Manchester University
NHS Foundation Trust

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Annual Report covering 1st October 2017 to 31st March 2018

Manchester University NHS Foundation Trust
Annual Report and Summary Accounts - 1st October 2017 to 31st March 2018

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

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Contents

	Page
Welcome from our Chairman and Chief Executive	6
1 Performance Report	10
• 1.1 Overview of performance	10
• 1.2 Performance analysis	20
2 Accountability Report	43
• 2.1 Directors' Report	43
• 2.2 Remuneration Report	62
• 2.3 Staff Report	73
• 2.4 Activity Reports	84
• 2.5 NHS Foundation Trust Code of Governance disclosures	93
• 2.6 Regulatory ratings	103
• 2.7 Statement of Accounting Officer's responsibilities	104
• 2.8 Annual Governance Statement	106
3 Quality Report	121
4 Auditors' Reports	171
5 Foreword to the Accounts	180
6 Annual Accounts	181

Welcome from our Chairman and Chief Executive

We are very pleased to welcome you to the first report from our new organisation, Manchester University Foundation Trust (MFT). Our Trust was established on 1st October 2017, following the merger of Central Manchester University Hospitals NHS Foundation Trust (CMFT) and the University Hospital of South Manchester NHS Foundation Trust (UHSM), and covers the first six months in the life of the new organisation.

MFT brings together outstanding people, resources and expertise to provide much better, safer, more consistent hospital care for people living in the City of Manchester, Trafford, and beyond.

Our Trust includes all the hospitals that were previously part of CMFT and UHSM: Manchester Royal Eye Hospital, Manchester Royal Infirmary, Royal Manchester Children's Hospital, Saint Mary's Hospital, The University Dental Hospital, Altrincham Hospital, Trafford General Hospital, Wythenshawe Hospital, Withington Community Hospital, plus Community Services. North Manchester General Hospital (which is currently part of The Pennine Acute Hospitals NHS Trust) will join us in the second half of 2019/2020, subject to due diligence, agreement of financial plans and approval of business cases.

The merger was the culmination of two years of discussion and planning to deliver a comprehensive Single Hospital Service (SHS) to the communities we serve. We would like to say a huge thank you to everyone who has been involved in ensuring the process ran smoothly, and acknowledge the hard work, commitment and support shown by our staff, leadership teams, partner organisations and regulators. You can read more about the rationale behind developing the SHS, the benefits it will bring to patients, their families and our staff plus the next steps on page 16.

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

Teams from across our services and sites are already working together in new and beneficial ways, and you can read more about this on pages xx to xx. In the face of the significant challenges facing NHS services across the country, we are committed to delivering treatment and care to the highest safety and quality standards. This means we need to work productively, manage our resources efficiently and also balance the books. You can read more about the work of our Transformation and Quality teams in helping us to achieve this on page 51 onwards.

Thanks to the hard work of a great many people, we are pleased to report that our financial position is a surplus for the year of £17 million. You can see detailed financial information in the Financial Statements from page 181 onwards.

A number of fundamental things will not change as a result of the merger. Our culture of openness and transparency will continue to ensure we report situations where care does not meet the high standards we set, and that we share the lessons learned. We will also maintain our commitment to recruiting and retaining great people, offering them support, development and training opportunities as they build their careers at MFT. You can read more about this in our Staff Report on page 74.

Our 20,000 staff are contributing to developing the values and behaviours of our new Trust, through a series of workshops and engagement sessions. Everyone has a chance to share their ideas and views. At the recent MFT Excellence Staff Awards, we had a wonderful opportunity to hear about compassion, empathy, pride and many other key NHS values in action. Over 400 individuals and teams were nominated for awards for going the extra mile to help our patients, their families and each other.

We would particularly like to congratulate the overall winner Dena Hartley, Community Nursery Nurse in the Central Community Services team. Dena is an exemplary role model who works selflessly to improve the wellbeing of the families that she looks after. She is an integral member of her team, who stands out for her consistently positive approach.

Alongside developing our people, investment is continuing in new facilities and services for our patients. February 2018 saw the official opening of the new Manchester Royal Infirmary Endoscopy Unit following major refurbishment. The unit has been completely transformed, providing much improved facilities for patients and staff and full compliance with best practice guidelines. A £17m expansion scheme will ultimately double the size of Wythenshawe Hospital’s Emergency Department (phase 1 opened in May 2018). The Macmillan Cancer Information and Support Centre at Wythenshawe is also undergoing a major refurbishment programme.

