Gains and losses recognised in the Revaluation Reserve are reported as "Other Comprehensive Income" in the SoCI.

Impairments

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; or

(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.

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 £5,000.

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 the development costs can be reliably measured.

Software

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.

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 indefinite 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, less any residual value, of Property, Plant and Equipment and Intangible Non-Current Assets, over their estimated useful lives, in a manner which reflects the consumption of economic benefits or service potential of the assets. 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 10.3 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.

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 to match the expenditure incurred. 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 in respect of investment properties, or IFRS 5 in respect of non-current assets held for sale.

In general, the following conditions must be met at the Statement of Financial Position date, 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

The Trust considers the leases it has entered into in line with IAS 17 Leases. Under IAS 17, leases of property, plant and equipment are classified as either finance leases or operating leases, according to their characteristics as set out in the standard. As well as this, 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.

Finance leases

The Trust assesses the terms of each individual lease agreement to determine whether substantially all the risks and rewards of ownership are borne by the Trust.

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 commencement of the lease. Thereafter the asset is accounted for as an item of Property, Plant and Equipment.

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. The lease liability, is de-recognised when the arrangement is discharged or cancelled, or when it expires.

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.

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 replacement".

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 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.

1.18 Inventories

Inventories (Stocks) are valued at the lower of cost and net realisable value, with the exception of :-

a) Pharmacy inventories - these are valued at average cost, and

b) Inventories recorded and controlled via the Materials Management System, these are valued at current cost.

This is considered to be a reasonable approximation to net realisable value due to the high turnover of stocks.

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 21.1 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 21.1 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 HM Treasury.

In 2019/2020 the only such Discount Rate applicable to the Trust or the Group was minus 0.50% (2019/2020: 0.29%) for Post Employment Benefits - specifically the costs of Pensions and Injury Benefits, for which the Trust and the Group are obliged to pay.

NHS Resolution (NHSR) 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 NHSR which, in return, settles all Clinical Negligence Claims. Although NHSR 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 NHSR, on behalf of the Trust and the Group, is disclosed at Note 20.2.

Notes to the Accounts - 1. Accounting Policies (Continued)

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 NHSR, 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 Assets and Financial Liabilities

Recognition

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

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

Classification and Measurement

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

Financial assets are classified as subsequently measured at amortised cost, fair value through profit and loss or fair value through other comprehensive income.

Financial assets and financial liabilities at amortised cost

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

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

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

Notes to the Accounts - 1. Accounting Policies (Continued)

Financial assets and financial liabilities at fair value through profit and loss

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive income.

The Trust holds equity investments as financial assets measured at fair value through profit or loss. For those equity investments that are not quoted, cost has been applied as an appropriate estimate of fair value on the basis that there is a wide range of possible fair value measurements for these unquoted investments - as such, cost is the best and most reliable estimate of fair value of the investments in the absence of a quoted market value. For those investments that are quoted, the fair value of the equity investment is the share price at the balance sheet date.

Financial assets measured at fair value through other comprehensive income

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

The Trust has designated the equity investments that are held by the Charity as financial assets held at fair value through other comprehensive income

Impairment of Financial Assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through either Profit and Loss or Other Comprehensive Income, the Trust recognises an allowance for expected credit losses.

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

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

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

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.

Accounting Policies (Continued)

1.25 Foreign Currencies

The Trust's and the Group's functional and presentational currency is 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 16, in accordance with the requirements of the Treasury's Financial Reporting Manual (FReM).

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

A charge reflecting the cost of capital utilised by the Trust, is payable as Public Dividend Capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as:-

● the average of the opening and closing value of all liabilities and assets (excluding donated assets, COVID 19 assets and any PDC dividend balance receivable or payable).

● less the average daily net cash balances held with the Government Banking Service (excluding balances held in GBS accounts that relate to short-term working capital facility).

● less the bonus Provider Sustainability Fund (PSF), (previously Sustainability and Transformation Funding) Receivable.

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

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 an accruals basis, with the exception of provisions for future losses.

1.29 Corporation Tax

Under s519A ICTA 1988 Manchester University 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.

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 Department of Health and Social Care Group Accounting Manual (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 17 Insurance Contracts	Application required for accounting periods beginning on or after 1 January 2023: early adoption is not permitted.	Work has not yet started to understand the impact of this standard across the NHS. At this point in time, IFRS 17 is not expected to have any significant impact on the financial results of the Trust.

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2021. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for all leases. The standard also requires the remeasurement of lease liabilities after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

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

On transition to IFRS 16 on 1 April 2021, the Trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted at the Trust's incremental borrowing rate. The Trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2021 for existing finance leases.

For leases commencing in 2021/2022, the Trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

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

1.31 Accounting Standards Issued Which Have Been Adopted Early

No new accounting standards or revisions to existing standards have been early adopted in 2019/2020 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 Manchester University 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 32 and 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 were transferred to the Trust and/or the Group from another NHS body, the assets and liabilities transferred were recognised in these financial statements as at the date of transfer. The assets and liabilities were not adjusted to Fair Value prior to recognition. The net gain or loss arising, corresponding to the net assets or liabilities transferred, was 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 were 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, were 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 made 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 transferred to another NHS body, the assets and liabilities transferred were derecognised from the financial statements as at the date of transfer. The net loss or gain, corresponding to the net assets or liabilities transferred, was recognised as Non-Operating Expenses or Income, and as above was titled a Gain or Loss from Transfer by Absorption, in the Statement of Comprehensive Income. Any Revaluation Reserve balances attributable to assets derecognised were transferred to the Income and Expenditure Reserve.

2 Operating Income

2.1 Operating Income (by Type)

	2019/2020 Trust £000	2019/2020 Group £000	2018/2019 Trust £000	2018/2019 Group £000
Income from Activities				
Elective Income	**221,726**	**221,726**	210,821	210,821
Non-Elective Income	**307,980**	**307,980**	266,716	266,716
First Outpatient Income	**79,221**	**79,221**	73,581	73,581
Follow up Outpatient Income	**107,950**	**107,950**	100,960	100,960
A&E Income	**54,145**	**54,145**	45,900	45,900
High cost drugs income from commissioners	**156,070**	**156,070**	138,430	138,430
Other NHS Clinical Income	**440,470**	**440,470**	453,292	453,292
Community Services Income	**124,313**	**124,313**	102,024	102,024
Provider Sustainability Fund income*	**27,937**	**27,937**	66,892	66,892
Private Patient Income	**3,014**	**3,014**	2,423	2,423
Additional pension contribution **	**39,668**	**39,668**	0	0
Other Clinical Income	**11,969**	**11,969**	20,927	20,927
Total Income from Activities	**1,574,463**	**1,574,463**	1,481,966	1,481,966
Other Operating Income				
Research and Development	**61,425**	**61,425**	57,794	57,794
Education and Training	**69,006**	**69,006**	67,340	67,340
Non-Patient Care Services to Other Bodies	**52,268**	**52,268**	38,935	38,935
Income in respect of employee benefits accounted on a gross basis	**7,111**	**7,111**	9,878	9,878
Notional Income from Apprentiship Levy	**2,023**	**2,023**	0	0
Receipt of capital grants and donations	**5,363**	**489**	3,157	0
Charitable and Other Contributions to Expenditure	**604**	**553**	900	683
Rental revenue from operating leases	**1,740**	**1,740**	1,671	1,671
Other Income ***	**51,713**	**49,842**	45,166	43,008
Other - Charity	**0**	**7,772**	0	7,780
Total Other Operating Income	**251,253**	**252,229**	224,841	227,089
Total Operating Income	**1,825,716**	**1,826,692**	1,706,807	1,709,055

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 2019/20 amounted to £1.492 billion or 96% of Income from Activities (2018/2019: £1.405 billion and 96%). CRS is arrived at by excluding Provider Sustainability Fund income (previously Sustainability and Transformation Funding), Private Patient Income and Other Clinical Income from Total Income Received from Activities.