Some of this facilities development work has been funded through our Trust Charity, which now brings together colleagues from UHSM and CMFT into a single charity team. Our thanks go to everyone who has supported our fundraising activities, including patients, their families, staff, patrons, businesses and the wider public. Their contributions enable us to support excellence in research, treatment and care across all our hospitals and community services.

This ranges from the £3.9 million helipad now being constructed on the Oxford Road campus to a fleet of 163 new wheelchairs for Wythenshawe Hospital and Withington Community Hospital. Charitable funds also helped to create more patient-friendly areas in outpatient clinics and on our wards. In addition, over £90,000 has been invested in supporting research and innovation, with a focus on developing and rolling out new healthcare technology.

Charitable support is a key component of our ambitious research and innovation programme to discover and deliver new treatments and diagnostics. Together with our academic partner The University of Manchester, our clinical and research teams are making significant progress in the field of precision medicine. This will ultimately enable us to deliver a personalised combination of drugs, surgery or other therapies to each patient, making the treatment more effective and giving people better outcomes. Find out more about our research activity on pages 90 to 92.

Precision medicine is an exciting area of research with a great deal of potential, and Manchester's strengths in genomics, drug discovery, medical technology and informatics mean our patients are getting rapid access to the latest treatments. The expansion of our biomedical campus on Oxford Road with the building of Citylabs 2.0 and 3.0 over the next three years will also attract both medical technology and biomedical start-ups and established international companies in all these fields.

Looking ahead, 2018 is a very special year as the NHS celebrates its 70th birthday. On 5th July 1948, the first NHS general hospital opened in Trafford, and is still part of our Trust today. We will be commemorating this landmark with many activities involving staff, patients, our members and the communities we serve during the year.

There is still a lot of hard work ahead of us as we continue the post-merger integration process, but the commitment and hard work of everyone at MFT is set to make this a landmark year in many ways. Together, we can look forward to a very positive future and to developing the reputation of Manchester University NHS Foundation Trust for delivering excellent clinical care and world-leading research.

Kathy Cowell OBE DL
Chairman

Sir Michael Deegan CBE
Chief Executive

About Us

Manchester University NHS Foundation Trust (MFT) is one of the largest acute Trusts in the UK, employing over 20,000 staff following the merger of Central Manchester University Hospitals NHS Foundation Trust and University Hospital of South Manchester NHS Foundation Trust.

We are responsible for running a family of nine hospitals across six separate sites, providing a wide range of services from comprehensive local general hospital care through to highly specialised regional and national services.

The reason for merging these two Trusts was to address a number of health inequalities in our region and 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 benefits of creating MFT include:

- Consistently high standards of services at all hospitals
- Better continuity of care wherever patients are treated
- Joined-up patient records and IT systems
- More opportunities to attract and keep the best staff
- Increased opportunities to attract research and funding.

We are the main provider of hospital care to approximately 750,000 people in Manchester and Trafford and the single biggest provider of specialised services in the North West of England. We are also the lead provider for a significant number of specialised services including Breast Care, Vascular, Cardiac, Respiratory, Urology Cancer, Paediatrics, Women's Services, Ophthalmology and Genomic Medicine.

Our vision is to improve the health and quality of life of our diverse population by building an organisation that:

- Excels in quality, safety, patient experience, research, innovation and teaching
- Attracts, develops and retains great people
- Is recognised internationally as a leading healthcare provider.

1 Performance Report

1.1 Overview of performance

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

Chief Executive's Statement – Sir Michael Deegan

The period from 1st October 2017 has been one of significant transition and integration, but during this time everyone at MFT has kept a clear focus on the basics. Business and service continuity plans have ensured patients remain safe and continue to receive high quality care from our staff, who in turn feel well supported.

Delivering the comprehensive integration programme covering Day 1 to Day 100 of the post-merger period has been a challenge, but thanks to effective leadership and huge commitment from all our staff it has been implemented successfully. The Board and our management teams have also ensured that financial deliverables and the continued development of our clinical service strategy have remained a priority.

The merger happened at the same time as winter pressures on our urgent and emergency care services began to escalate. A combination of robust planning and staff going the extra mile to do their absolute best for our patients ensured we responded well to these pressures.

We put a number of measures in place during the winter season, including:

- Opening additional beds where safe to do so
- Additional ward rounds at weekends
- Improved flow of patients to Trafford Hospital and Gorton Parks Care Home.

One of the immediate benefits of our new merged Trust is the ability to use our capacity more flexibly between Manchester Royal Infirmary (MRI) and Wythenshawe Hospital.

I am pleased to report that a new leadership structure has been implemented for MFT, drawing on existing talent from the two previous Trust and also attracting high calibre leaders to join us from across the UK. We now have:

- A Board of Directors which includes the Chairman, Non-Executive and Executive Directors
- A Council of Governors
- A Management Board (GMB)
- A team of hospital/services Chief Executives.

Our financial position has remained challenging since October, but an active turnaround programme has continued to achieve cost savings and increased productivity.

MFT performance highlights for the second half of 2017/18 include:

- Celebrating 50 years since the first kidney transplant was performed at Manchester Royal Infirmary, in March 1968. MRI now has the largest kidney transplant unit in the UK and has performed over 6,500 transplants to date
- A new approach pioneered by colleagues in Pharmacy and Surgery to improve medication management before and after major surgery. The enhanced surgical medicines optimisation service (known as ESMOS) is reducing complications and boosting patient recovery.
- MFT clinicians from the stroke centres at Wythenshawe Hospital, Trafford General Hospital and MRI working together to create a joint vision for delivery of stroke services.
- Research led by Professor Gareth Evans, Consultant in Medical Genetics and Cancer Epidemiology at MFT, leading to the development of a new test to accurately predict breast cancer risk in women who do not test positive for BRCA1/2 gene mutations.
- The launch of the inaugural MFT Excellence Awards, which recognised and celebrated the outstanding work of individuals and teams in 11 categories, from Unsung Hero and Rising Star to Inspirational Leader and Apprentice of the Year.
- MFT participation in the successful iMATCH (Innovate Manchester Advanced Therapy Centre Hub) consortium, which was awarded £6.8m by Innovate UK, the government's innovation agency. The funding will ensure more patients benefit from a new generation of disease-fighting drugs for cancer, genetic and degenerative diseases.

Activity summary

The tables below give an indication of the number of patients we have treated during the second half of 2017/18, and details of waiting times for treatment. (There are no comparative figures for the 2016/17 financial year, or the first six months of 2017/18, as MFT has only existed since 1st October 2017.)

All data is for 1st October 2017 to 31st March 2018

1. Accident & emergency attendances

A&E attendances	203,651
Clinic attendances	2,033
Total	**205,684**

2. In-patient/day case activity

In-patient (non-elective)	66,180
In-patient (elective)	16,684
Day cases	66,428
Total	**149,292**

Day cases as a % of elective activity	79.93%
Day cases as a % of total activity	44.5%

3. In-patient waiting list

	In- patient	Day case	Total
Total on waiting list	4,340	17,723	**22,063**
Patients waiting 0-12 weeks	2,467	11,640	**14,107**
Patients waiting 13-25 weeks	963	3,422	**4,385**
Patients waiting over 26 weeks	909	2,662	**3,571**

4. Out-patient activity

Out-patients first attendances	242,727
Out-patients follow-up attendances	629,123
Total	**871,850**

5. Bed usage

Average in-patient stay 4.6 days

How our performance is regulated and monitored

MFT's performance is regulated by two national statutory bodies: the Care Quality Commission and NHS Improvement (NHSI). You can read much more about this in the Quality Report (page 122 onwards).

We are also part of local monitoring and governance arrangements. Locally, MFT sits within both the Manchester and Trafford local health economies (LHEs). The Manchester and Trafford LHEs are also partners within the Greater Manchester Health and Social Care Partnership.

Manchester LHE

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

The long-standing and well developed engagement arrangements between the predecessor organisations across the City of Manchester have been retained under the new organisational arrangements. During 2017/18 they included:

- Manchester Health & Wellbeing Board – chaired by the leader of Manchester City Council, this Board brings together Chairs of the health and social care providers and commissioners across Manchester. It sets the overarching strategy for health improvement and the development of health and social care services.

- Board and Executive Team to Team meetings – regular bilateral meetings of the Trust and local commissioner executive teams throughout the year.

Trafford LHE
The new organisation has retained the well-established working relationships with senior colleagues at Trafford CCG and Local Authority. It is expected that these two organisations will merge in April 2018, to form a single integrated commissioner for health and social care.

Trafford Health and Wellbeing Board – MFT is now represented on the statutory Health and Wellbeing Board which is a sub-committee of Trafford Council.

Key issues and risks for MFT – and how we manage them
During 2017/18 (1st October to 31st March), the Trust identified a number of issues and risks that could affect the delivery of our services. These are listed and covered in greater detail in the Annual Governance Statement (page 107 onwards). The Trust's Risk Management Committee, chaired by the Chief Executive, meets bi-monthly to ensure these risks are monitored and addressed.