* The Trust has been notified that it has been awarded £27.0m of Provider Sustainability Funding in the year to 31 March 2020 . The Trust received £18.9m in cash in the year, with the remaining £8.1m due in 2020/2021. (£66.9m awarded in the year to 31 March 2019, with £20.4m cash received by 31 March 2019 and £46.5m cash received during 2019/2020)

** The Trust has been notified of funding to cover the 6.3% increased cost of the Employer Pensions Contribution. This is paid centrally by NHS England, for accounting purposes it is recognised as Income and Expenditure (see note 4) in the Trust accounts.

*** Within Other Operating Income the following items are included in Other Income:

	2019/2020 Trust £000	2019/2020 Group £000	2018/2019 Trust £000	2018/2019 Group £000
Other Income				
Other Income	**31,857**	**29,986**	25,477	23,319
Clinical Excellence Awards	**4,727**	**4,727**	4,683	4,683
Car Parking	**6,509**	**6,509**	6,353	6,353
Property Rentals	**5,588**	**5,588**	5,691	5,691
Staff accommodation rental	**344**	**344**	258	258
Crèche Services	**960**	**960**	894	894
Clinical Tests	**143**	**143**	174	174
Staff contributions to employee benefit schemes	**878**	**878**	903	903
Estates Recharges	**165**	**165**	259	259
Catering	**115**	**115**	121	121
Pharmacy Sales	**427**	**427**	353	353
Total Other Income	**51,713**	**49,842**	45,166	43,008

2.2 Operating Lease Income

	2019/2020	2018/2019
	Trust and Group £000	Trust and Group £000
Rents recognised as income during the period	**1,740**	1,671
Total	**1,740**	1,671
Future minimum lease payments due		
not later than one year	**1,728**	1,740
later than one year and not later than five years	**4,687**	5,909
later than five years	**4,061**	4,567
Total	**10,476**	12,216

2.3 Operating Income (by Source)

	2019/2020	**2019/2020**	2018/2019	2018/2019
	Trust £000	**Group £000**	Trust £000	Group £000
Income From Activities				
Clinical Commissioning Groups	**817,691**	**817,691**	765,998	765,998
NHS England	**675,907**	**675,907**	586,770	586,770
Department of Health and Social Care	**0**	**0**	13,588	13,588
NHS other (including Public Health England)	**374**	**374**	343	343
Local Authorities	**33,989**	**33,989**	29,581	29,581
Provider Sustainability Funding	**27,937**	**27,937**	66,892	66,892
Private Patients	**3,015**	**3,015**	2,423	2,423
Overseas Patients (Non-Reciprocal)	**1,457**	**1,457**	2,120	2,120
NHS Injury Costs Recovery Scheme	**4,687**	**4,687**	5,219	5,219
Non-NHS Other	**9,406**	**9,406**	9,032	9,032
Total Income From Activities	**1,574,463**	**1,574,463**	1,481,966	1,481,966

2.4 Overseas Visitors Income (Patients Charged Directly by the Trust)

	2019/2020	2018/2019
	Trust and Group £000	Trust and Group £000
Income Recognised in the Year	**1,457**	2,120
Cash Received in the Year	**635**	337
Amount Added to Provision for Impairment of Receivables	**645**	644
*Amounts Written Off in the Year	**518**	341

* Write-offs have been undertaken following extensive debt collection exercises and review of the probability of recovery. Overseas tariff guidance is followed, whereby CCGs underwrite 50% of the invoice value (75% of standard tariff).

		2019/2020 Trust and Group £000	2018/2019 Trust and Group £000
2.5	**Additional information on contract revenue (IFRS 15) recognised in the period**		
	Revenue recognised in the reporting period that was included within contract liabilities at the previous period end	**12,329**	4,843
	Total	**12,329**	4,843
2.6	**Revenue not recognised this year**		
	Revenue from contracts entered into as at the period end expected to be recognised:		
	- within one year	**18,435**	20,400
	- after one year not later than five years	**3,439**	0
	Total	**21,874**	20,400

The Trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from:-.

(i) contracts with an expected duration of one year or less and

(ii) contracts where the Trust recognises revenue directly corresponding to work done to date is not disclosed.

3 Operating Expenses	2019/2020 Trust £000	2019/2020 Group £000	2018/2019 Trust £000	2018/2019 Group £000
Purchase of healthcare from NHS and DH bodies	**13,841**	**13,841**	18,973	18,973
Purchase of healthcare from non-NHS and non-DH bodies	**17,709**	**17,709**	14,462	14,462
Staff and executive directors costs *	**1,060,330**	**1,060,379**	930,400	931,190
Remuneration of non-executive directors	**228**	**228**	229	229
Supplies and services - clinical (excluding drugs costs)	**190,830**	**190,830**	181,914	181,914
Supplies and services - general	**6,117**	**6,117**	10,288	10,288
Drug costs	**170,186**	**170,186**	149,928	149,928
Consultancy costs	**2,951**	**2,951**	3,200	3,200
Establishment	**25,459**	**25,459**	23,961	23,961
Premises - business rates collected by local authorities	**7,321**	**7,321**	7,219	7,219
Premises	**30,529**	**30,529**	30,603	30,603
Transport (including patient travel)	**6,637**	**6,637**	6,472	6,472
Depreciation on property, plant and equipment	**26,074**	**26,085**	26,553	26,566
Amortisation on intangible assets	**962**	**962**	888	888
Net impairments	**47,547**	**47,547**	50,060	50,060
Increase in provision for impairment of receivables	**1,767**	**1,767**	468	468
Change in provisions discount rate(s)	**(73)**	**(73)**	(332)	(332)
Audit fees payable to the external auditor:-				
i) audit services- statutory audit	**102**	**113**	102	113
ii) other auditor remuneration (external auditor only) **	**2**	**2**	11	11
Internal audit and Local Counter Fraud costs	**230**	**230**	279	279
Clinical negligence	**33,735**	**33,735**	37,465	37,465
Legal fees	**1,709**	**1,709**	2,113	2,113
Insurance	**364**	**364**	399	399
Research and development - staff costs*	**27,035**	**27,035**	23,646	23,646
Research and development - non - staff costs	**33,276**	**33,276**	31,417	31,417
Education and training - non staff costs	**5,644**	**5,644**	4,680	4,680
Education and training - Notional expenditure funded from Apprenticeship Levy	**2,023**	**2,023**	0	0
Rentals under operating leases ***	**15,505**	**15,505**	14,149	14,149
Redundancy - staff costs*	**221**	**221**	214	214
Redundancy - non staff	**4,676**	**4,676**	94	94
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT) on IFRS basis	**65,824**	**65,824**	59,453	59,453
Car parking & security	**2,415**	**2,415**	2,163	2,163
Hospitality	**84**	**84**	67	67
Other NHS charitable fund resources expended	**0**	**1,814**	0	2,091
Other	**10,095**	**10,095**	8,075	8,075
Total	**1,811,355**	**1,813,240**	1,639,613	1,642,518

* Further details for pay expenditure is included in Note 4.