What's happening across Greater Manchester and managing external risks
MFT sits within the Greater Manchester (GM) region. The conurbation is made up of ten local health economies. Greater Manchester faces some very significant challenges related to health and wellbeing, for example:

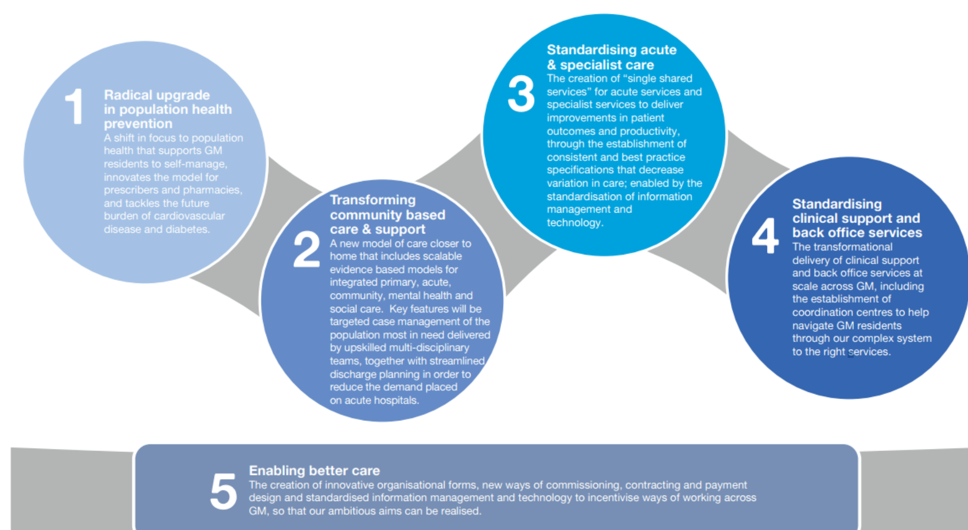
- People die younger than people the same age who live in other parts of England
- Cardiovascular and respiratory illnesses mean people become ill at a younger age
- The number of older people, who often have multiple long term health issues to manage, is growing
- Many people are treated in hospital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

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

The health and social care organisations across GM believe that these challenges can best be met by working in partnership to take charge of spending and decision-making locally. In April 2016 the Greater Manchester Health and Social Care Partnership (GMHSCP) was established and took control of the combined health and social care budget for GM for five years, a sum of more than £6 billion.

The aim of the Partnership is to achieve the greatest and fastest improvement to the health, wealth and wellbeing of the 2.8 million people living in Greater Manchester. In order to achieve this, there needs to be a radical change in how health and social care are provided. The Partnership received funding which is to be used to support the transformation of the health and social care system. Five key changes have been agreed that need to take place to transform the health and social care system.

These are known as ‘transformation themes’ and are shown below:



What does this mean for MFT?
The key strategic changes for MFT sit under transformation themes 2, 3 and 4 and are shown in the table below:

Theme	Description	Implications for MFT
Theme 2	Transforming care in localities	Creation of Manchester Local Care Organisation Trafford Local Care Organisation
Theme 3	Standardising acute and specialised services	Development of Single Hospital Service for Manchester
		Implementation of Healthier Together
		Creation of specialty chains
Theme 4	Standardising clinical support and back office services	Pathology reconfiguration
		Radiology reconfiguration

Theme 2: Transforming care in localities

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

From April 2018 it will co-ordinate care across primary, community and secondary settings and will initially focus upon six key population groups:

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

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

An interim executive team was appointed to lead the Manchester Provider Board's work to establish the MLCO. The Board has cross-sector representation from MFT and other provider trusts, Manchester Health and Care Commissioning, GP Federations, the VSCE sector and housing. A care strategy is being developed to sit within the overall 'Our Manchester' strategy.

During the past year the integrated neighbourhood teams have been mobilised. Resources are mobilised around getting the MLCO infrastructure up and running. The final two quarters of 2017/18 saw the MLCO move towards shadow working, to test structures and systems and processes prior to the April 2018 'go live', when a number of commissioning responsibilities and health and social care services transferred into the MLCO.

The table below provides a high level summary of the services which the MLCO will take responsibility for managing and delivering over the next three years:

	2018/19	**2019/20**	**2020/21**
Services (both provided and commissioned)	• Majority of adult social care (direct provision) • Majority of community health services across the city • Extended primary care services	• Primary care services • Remainder of adult social care direct provision • Small amount of health provision	• Remainder of adult social care direct provision (very small)
Contracts	• Majority of health contracts	• Majority of social care contracts • Remainder of health contracts • Continuing care in mental health	• Mental health contract related to community provision • Remainder of social care contracts

The MLCO has started to lay and embed the foundations for a fundamentally different way of delivering out of hospital care, through the integration of health and care services across communities in Manchester. Examples of this include:

Developing Integrated Neighbourhood working

- 12 Integrated Neighbourhood Teams (INTs) have been established to develop shared care plans for people in our priority cohorts, who should receive a coordinated approach to manage their circumstances.

- Alignment of primary care with other services to supporting primary care resilience and integrated working. This will lead to a standardised approach for service planning and delivery at the locality and city level, ensuring a managed interface with the Single Hospital Service and Greater Manchester Mental Health NHS Foundation Trust.
- Population health is integrated in our approach. This is demonstrated by our commitment and plans of establishing a new model of neighbourhood leadership utilising the strengths within the communities and neighbourhoods. This is core to the MLCO and has been designed in collaboration with partners, including the Voluntary, Community and Social Enterprise (VCSE) sector.

Establishing the Manchester LCO as an organisation

- Ensuring the safe transfer of services to the MLCO in 2018/19.
- Testing the management arrangements and delegations detailed within the Partnering Agreement with partner organisations.
- Work with local and national partners to progress the procurement of the MLCO and Contract Award to achieve the ambitions set out within the MLCO prospectus.

Full mobilisation of Manchester LCO transformation programmes (new models of care)

During 2017/18 the MLCO has developed and implemented various new models of care that have been funded through the GM Transformation Fund. Some of these schemes, such as High Impact Primary Care (HIPC), have become operational in parts of the city and all schemes will be rolled out in 2018/19. These schemes have been designed to improve the performance of system-wide challenges such as:

- Hospital attendances & admissions
- Delayed Transfers of Care
- Out of area placements
- Financial challenges
- Health inequalities.

Theme 3: Standardising acute and specialised services

Single Hospital Service (SHS)

Our new hospital Trust was established to provide improved care for patients in the City of Manchester, Trafford and the wider communities we serve.

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

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

Here are some examples of how our clinical and non-clinical staff are already starting to collaborate to make improvements to our services for patients:

- Patients with kidney stones who have been seen at Manchester Royal Infirmary (MRI), Trafford General Hospital or Altrincham Hospital are now being offered the option of treatment at Wythenshawe Hospital, and for many this will mean faster and more convenient care. The Wythenshawe site has its own specialist lithotripsy machine, which uses ultrasound to shatter kidney stones, avoiding the need for surgery.
- Radiology teams from across sites are developing a shared on-call rota to deliver increased staff coverage throughout the week. They are also creating more consistent standards for reporting scan results.
- Doctors and nurses from Saint Mary's and Wythenshawe Hospital are developing a dedicated urgent gynaecology surgery list at Wythenshawe. Patients will have the choice of the next available surgical appointment at either site for the first time, meaning quicker treatment and a reduced risk of their condition worsening.

Now that MFT has been established, the process to bring North Manchester General Hospital (NMGH) into the new Trust has commenced. This is expected to complete in the second half of 2019/20. All key stakeholder groups will be kept informed of progress with the integration work at MFT and developments in transferring NMGH to complete the SHS programme. You can read more about this on page 23.

Service Strategy

A key challenge for the Single Hospital Service will be to ensure that we capitalise on the unique strengths of the new organisation to develop as a centre of excellence for clinical services, research and education and to deliver high quality, leading edge healthcare to our patients. We have started a programme of work to develop a Service Strategy. This will outline our long term ambitions and how we will achieve them, for the Group as a whole and for the constituent clinical services.

Healthier Together

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

MRI will be the 'hub site' with 24/7 A&E and a full emergency general surgical team will be on site 24/7 to undertake emergency general surgery. Wythenshawe Hospital will still assess and care for the majority of acutely ill patients but will not undertake any emergency or high risk elective general surgery.

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

Progress to March 2018 includes:

- Development of a detailed operational plan describing how the service will work day to day
- Drafting routine and emergency clinical pathways and clinical guidelines, to understand how patients will be cared for at every step in their pathway
- Analysis of activity and capacity planning to make sure that services are timely and well-prepared
- Due diligence exercise completed across both sites
- Ensuring mechanisms are in place to provide a fair and equal service for all patients
- 'Patient Partnership Group' set up to work with patients and carers directly
- Implementation of a Colorectal Cancer Multidisciplinary Team (MDT) across both hospitals
- Engagement with GM Oesophago-gastric cancer service transformation
- A working group has been established to develop the central site ambulatory care service
- Appointment of an Emergency General Surgery Lead Clinician who will lead the development of surgical ambulatory care across MFT.

Specialty Chains

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

This approach is likely to be applied in the more specialist areas such as children's surgery. During 2017/18 we commenced projects to review services at a Greater Manchester level in vascular services, breast services and paediatrics.