**Other auditor remuneration (external auditor only) are payments for services received in addition to Statutory Audit services and are set out in more detail in Note 5.3.

*** The Trust's Operating Expenses include payments made in respect of Operating Leases as set out in Note 5.

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.

4 **Employee benefits**	**2019/2020 Trust**	**2019/2020 Group**	2018/2019 Trust	2018/2019 Group
	£000	**£000**	£000	£000
Salaries and wages	**807,563**	**807,563**	726,167	726,167
Social security costs	**74,470**	**74,470**	66,904	66,904
Apprenticeship levy	**3,616**	**3,616**	3,571	3,571
Employer's contributions to NHS pensions	**90,937**	**90,937**	82,915	82,915
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	**39,668**	**39,668**	0	0
Pension cost - other	**204**	**204**	79	79
Temporary staff (including agency)	**75,151**	**75,151**	78,196	78,196
NHS charitable funds staff	**0**	**49**	0	790
Total staff costs	**1,091,609**	**1,091,658**	957,832	958,622
Of which				
Costs capitalised as part of assets	**4,023**	**4,023**	3,572	3,572
Net staff costs *	**1,087,586**	**1,087,635**	954,260	955,050

*Note 3 details the different category of types of pay detailed in the above and are highlighted with a * .

This note does not include the remuneration for non-executive directors.

4.1 Early Retirements Due to Ill-Health

During the year to 31 March 2020 there were 6 early retirements from the Trust (and the Group) agreed on the grounds of ill-health (2018/2019: 13). The estimated additional pension liabilities will be £266k in 2019/20 (2018/2019: £466k) and the costs of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

5 Operating Lease Expenditure

	2019/2020	2018/2019
	Trust and Group	Trust and Group
	£000	£000
Minimum lease payments	**15,505**	14,149
	15,505	14,149

5.1 Arrangements Containing an Operating Lease

	2019/2020	Restated 2018/2019
	Trust and Group	Trust and Group
	£000	£000
Future Minimum Lease Payments Due:		
Not later than one year	**14,403**	14,381
Later than one year and not later than five years*	**15,842**	19,110
Later than five years	**16,166**	17,365
Total	**46,411**	50,856

The future minimum lease payments are in respect of 231 operating leases (217, 2018/19), of varying contract values and terms.

* The comparative figure for later than one year and not later than five years has been restated for 2018/19 to more accurately reflect the Trust's contractual commitments under these operating lease arrangements.

The above lease charges and minimum lease payments exclude Managed Equipment Service (MES) contracts. As in previous years, these have been charged to Clinical Supplies and Services. The total annual charge for these contracts is £39.1m 2019/20 (2018/19: £30.1m), as at 31 March 2020 there is between 1 and 9 years remaining until expiry of the contracts.

5.2 Auditor's Liability

There is no limitation on the auditor's liability for the audit of the Trust's annual accounts. There is a liability cap of £5m in place for the audit of the Charitable fund accounts.

5.3 Other Audit Remuneration

Mazars LLP are the appointed external auditors for the Trust. Mazars LLP contract commenced on the 1st December 2018, on a 2 year contract with the option to extend for a 12 month period.

In 2019/2020, there were no services provided by the external auditors, Mazars LLP, other than the statutory audit for the Trust's Annual Accounts and Annual Report, Charity Accounts and the Quality Account. The Quality Accounts Report provides limited assurance by the External Auditors. This work has been cancelled following guidance from the Department of Health and Social Care. The work on the Quality Accounts Report is a limited assurance engagement undertaken by the Trust's external auditors. This has resulted in a reduction of the fee which is detailed in note 3.

The cost of auditing the Annual Accounts and Report is shown under the heading of 'External Audit Fees for Services - Statutory Audit' and the Quality Account fee shown separately under the category 'Other External Auditor remuneration', both in Note 3. This charge detailed in Note 3 is inclusive of VAT.

6 Finance Income

	2019/2020 Trust £000	2019/2020 Group £000	2018/2019 Trust £000	2018/2019 Group £000
Interest on bank accounts	**1,072**	**1,072**	791	791
NHS charitable fund investment income	**0**	**594**	0	413
	1,072	**1,666**	791	1,204

7 Finance Costs

	2019/2020 Trust and Group £000	2018/2019 Trust and Group £000
Interest on Loans from the Independent Trust Financing Facility	**2,720**	2,894
Interest on bank loans	**103**	104
Total interest costs	**2,823**	2,998
Unwinding of discount on provisions	**(35)**	14
Interest on Obligations under PFI Contracts:		
- Main Finance Cost	**19,606**	20,317
- Contingent Finance Cost	**18,371**	17,680
Total Interest on Obligations under PFI	**37,977**	37,997
Total Finance Costs	**40,765**	41,009

8 Impairment of Assets (Property, Plant & Equipment and Intangibles)

	2019/2020 Trust and Group	2018/2019 Trust and Group
Net impairments charged to operating surplus resulting from:	**£000**	£000
Obsolescence/consumption of economic benefits	**64,294**	50,060
Changes in market price	**(16,747)**	0
Total impairments charged to operating surplus	**47,547**	50,060

9 Intangible Assets

9.1 Intangible Assets

31 March 2020	Software Licences - Purchased	Intangible Assets under Construction	Development Expenditure (Internally Generated)	Total
	Group	Group	Group	Group
	£000	£000	£000	£000
Gross Cost at 1 April 2019	**20,425**	**349**	**1,361**	**22,135**
Transfers by absorption	**269**	**0**	**0**	**269**
Additions - Purchased	**765**	**42**	**0**	**807**
Additions - Purchased from cash donations or grants	**34**	**0**	**0**	**34**
Reclassifications	**349**	**(349)**	**0**	**0**
Gross Cost at 31 March 2020	**21,842**	**42**	**1,361**	**23,245**
Amortisation at 1 April 2019	**16,654**	**0**	**1,361**	**18,015**
Transfers by absorption	**262**	**0**	**0**	**262**
Provided During the Period	**962**	**0**	**0**	**962**
Amortisation at 31 March 2020	**17,878**	**0**	**1,361**	**19,239**
Net book value as at 31st March 2020	**3,964**	**42**	**0**	**4,006**
Net book value as at 1st April 2019	**3,771**	**349**	**0**	**4,120**

31 March 2019	Software Licences - Purchased	Intangible Assets under Construction	Development Expenditure (Internally Generated)	Total
	Group	Group	Group	Group
	£000	£000	£000	£000
Gross Cost at 1 April 2018	**19,758**	**405**	**1,361**	**21,524**
Additions - Purchased	0	591	0	591
Additions - Purchased from cash donations or grants	20	0	0	20
Reclassifications	647	(647)	0	0
Gross Cost at 31 March 2019	**20,425**	**349**	**1,361**	**22,135**
Amortisation at 1 April 2018	**15,766**	**0**	**1,361**	**17,127**
Provided During the Period	888	0	0	888
Amortisation at 31 March 2019	**16,654**	**0**	**1,361**	**18,015**
Net book value as at 31st March 2019	3,771	349	0	4,120
Net book value as at 1st April 2018	3,992	405	0	4,397