Theme 4: Standardising Clinical Support

New GM imaging system

In 2016, ten Trusts across GM, including East Cheshire, formed a consortium for the procurement of a replacement picture and archiving system (PACS), which is the system used to transfer medical images electronically across hospitals.

A GM Project Board has been formed with representatives from each of the ten Trusts. The Board is producing a case for change that describes expected costs of implementing a new system, and the benefits this will achieve for patients. The Board is also overseeing a collaborative procurement process for the new software. The new PACS contract will be awarded in June 2018, with the first systems launching in late autumn.

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

Going concern
After making enquiries, the directors have a reasonable expectation that 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
Chief Executive
23rd May 2018

1.2 Performance analysis

Our operational performance

Following the establishment of our new Trust, the initial focus was on ensuring that all services continued to be delivered safely and effectively, with minimal disruption to patients, visitors and staff. Progressively, the emphasis has switched to delivering the planned merger benefits, and a robust governance framework has been put in place to oversee this process.

At the same time, progress is being made on the second stage of the Single Hospital Service Programme – transferring North Manchester General Hospital (NMGH) in to MFT to complete the creation of a single FT providing hospital services to Manchester, Trafford and surrounding areas.

- **Integration Programme**

The integration work is set out in the Trust's Post Transaction Integration Plan (PTIP) and delivery has been managed by the Integration Oversight Group (IOG) which is chaired by the Director of the Single Hospital Service Programme. Three integration steering groups support the work of IOG, each chaired by an Executive Director:

- Corporate Integration Steering Group
- Clinical Governance and Risk Steering Group
- Operational and Transformation Steering Group.

In the autumn of 2017, the IOG established an Integration Management Office (IMO). The IMO has a co-ordinating role in providing oversight and assurance of integration work streams and projects. An online programme management tool has been embedded by the IMO to support this process. Currently there are 90 integration projects containing more than 1,900 milestones. Integration work streams and projects were grouped according to the timelines for deliverables: prior to day 1; day 1 to 100; day 100 to year 1; and year 1 and beyond.

Corporate Integration Steering Group

All of the corporate integration plans for day 1 were successfully delivered at the point of merger and all other plans remain on track. Examples of the key milestones delivered by this steering group include:

- Completion of a Governor nomination/election process leading to a new Council of Governors
- Appointment of a substantive MFT Board of Directors
- Development of a new management structure and recruitment of hospital leadership teams
- Review of core IT systems and options appraisal for IT solutions moving forward including workforce IT systems
- Establishment of a change consultation forum with staff side
- Integration of communication channels
- Production of a single equality and diversity accountability structure.

Clinical Governance and Risk Steering Group
This area of work is concerned with ensuring that all regulatory processes and statutory requirements are integrated within the new Foundation Trust. All day 1 plans were successfully delivered including the creation of priority policies for the new organisation.

A plan to harmonise all other corporate clinical policies has now been developed and this will be implemented over year 1. Revised safeguarding and infection control committees are in place and work continues to establish Group/Hospital site clinical governance structures.

Registration with the CQC was successfully obtained in time for the merger, and the clinical governance and risk work stream is preparing for an anticipated CQC inspection in the coming year.

Operational and Transformation Steering Group
This steering group oversees the development and delivery of 41 clinical integration projects, which are organised into 27 clinical work streams. The projects range in size and scale from the relatively small, such as improved utilisation of the lithotripter (kidney stone treatment) at Wythenshawe Hospital, to the large and highly complex programmes of work required to deliver significant service improvement.

Approximately 40% of these clinical integration projects are now in the delivery phase with benefits and milestones clearly defined and implementation underway. Within these projects there were 16 deliverables which were required by day 100. The remaining projects are going through a development process of clinical engagement, scoping, testing and service review/due diligence. Notable progress in the clinical projects for the first 100 days includes:

- Introduction of the first new urgent gynaecology theatre lists at Wythenshawe Hospital, providing improved access and choice for women who require surgical management of their miscarriage.
- Introduction of lithotripsy lists for Manchester Royal Infirmary patients at Wythenshawe Hospital.
- Pooled day case waiting lists for urology patients offering increased choice and reducing waiting times for common procedures.

Clinicians and managers from across MFT have been engaged in refining the clinical benefits that are planned to be delivered in year 1 and year 2, and also in identifying other opportunities to improve services. Opportunity packs have been developed for all clinical services. These identify how services across the new Trust compare, and highlight the potential for levelling up to the best. This work is aimed at reducing variation in standards of care so that patients receive optimal care wherever they are treated within MFT.

A significant amount of work has been done for the year 1 and year 2 projects which mainly represent the complex, strategic changes. In these cases it is vital that the integration planning and delivery is aligned with the development of the Trust's service strategy as well as Greater Manchester strategies such as Theme 3 (standardisation of acute and specialist services).

As part of the drive for improvement in the next phase of integration doctors, nurses and other key staff are working on a range of projects to introduce benefits for patients. These will be subject to monitoring and include:

- **Cardiac services:** plans for the implementation of the acute coronary syndrome and heart rhythm benefits are well developed, and a full service review will be completed in April to June 2018.
- **Trauma and Orthopaedics:** a full option appraisal for the delivery of elective orthopedic surgery and fractured neck of femur improvements was developed during March 2018.
- **Gastroenterology/endoscopy:** clinical teams have been working together on developing shared pathways for common conditions, and a service review of endoscopy was complete during February 2018, focusing on capacity and demand.
- **Stroke:** more detailed planning is being progressed for delivery of a 7 day Transient Ischaemic Attack (mild stroke) service, and proposals are also in development to coordinate the repatriation of Manchester patients from the specialist (hyper acute) Stroke Centres.

In addition to the planned integration work, the formation of the new organisation has given staff the opportunity to work together more closely to find new ways to improve care. These emergent benefits include facilitating transfer of patients from Wythenshawe to Trafford Hospital for specialist rehabilitation, supporting diverts of urgent care patients between the Wythenshawe and MRI Emergency departments during periods of unusually high demand, and ensuring timely assessment of cancer patients in haematology.

- **North Manchester General Hospital (NMGH)**

The second stage in the creation of a Single Hospital Service is to transfer NMGH, currently part of Pennine Acute Hospitals NHS Trust (PAHT), into MFT.

In October 2017, NHS Improvement (NHSI), the sector regulator for health services in England and the statutory vendor of PAHT, outlined its proposal for the NMGH site and services to be acquired by MFT, and for Salford Royal NHS Foundation Trust (SRFT) to acquire the Oldham, Bury and Rochdale hospital sites to join its group of healthcare services, called the Northern Care Alliance NHS Group (NCA).

A Transaction Board has been created to oversee this process, and this is chaired by Jon Rouse, Greater Manchester Health and Social Care Partnership (GMH&SCP) Chief Officer. Membership of the Board comprises senior representatives from NHSI, GMH&SCP, PAHT, SRFT, MFT, Manchester Health and Care Commissioning (MHCC), and all Clinical Commissioning Groups (CCGs) and local authorities on the current Pennine Acute Trust footprint.

The process for MFT to acquire NMGH will be complex and will require a significant degree of co-operation and partnership work across a range of stakeholders. To assist with this, the proposed transaction will be governed by the NHSI Transaction Guidance which was re-issued in November 2017.

Based on the criteria described in the guidance, the acquisition of NMGH by MFT will be classed as a significant transaction, and therefore be subject to a detailed NHSI review. This review will be a two stage process involving the development of a Strategic Case followed by the production of a Full Business Case. Further work will also be required to obtain clearance from the Competition and Markets Authority (CMA).

MFT remains committed to the NMGH acquisition process and we are continuing to collaborate effectively with all stakeholders to ensure the transaction can be delivered at the earliest practicable opportunity.

Performance governance

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

In addition, some indicators carry financial penalties if we do not achieve the required outcomes. More detailed information about these measures, and our performance against them during the second half of 2017/18, is in the Quality Report on page 122 onwards.

- **External**

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

- **Internal**

MFT has a corporate governance structure in place to support the achievement of good performance against our key standards. The Trust Board of Directors is responsible for the oversight of MFT performance, which is underpinned by a number of Committees that provide scrutiny, risk management and seek assurance that standards will be achieved. Operational groups are in place that focus on planned and emergency/urgent care delivery, the outcomes of which feed into organisational committees and the Board of Directors.

In addition, to support oversight of the wider group of Hospitals and Managed Clinical Services (MCS) post-merger a new Single Operating Model was developed which describes how the Hospital Sites/MCS will function and interact with the Group Executive Directors.

This is underpinned by the **Accountability Oversight Framework** (AOF) which contributes to the overarching Board Governance Framework enabling the Trust's Board of Directors to fulfil its obligations and effectively run the organisation

The purpose of the AOF is to provide a fair and transparent means of understanding performance across the Group, identifying areas of good and poor performance, and allowing Group Executives to direct Group resources to support improvement in areas of greatest need.