10 Property, Plant and Equipment

10.1 Property, Plant and Equipment

31 March 2020	Land	Buildings Excluding Dwellings	Dwellings	Assets Under Construction	Plant and Machinery	Transport Equipment	Information Technology	Furniture and Fittings	Total	NHS Charitable Funds Assets	Total
	Trust	Trust	Trust	Trust	Trust	Trust	Trust	Trust	Trust	Charity	Trust and Group
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation at 1 April 2019	14,523	519,603	529	34,830	236,884	607	48,974	19,881	875,831	127	875,958
Transfer by Absorption	0	157	0	0	2,840	0	751	0	3,748	0	3,748
Additions	0	6,748	0	56,281	8,979	0	4,384	0	76,392	0	76,392
Additions donated	0	0	0	4,499	775	0	48	7	5,329	0	5,329
Impairments charged to operating expenses	0	(45,221)	0	0	(74)	0	(18,999)	0	(64,294)	0	(64,294)
Revaluations	538	(11,585)	0	0	0	0	0	0	(11,047)	0	(11,047)
Reclassifications	2	45,212	(529)	(63,659)	(4,990)	(95)	19,326	(287)	(5,020)	0	(5,020)
Cost or Valuation at 31 March 2020	15,063	514,914	0	31,951	244,414	512	54,484	19,601	880,939	127	881,066
Accumulated Depreciation as at 1 April 2019	0	20,574	529	0	206,107	606	34,513	18,779	281,108	45	281,153
Transfer by Absorption	0	153	0	0	2,185	0	181	0	2,519	0	2,519
Provided During the Period	0	16,202	0	0	5,361	0	4,262	249	26,074	11	26,085
Reversal of prior year impairments credited to operating expenditure	0	(16,747)	0	0	0	0	0	0	(16,747)	0	(16,747)
Revaluations	0	(15,063)	0	0	0	0	0	0	(15,063)	0	(15,063)
Reclassifications	0	(5,119)	(529)	0	(2,522)	(95)	3,442	(197)	(5,020)	0	(5,020)
Depreciation at 31 March 2020	0	0	0	0	211,131	511	42,398	18,831	272,871	56	272,927
Net book value as at 31st March 2020	15,063	514,914	0	31,951	33,283	1	12,086	770	608,068	71	608,139
Net book value as at 31st March 2019	14,523	499,029	0	34,830	30,777	1	14,461	1,102	594,723	82	594,805

The Trust's Land and Buildings have been revalued by the District Valuer during 2019/20. The above figures are as per the desktop valuation dated 31 March 2020.

The valuation exercise was carried out in February 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2017 ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

Of the £530m net book value of land and buildings subject to valuation, £515m relates to specialised assets valued on a depreciated replacement cost basis. Here the valuer bases their assessment on the cost to the Trust of replacing the service potential of the assets. The uncertainty explained above relates to the estimated cost of replacing the service potential, rather than the extent of the service potential to be replaced.

It is possible that the COVID-19 pandemic will affect the Trust's future assessment of what would be required in a modern equivalent asset, but as yet there is insufficient evidence to affect the assumptions used in the valuation.

During 2019/20, the Trust has received assets via a transfer by absorption totalling £1.2m. These assets had a net book value of £601k and £635k and were transferred from Liverpool Women's NHS Foundation Trust and Pennine Care NHS Foundation Trusts respectively. The total consideration cash paid for these assets amounted to £576k.

10 Property, Plant and Equipment

10 Property, Plant and Equipment

31 March 2019	Land	Buildings Excluding Dwellings	Dwellings	Assets Under Construction	Plant and Machinery	Transport Equipment	Information Technology	Furniture and Fittings	Total	NHS Charitable Funds Assets	Total Trust and Group
	Trust	Trust	Trust	Trust	Trust	Trust	Trust	Trust	Trust	Charity	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation at 1 April 2018	**14,523**	**510,943**	**529**	**49,392**	**227,852**	**607**	**48,531**	**19,850**	**872,227**	**127**	**872,354**
Additions	0	0	0	41,027	7,232	0	2,237	31	**50,527**	0	**50,527**
Additions donated	0	0	0	1,337	1,800	0	0	0	**3,137**	0	**3,137**
Impairments charged to operating expenses	0	(48,266)	0	0	0	0	(1,794)	0	**(50,060)**	0	**(50,060)**
Reclassifications	0	56,926	0	(56,926)	0	0	0	0	**0**	0	**0**
Cost or Valuation at 31 March 2019	**14,523**	**519,603**	**529**	**34,830**	**236,884**	**607**	**48,974**	**19,881**	**875,831**	**127**	**875,958**
Accumulated Depreciation as at 1 April 2018	**0**	**0**	**529**	**0**	**202,691**	**606**	**32,360**	**18,369**	**254,555**	**32**	**254,587**
Provided During the Period	0	20,574	0	0	3,416	0	2,153	410	**26,553**	13	**26,566**
Depreciation at 31 March 2019	**0**	**20,574**	**529**	**0**	**206,107**	**606**	**34,513**	**18,779**	**281,108**	**45**	**281,153**
Net book value as at 31st March 2019	**14,523**	**499,029**	**0**	**34,830**	**30,777**	**1**	**14,461**	**1,102**	**594,723**	**82**	**594,805**

The Trust did not undertake a full valuation as at 31 March 2019. Management reviewed the relevant valuation indices as at 31 March 2019 and were satisfied that the 31 March 2018 valuation remained appropriate.

10.2 Property, Plant and Equipment Financing	Land	Buildings Excluding Dwellings	Dwellings	Assets Under Construction	Plant and Machinery	Transport Equipment	Information Technology	Furniture and Fittings	Total	NHS Charitable Funds Assets	Total Trust and Group
	Trust	Trust	Trust	Trust	Trust	Trust	Trust	Trust	Trust	Charity	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net Book Value - 31 March 2020											
Owned	**14,987**	**196,915**	**0**	**31,951**	**29,729**	**1**	**12,038**	**620**	**286,241**	**71**	**286,312**
On-balance sheet PFI contracts and other service concession arrangements	**0**	**310,494**	**0**	**0**	**0**	**0**	**0**	**0**	**310,494**	**0**	**310,494**
Government Granted	**0**	**786**	**0**	**0**	**0**	**0**	**0**	**0**	**786**	**0**	**786**
Donated	**76**	**6,719**	**0**	**0**	**3,554**	**0**	**48**	**150**	**10,547**	**0**	**10,547**
NBV Total at 31 March 2020	**15,063**	**514,914**	**0**	**31,951**	**33,283**	**1**	**12,086**	**770**	**608,068**	**71**	**608,139**

Property, Plant and Equipment Financing	Land	Buildings Excluding Dwellings	Dwellings	Assets Under Construction	Plant and Machinery	Transport Equipment	Information Technology	Furniture and Fittings	Total	NHS Charitable Funds Assets	Total Trust and Group
	Trust	Trust	Trust	Trust	Trust	Trust	Trust	Trust	Trust	Charity	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net Book Value - 31 March 2019											
Owned	14,447	199,445	0	34,830	27,627	1	14,457	932	**291,739**	82	**291,821**
On-balance sheet PFI contracts and other service concession arrangements	0	291,519	0	0	0	0	0	0	**291,519**	0	**291,519**
Government Granted	0	825	0	0	0	0	0	0	**825**	0	**825**
Donated	76	7,240	0	0	3,150	0	4	170	**10,640**	0	**10,640**
NBV Total at 31 March 2019	**14,523**	**499,029**	**0**	**34,830**	**30,777**	**1**	**14,461**	**1,102**	**594,723**	**82**	**594,805**

10.3 Economic Life of Non-Current Assets	2019/2020 Minimum Life Years Trust and Group	2019/2020 Maximum Life Years Trust and Group	2018/2019 Minimum Life Years Trust and Group	2018/2019 Maximum Life Years Trust and Group
Purchased, Donated or Granted				
Software	**5**	**7**	5	7
Development expenditure	**5**	**7**	5	7
Buildings (Excluding Dwellings)	**1**	**90**	1	90
Plant and Machinery	**1**	**15**	1	15
Transport Equipment	**1**	**10**	1	10
Information Technology	**1**	**10**	1	10
Furniture and Fittings	**1**	**10**	1	10

The above asset lives relate to both intangible and tangible assets.

11 Investments

31 March 2020	Trust £000	Charity £000	Group £000
Carrying Value as at 1 April 2019	**2,513**	**19,553**	**22,066**
Fair value losses	**(921)**	**0**	**(921)**
Movement in Fair Value	**0**	**(1,107)**	**(1,107)**
Carrying Value as at 31 March 2020	**1,592**	**18,446**	**20,038**

31 March 2019	Trust £000	Charity £000	Group £000
Carrying Value as at 1 April 2018	866	19,010	19,876
Fair value gains	1,647	0	1,647
Movement in Fair Value	0	543	543
Carrying Value as at 31 March 2019	2,513	19,553	22,066

The Trust reviews all investments on a regular basis to ensure the fair value is reported in the Statement of Financial Position.

12 Non-Current Assets Held for Sale in Disposal Groups and Surplus Assets

As at 31 March 2020 the Trust and the Group held one asset for sale, valued at £210k (31 March 2019 £210k). This consists of both land and buildings situated in Manchester.

The Trust holds no surplus assets.

13 Inventories

31 March 2020	Drugs Trust and Group £000	Consumables Trust and Group £000	Energy Trust and Group £000	Total Trust and Group £000
Carrying Value as at 1 April 2019	**5,973**	**10,212**	**277**	**16,462**
Additions	**145,724**	**31,256**	**0**	**176,980**
Inventories Consumed (Recognised in Expenses)	**(144,710)**	**(30,113)**	**(1)**	**(174,824)**
Total	**6,987**	**11,355**	**276**	**18,618**

31 March 2019	Drugs Trust and Group £000	Consumables Trust and Group £000	Energy Trust and Group £000	Total Trust and Group £000
Carrying Value as at 1 April 2018	5,873	10,808	345	17,026
Additions	128,469	28,914	0	157,383
Inventories Consumed (Recognised in Expenses)	(128,369)	(29,510)	(68)	(157,947)
Total	5,973	10,212	277	16,462

14 Trade and Other Receivables

Current	**31 March 2020**		31 March 2019	
	Trust	**Group**	Trust	Group
	£000	**£000**	£000	£000
Contract Receivables NHS - invoiced	**54,560**	**54,560**	31,705	31,705
Contract Receivables other - invoiced	**6,778**	**6,778**	17,485	17,485
Contract receivables - not yet invoiced	**45,223**	**42,949**	69,150	69,150
Allowance for other impaired receivables	**(8,128)**	**(8,128)**	(6,361)	(6,361)
Prepayments	**15,163**	**15,163**	10,211	10,211
PDC Dividend Receivable	**0**	**0**	555	555
VAT Receivable	**3,062**	**3,062**	6,189	6,189
NHS charitable funds: trade and other receivables	**0**	**793**	0	931
Total Current Trade and Other Receivables	**116,658**	**115,177**	128,934	129,865

Non-Current	**31 March 2020**		31 March 2019	
	Trust	**Group**	Trust	Group
	£000	**£000**	£000	£000
Contract Receivables	**2,028**	**2,028**	4,441	4,441
Finance lease receivables *	**528**	**528**	528	528
Clinician pension tax debtor **	**3,773**	**3,773**	0	0
Total Non-Current Trade and Other Receivables	**6,329**	**6,329**	4,969	4,969

* The Finance lease receivable in the analysis above relates to the amount due in relation to the Citylabs 1 land and building.

** This debtor has been created following guidance received from NHSI for future cost for tax on clinicians' pensions. This is to be funded by NHS England and has a matching provision included in note 20.

15 Allowances for credit losses

	31 March 2020
	Trust and Group
	£000
Allowances at 1 April 2019 brought forward	**6,361**
New allowances arising	**1,767**
Total allowances for credit losses	**8,128**

15.1 Allowances for credit losses

	31 March 2019
	Trust and Group
	£000
Allowances at 1 April 2018 brought forward	5,893
New allowances arising	468
Total allowances for credit losses	6,361

16 Cash and Cash Equivalents

31 March 2020	**Trust**	**Charity**	**Group**
	£000	**£000**	**£000**
Balance at 1 April 2019	**154,563**	**5,550**	**160,113**
Transfers by Absorption	**(576)**	**0**	**(576)**
Net Change in the Period	**(20,706)**	**2,009**	**(18,697)**
Balance at 31 March 2020	**133,281**	**7,559**	**140,840**
Comprising:-			
Commercial Banks and Cash in Hand	**319**	**7,559**	**7,878**
Cash With the Government Banking Service	**132,962**	**0**	**132,962**
Cash and Cash Equivalents as per Statement of Financial Position	**133,281**	**7,559**	**140,840**

31 March 2019	Trust	Charity	Group
	£000	£000	£000
Balance at 1 April 2018	119,896	5,792	125,688
Net Change in the Period	34,667	(242)	34,425
Balance at 31 March 2019	154,563	5,550	160,113
Comprising:-			
Commercial Banks and Cash in Hand	167	5,550	5,717
Cash With the Government Banking Service	154,396	0	154,396
Cash and Cash Equivalents as per Statement of Financial Position	154,563	5,550	160,113

Third Party Assets of £34k held by the Trust as at 31 March 2020 (£24k held by the Trust as at 31 March 2019). These are excluded from the Trust's Cash and Cash Equivalents figures disclosed above.

17 Trade and Other Payables

Current	**31 March 2020**		31 March 2019	
	Trust	**Group**	Trust	Group
	£000	**£000**	£000	£000
Trade payables	29,136	29,136	42,325	42,325
Capital payables	12,844	12,844	4,242	4,242
Accruals	104,365	104,365	91,325	91,325
Social security and other taxes payable	18,949	18,949	29,011	29,011
VAT payables	364	364	266	266
PDC dividend payable	221	221	0	0
Other payables	22,374	22,374	8,476	8,476
NHS charitable funds: trade and other payables	0	330	0	430
Total Current Trade and Other Payables	**188,253**	**188,583**	**175,645**	**176,075**

Non-Current	**31 March 2020**	31 March 2019
	Trust and Group	Trust and Group
	£000	£000
Accruals	**2,599**	2,600
Total Non-Current Trade and Other Payables	**2,599**	2,600

18 Borrowings	31 March 2020 Trust and Group £000	31 March 2019 Trust and Group £000
Current		
Loans from Independent Trust Financing Facility	**7,738**	7,775
Loans from other entities	**821**	777
Obligations Under Private Finance Initiative Contracts	**11,614**	11,228
Total	**20,173**	19,780

	31 March 2020 Trust and Group £000	31 March 2019 Trust and Group £000
Non-Current		
Loans from Independent Trust Financing Facility	**88,917**	92,942
Loans from other entities	**1,125**	1,876
Obligations Under Private Finance Initiative Contracts	**301,413**	312,975
Total	**391,455**	407,793

Included within non-current borrowings for both Trust and Group as at 31 March 2020 are loans from the Independent Trust Financing Facility amounting to £16,600k as at 31 March 2020 (£13,500k as at 31 March 2019). These are loans which have been issued to support the working capital of the Trust.

In April 2020, the UK government announced that interim revenue support, including working capital loans and interim capital support loans, are no longer to be issued to providers and that interim revenue debt, working capital loans, and interim capital debts at 31 March 2020 will be repaid with new Public Dividend Capital (PDC) issued by the Department of Health and Social Care (DHSC) during the financial year ending 31 March 2021 in order to reset the wider financial architecture and simplify the system.

The Trust is currently engaged in discussions with the DHSC for this loan to be recognised as an interim revenue support loan and converted to PDC following this announcement. If it is determined that this loan does, in fact, qualify to be repaid with new PDC, then this borrowing will be reclassified as a current borrowing on the 31 March 2020 balance sheet.

As the repayment of these loans would be funded through the issue of PDC, this does not present a going concern risk for the Trust.

18.1 Reconciliation of liabilities arising from financing activities	DHSC loans	Other loans	PFI and LIFT schemes	Total
	£000	**£000**	**£000**	**£000**
Carrying value at 1 April 2019	**100,717**	**2,653**	**324,203**	**427,573**
Cash movements:				
Financing cash flows - payments and receipts of principal	**(4,025)**	**(726)**	**(11,176)**	**(15,927)**
Financing cash flows - payments of interest	**(2,757)**	**(84)**	**(19,606)**	**(22,447)**
Non-cash movements:				
Application of effective interest rate	**2,720**	**103**	**19,606**	**22,429**
Carrying value at 31 March 2020	**96,655**	**1,946**	**313,027**	**411,628**

	DHSC loans	Other loans	PFI and LIFT schemes	Total
	£000	£000	£000	£000
Carrying value at 1 April 2018	107,299	3,441	335,404	446,144
Impact of implementing IFRS 9 on 1 April 2018	714	8	0	722
Cash movements:				
Financing cash flows - payments and receipts of principal	(7,233)	(788)	(11,200)	(19,221)
Financing cash flows - payments of interest	(2,957)	(112)	(20,319)	(23,388)
Non-cash movements:				
Application of effective interest rate	2,894	104	20,317	23,315
Carrying value at 31 March 2019	100,717	2,653	324,203	427,573

19 Other liabilities	31 March 2020 Trust and Group £000	31 March 2019 Trust and Group £000
Current		
Other Deferred Income	**18,435**	20,400
Total	**18,435**	20,400
Non-Current		
Other Deferred Income	**3,442**	0
Total	**3,442**	0

20 Provisions for Liabilities and Charges

	Current	Non-Current	Current	Non-Current
	31 March 2020	31 March 2020	31 March 2019	31 March 2019
	Trust and Group	Trust and Group	Trust and Group	Trust and Group
	£000	£000	£000	£000
Pensions- Early departure costs	456	3,765	589	4,189
Pensions- Injury benefits	223	2,715	108	1,643
Other Legal Claims	910	0	928	0
Restructurings	2,783	3,034	715	1,297
Clinical Pensions Tax Reimbursement	0	3,773	0	0
Other	9,045	1,348	13,518	1,686
Totals	13,417	14,635	15,858	8,815

20.1 Provisions for Liabilities and Charges Analysis

2019/2020	Pensions- Early departure costs	Pensions Injury benefit	Other Legal Claims	Restructurings	Clinician pension tax reimbursement	Other	Totals
	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
As at 1 April 2019	4,778	1,751	928	2,012	0	15,204	24,673
Change in Discount Rate	(112)	39	0	0	0	0	(73)
Arising During the Period	189	1,774	0	5,294	3,773	4,245	15,275
Utilised During the Period	(579)	(612)	(18)	(605)	0	(1,928)	(3,742)
Reversed Unused	(34)	0	0	(884)	0	(7,128)	(8,046)
Unwinding of Discount	(21)	(14)	0	0	0	0	(35)
At 31 March 2020	4,221	2,938	910	5,817	3,773	10,393	28,052
Expected Timing of Cashflows:							
- Not Later Than 1 Year	456	223	910	2,783	0	9,045	13,417
- Later Than 1 Year and Not Later Than 5 Years	3,502	827	0	3,034	1,887	1,348	10,598
- Later Than 5 Years	263	1,888	0	0	1,887	0	4,038
Total	4,221	2,938	910	5,817	3,773	10,393	28,052

2018/19	Pensions- Early departure costs	Pensions Injury benefit	Other Legal Claims	Restructurings	Clinician pension tax reimbursement	Other	Totals
	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
As at 1 April 2018	5,360	1,802	862	2,290	0	19,989	30,303
Change in Discount Rate	(263)	(69)	0	0	0	0	(332)
Arising During the Period	245	114	66	11	0	2,333	2,769
Utilised During the Period	(573)	(101)	0	(119)	0	(1,812)	(2,605)
Reversed Unused	0	0	0	(170)	0	(5,306)	(5,476)
Unwinding of Discount	9	5	0	0	0	0	14
At 31 March 2019	4,778	1,751	928	2,012	0	15,204	24,673
Expected Timing of Cashflows:							
- Not Later Than 1 Year	589	108	928	715	0	13,518	15,858
- Later Than 1 Year and Not Later Than 5 Years	3,842	475	0	1,297	0	1,686	7,300
- Later Than 5 Years	347	1,168	0	0	0	0	1,515
Total	4,778	1,751	928	2,012	0	15,204	24,673

Pensions - Early Departure Costs per above 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 NHS Resolution and/or legal advisors.

Restructurings - relates to estimate cost for various service re-design/transformation schemes, which have been committed to by the Trust. These relate to pay-protection and redundancy costs which are anticipated to be settled within a one year period.

Clinician Pension Tax Reimbursement - This relates to the cost incurred to Clinicians for the tax element due to changes relating to Pensions. This is to be funded centrally by NHS England and is anticipated to crystallise from 2021/22 and future years.

Other provisions are made in respect of a number of unconnected 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. 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.

20.2 Clinical Negligence Liabilities

Included in the provisions of NHS Resolution at 31 March 2020 is £330,871k (31 March 2019, £232,651k) in respect of Clinical Negligence liabilities of the Trust and the Group.

21 Contingent Liabilities and Assets

21.1 Contingent Liabilities

The Trust has identified a level of material uncertainty in the prevailing HMRC guidance and its application to specific circumstances, which bears on the VAT recovery position of one of the Trust's contracts for the supply of services. An estimate has been made of the reasonably foreseeable liability which the Trust can expect to face in relation to this uncertainty and this estimate is provided for in the Trust's Statement of Financial Position.

The Trust faces a number of claims from suppliers and other parties, including a putative contractual claim from a supplier. Management are satisfied that appropriate provision has been made in the financial statements for these issues.

The Trust also has a contingent liability of £244k (£214k at 31 March 2019) which represents the amount notified by NHS resolution to include in our accounts as a contingent liability.

22 Revaluation Reserve

	31 March 2020 Trust and Group £000	31 March 2019 Trust and Group £000
Revaluation Reserve at the beginning of 1 April 2019	**45,408**	45,408
Revaluations	**4,016**	0
Revaluation Reserve at the end of the period	49,424	45,408

During 2019/20, a desktop valuation was completed by the District Valuer with a valuation date of 31st March 2020.

23 Related Party Transactions (Trust and Group)

Manchester University NHS Foundation Trust is a public interest body, a Department of Health and Social Care (parent of the group) Group body, authorised by Monitor (known as NHS Improvement since 1 April 2016), 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 an independent co-opted member of the audit committee of the University of Manchester.

One Non-Executive Director is a council member of the University of Salford.

The Group Chairman and Chief Executive are board members for Manchester Academic Health Science Centre, a research and innovation body hosted by the Trust.

One Executive Director's spouse is the Head of Finance at NHS Specialist Commissioning North of England.

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 year to 31 March 2020.

The Trust has entered into a number of transactions with the University of Manchester, the University of Salford and Manchester Academic Health Science Centre. The values of the Debtors and Creditors as at the 31st March 2020 and the 2019/20 Income and Expenditure transactions are provided in the table below:-

Name of Organisation	Debtor	Creditor	Income	Expenditure
	£'000	£'000	£'000	£'000
University of Manchester	1,521	1,744	8,977	19,801
University of Salford	1	14	153	158

The Department of Health and Social Care is regarded as a related party. During the year the Trust has had a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent department including:

Department of Health and Social Care
NHS England - including Core, North West Commissioning Hub and Greater Manchester Local Office
NHS Bolton CCG
NHS Bury CCG
NHS Eastern Cheshire CCG
NHS Heywood, Middleton And Rochdale CCG
NHS Oldham CCG
NHS Salford CCG
NHS Stockport CCG
NHS Tameside And Glossop CCG
NHS Trafford CCG
NHS Wigan Borough CCG
Health Education England
NHS Resolution
Greater Manchester Mental Health NHS FT
Salford Royal NHS FT
The Christie NHS FT
Public Health England
Manchester Health and Care Commissioning
Greater Manchester Health and Social Care Partnership

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).

24 Contractual Capital Commitments

Commitments under Capital Expenditure contracts at 31 March 2020 for the Trust and the Group total £17.473m (31 March 2019 £12.972m) of which £17.473m relates to Property, Plant and Equipment (31 March 2019 £12.743m) and zero relates to Intangible Assets (31 March 2019 £0.239m).

25 Finance Lease Obligations

Neither the Trust nor the Group had any obligations under Finance Leases in the year to 31 March 2020 (Nil in the year to 31 March 2019).

26 On-Statement of Financial Position Private Finance Initiative (PFI) Contracts

26.1 Total Obligations for On-Statement of Financial Position PFI Contracts

The predecessor Trusts entered into two PFI contracts which transferred to MFT on 1 October 2017.

In 1998, University Hospital of South Manchester NHS FT entered into 35 year PFI contract with South Manchester Healthcare Limited which expires in 2033. The contract covers the build and operation of two buildings at Wythenshawe hospital – the Acute Unit and the Mental Health Unit.

The Acute Unit consists of an Accident and Emergency department, a burns unit, coronary care unit, intensive care unit, six operating theatres, five medical and five surgical wards, an x-ray department, fracture clinic and renal department.

The Mental Health Unit provides adult and older people's outpatient and inpatient Mental Health services. The Trust sublets the Mental Health Unit to Manchester Mental Health and Social Care Trust. This agreement is treated as an operating lease and the income received is included within operating income.

In 2033, at the end of the PFI contract, the two buildings covered by the contract will transfer from South Manchester Healthcare Ltd to the Trust.

In December 2004, the Central Manchester University Hospital NHS Foundation Trust entered into a 38 year arrangement with Catalyst Healthcare (Manchester) Ltd.

The scheme involved the build and operation of four significant hospital developments on the Trust's Oxford Road Campus at an overall cost of approximately £500m.

In 2042, at the end of the agreement, ownership of the four properties (Manchester Royal Infirmary, Manchester Children's Hospital, Manchester Eye Hospital and St Mary's Hospital) transfers from Catalyst Healthcare (Manchester) Ltd to the Trust.

	31 March 2020 Trust and Group £000	31 March 2019 Trust and Group £000
Gross PFI Liabilities	**609,921**	637,003
Of Which Liabilities are Due:		
Not Later Than One Year	**36,518**	36,723
Later Than One Year, Not Later Than Five Years	**135,153**	142,364
Later Than Five Years	**438,250**	457,916
Less Finance Charges Allocated to Future Periods	**(296,894)**	(312,800)
Net PFI Liabilities	**313,027**	324,203
Net PFI Obligation		
Not Later Than One Year	**11,614**	11,228
Later Than One Year, Not Later Than Five Years	**49,604**	51,561
Later Than Five Years	**251,809**	261,414
	313,027	324,203

26.2 On-Statement of Financial Position PFI Commitments

The Trust is committed to making the following payments for on-Statement of Financial Position PFI obligations:-

	31 March 2020 Total Trust and Group £000	31 March 2019 Total Trust and Group £000
Not Later Than One Year	**124,105**	119,720
Later Than One Year, Not Later Than Five Years	**512,657**	500,619
Later Than Five Years	**2,638,324**	2,745,280
Total	**3,275,086**	3,365,619

26.3 PFI - Amounts Payable to Service Concession Operator

	2019/2020 Total Trust and Group £000	2018/2019 Total Trust and Group £000
Unitary payment payable to service concession operator (total of all schemes)		
Consisting of:		
- Interest charge	**19,606**	20,317
- Repayment of finance lease liability	**11,175**	11,200
- Service element	**65,824**	59,453
- Capital lifecycle maintenance	**9,401**	7,636
- Contingent rent	**18,371**	17,680
Total	**124,377**	116,286

27 Events Following the Statement of Financial Position Date

In April 2020, the UK government announced that interim revenue support, including working capital loans and interim capital support loans, are no longer to be issued to providers and that interim revenue debt, working capital loans, and interim capital debts at 31 March 2020 will be repaid with new Public Dividend Capital (PDC) issued by the Department of Health and Social Care (DHSC) during the financial year ending 31 March 2021 in order to reset the wider financial architecture and simplify the system.

The Trust is currently engaged in discussions with the DHSC for a loan from the Independent Trust Financing Facility which amounts to £16,600k and is included on non-current borrowings as at 31 March 2020 to be recognised as an interim revenue support loan and converted to PDC following this announcement. If it is determined that this loan does, in fact, qualify to be repaid with new PDC, then this borrowing will be reclassified as a current borrowing on the 31 March 2020 balance sheet.

As the repayment of this loan would be funded through the issue of PDC, this does not present a going concern risk for the Trust.

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 MFT 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 MFT 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 and Social Care. Additional funding by way of loans has been arranged with the Independent 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 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 31 March 2020 is within Receivables from customers, as disclosed in the Trade and Other Receivables Note to these Accounts (Note 17). 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.

Market Price Risk

The Trust and the Group holds a number of investments at fair value and is therefore exposed to changes in the market price of these investments. This is not considered to be a significant risk to the Trust given the relative immateriality of the value of these investments and the Trust and Group's appetite to risk.

29 Carrying values of financial assets

29.1 Carrying values of financial assets

	31 March 2020 Trust and Group			
	Held at amortised cost £000	Held at fair value through other comprehensive income £000	Held at fair value through profit and loss £000	Total book value £000
Trade and Other Receivables Not Including Non-Financial Assets	102,060	0	0	102,060
Other Investments	0	0	1,592	1,592
Cash and Cash Equivalents	133,281	0	0	133,281
Trust total	235,341	0	1,592	236,933
Charitable Fund: financial assets	8,352	18,443	0	26,795
Group total	243,693	18,443	1,592	263,728

	31 March 2019 Trust and Group			
	Held at amortised cost £000	Held at fair value through other comprehensive income £000	Held at fair value through profit and loss £000	Total book value £000
Trade and Other Receivables Not Including Non-Financial Assets	116,948	0	0	116,948
Other Investments	0	0	2,513	2,513
Cash and Cash Equivalents	154,563	0	0	154,563
Trust total	271,511	0	2,513	274,024
Charitable Fund: financial assets	6,480	19,550	0	26,030
Group total	277,991	19,550	2,513	300,054

29.2 Carrying values of financial liabilities

	Other Financial Liabilities	
	31 March 2020 Trust and Group £000	31 March 2019 Trust and Group £000
	Held at amortised cost	Held at amortised cost
Borrowings Not Including Finance Leases and PFI Obligations	98,601	103,370
Obligations Under PFI Contracts	313,027	324,203
Trade and Other Payables Not Including Non-Financial Liabilities	171,312	148,968
Provisions Under Contract	21,520	12,579
Trust total	604,460	589,120
Charitable Fund: financial liabilities	330	429
Group total	604,790	589,549

29.3 Maturity of Financial Liabilities

	31 March 2020 Trust £000	31 March 2020 Group £000	31 March 2019 Trust £000	31 March 2019 Group £000
In One Year or Less	198,488	198,818	171,556	171,985
In More Than One Year But Not More Than Two Years	19,706	19,706	19,542	19,542
In More Than Two Years But Not More Than Five Years	77,076	77,076	73,096	73,096
In More Than Five Years	309,190	309,190	324,926	324,926
Total	604,460	604,790	589,120	589,549

30 Losses and Special Payments

30.1 Losses and Special Payments Incurred

	2019/2020		2018/2019	
	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
Thefts	**1**	**1**	0	0
Bad Debts and Claims Abandoned	**164**	**520**	476	399
Stores losses	**12**	**77**	12	71
Compensation Payments Under Legal Obligation	**4**	**87**	1	9
Ex Gratia Payments	**99**	**214**	59	69
Totals	**280**	**899**	548	548

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 and Social Care'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.

Occasionally specific Capital Expenditure, can be funded by additional PDC being issued to the Trust. During the year the Trust has received £4.214m comprising of £1.919m for IT Schemes, £1.857m medical equipment, £0.307m COVID 19 isolation pods and £0.13m building works (£1.489m for IT schemes in 2018/2019)

As outlined at Note 1.28 to these Accounts, a PDC Dividend of 3.5% per year is payable by the Trust to the Department of Health and Social Care 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.
- Revaluation Reserve, which reflects 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 change in value in the current financial year. The Statement of Financial Position shows the cumulative unrealised gain since the initial investment was made.

32 Consolidation of Charitable Funds - Reconciliation of Charity Accounts to Consolidation Figures - Statement of Financial Activities / Statement of Comprehensive Income

	Per Charity Accounts 2019/2020	**Consolidation Consistency Adjustments year to 31 March 2020**	**Figures Used in Consolidated Accounts 2019/2020**	Per Charity Accounts 2018/2019	Consolidation Consistency Adjustments year to 31 March 2019	Figures Used in Consolidated Accounts year to 31 March 2019
	Total Funds £000	**Total Funds £000**	**Total Funds £000**	Total Funds £000	Total Funds £000	Total Funds £000
Income From:						
Donations and Legacies	**7,772**	**0**	**7,772**	7,780	0	7,780
Investments	**594**	**0**	**594**	413	0	413
Total	**8,366**	**0**	**8,366**	8,193	0	8,193
Expenditure on:						
Raising funds	**1,577**	**0**	**1,577**	1,634	0	1,634
Charitable activities	**6,842**	**262**	**7,104**	6,586	217	6,803
Total	**8,419**	**262**	**8,681**	8,220	217	8,437
Net (loss)/gain on investments	**(1,107)**	**0**	**(1,107)**	543	0	543
Net income/(expenditure)	**(1,160)**	**(262)**	**(1,422)**	516	(217)	299
Total Funds Brought Forward	**18,094**		**25,687**	17,578		25,388
Total Funds Carried Forward	**16,934**		**24,265**	18,094		25,687

Note 1.4 details the reason for the requirement to adjust the values relating to the Charity, when consolidating into the Group Accounts.

The main adjustment is due to the Charity Accounts being completed following the accounting rules detailed in the Statement of Recommended Practice (SORP). This includes accounting for expenditure including any commitments made. The Group accounts are based on International Financial Reporting Standards (IFRS), which does not include the commitment accounting. Therefore, for the purpose of the consolidation the Charity accounts are amended for this difference. These are the consolidation adjustments included note 32 and 33.

33 Consolidation of Charitable Funds - Reconciliation of Charity Accounts to Consolidation Figures - Statement of Financial Position

	Per Charity Accounts 31 March 2020 £000	**Consolidation Consistency Adjustments 31 March 2020 £000**	**Figures Used in Consolidated Accounts 31 March 2020 £000**	Per Charity Accounts 31 March 2019 £000	Consolidation Consistency Adjustments 31 March 2019 £000	Figures Used in Consolidated Accounts 31 March 2019 £000
Fixed Assets						
Tangible Assets	**71**	**0**	**71**	82	0	82
Investments	**18,447**	**0**	**18,447**	19,554	0	19,554
Debtors	**18**	**0**	**18**	0	0	0
Total Fixed Assets	**18,536**	**0**	**18,536**	19,636	0	19,636
Current Assets						
Debtors	**774**	**0**	**774**	931	0	931
Cash at Bank and in Hand	**7,559**	**0**	**7,559**	5,550	0	5,550
Total Current Assets	**8,333**	**0**	**8,333**	6,481	0	6,481
Current Liabilities						
Creditors Falling Due Within One Year	**(9,691)**	**7,087**	**(2,604)**	(7,560)	7,130	(430)
Net Current Assets	**(1,358)**	**7,087**	**5,729**	(1,079)	7,130	6,051
Total Assets less Current Liabilities	**17,178**	**7,087**	**24,265**	18,557	7,130	25,687
Non - Current Liabilities						
Provision for Liabilities and Charges	**(244)**	**244**	**0**	(463)	463	0
Total Net Assets	**16,934**	**7,331**	**24,265**	18,094	7,593	25,687
Funds of the Charity						
Restricted Income Funds	**11,947**	**7,331**	**19,278**	10,908	7,593	18,501
Unrestricted Income Funds	**2,730**	**0**	**2,730**	3,822	0	3,822
Revaluation Reserve	**2,257**	**0**	**2,257**	3,364	0	3,364
Total Charity Funds	**16,934**	**7,331**	**24,265**	18,094	7,593	25,687