The AOF comprises performance metrics against six key domains of: Patient Experience, Safety, Workforce and Leadership, Operational Excellence, Finance and Strategy. Each month the Hospitals/MCS are assigned an AOF rating against each of these domains based on their performance, which is aggregated into an overall Hospital/MCS rating which determines the level of recognition, intervention and support required.

The AOF levels range from 1 (low risk) to 6 (high risk). A Hospital rated 1 will have earned autonomy, and 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 Site/MCS Executive team ranges from six monthly (lowest risk) to monthly (highest risk).

The AOF ratings and outcomes are reported to the Group's Executive Team and the Quality and Performance Scrutiny Committee (Q&PSC)/Finance Scrutiny Committee. This enables the Q&PSC to use this intelligence alongside the Trust Board Assurance Report to identify any areas that require further scrutiny and assurance. A summary of the AOF is also shared with the Group Non-Executive Directors.

The corporate structure noted above, including the AOF, is mirrored within hospitals and services, which have in place Boards to oversee how they are performing against their strategy, plans and agreed standards and indicators. This is underpinned by operational meetings that focus on the day to day management of care and service delivery.

The Trust corporate performance team strengthens organisational governance through supporting regular external and internal auditing of Trust data to ensure compliance with national reporting rules. The team ensures that learning and best practice from outside MFT is considered for adoption, and liaises with the Trust external Regulator and Commissioners on performance issues. It is also a source of expertise and independent opinion on national standards and reporting rules for hospitals and services, and provides extra capacity and support when they need to improve performance.

Performance Reporting

Information on organisational performance is available to Board members and Governors through the online Board Assurance Framework system, in a clear Red, Amber, Green (RAG) rated graphical format.

Each Executive Director has responsibility for a range of indicators related to their areas of operation, and monitors progress on resolving any issues identified. The data within the system feeds the monthly Board of Directors integrated Trust Board Assurance Report that comprises quality, patient safety and experience, operational performance, human resources and financial performance.

The report provides oversight of trends and historical performance, 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 and Performance Scrutiny Committee (Q&PSC) and Group Management Board. This enables the Q&PSC 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.

Identifying and responding to trends

All Trust performance reporting to the Board, Committees and underpinning operational groups includes trend analysis to provide early identification of any deterioration or positive improvement in performance.

Using our reporting and analysis system, we are continually tracking both performance and demand and adjusting our services to deliver the patient care that is needed.

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

Our financial performance

Due to the merger the Trust was required to prepare six month accounts for the period from 1st October 2017 to 31st March 2018.

The Trust's financial out-turn (before finance costs) for the six months to 31st March 2018 was an operating surplus of £37.5m, with a surplus for the period after finance costs of £17m. This performance substantially exceeded the plan for the period.

The Trust's financial plan for 2017/18 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 of '1', as a result of our Liquidity Rating and Income and Expenditure Margin being better than plan.

During the period to 31st March 2018 we delivered £41.5m of savings against a plan of £42m.

The Board has approved a Financial Plan for 2018/19 which contains a forecast surplus of £32.8m for this financial year, in line with the Control Total set for the Trust by NHS Improvement. As a result, the Trust's Use of Resources rating under NHS Improvement's Single Oversight Framework will remain at '2' (the second strongest level) in 2017/18.

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.

Our impact on the environment

Please see pages 83 to 87 for our Sustainability Report.

Social, community and human rights issues

Please see pages 87 to 89 for our Equality, Diversity and Inclusion Report.

Recognising exceptional performance by our staff

The outstanding performance, skills and innovation of a wide range of MFT staff have been recognised with regional, national and international awards during the second half of 2017/18. The individuals and teams who won these accolades included:

- **Manchester Royal Eye Hospital research team** was awarded TOP-It Trophy for exceeding the target to recruit patients to the national Azure study of wet age-related macular degeneration (AMD) treatment.
- **Professor Dian Donnai** of Saint Mary's Hospital, received the Arno Motulsky-Barton Childs Award for Excellence in Human Genetics Education from the American Society of Human Genetics
- **Researchers** from across MFT won five awards in the Greater Manchester Clinical Research Awards 2017.
- **The breast team at Wythenshawe Hospital** were recognised in the Macmillan Professionals Excellence Awards 2017 in the Service Improvement category. They have transformed aftercare for women with breast cancer across Manchester.

- **Adam Walker**, chief paediatric audiologist at Trafford General Hospital, was named as Paediatric Audiologist of the Year Award in the British Academy of Audiology awards 2017.
- **Adrian Roberts**, Chief Finance Officer at the Trust, was named Finance Director of the Year in the Healthcare Financial Management Association Awards.
- **Kris Bailey**, Advanced Nurse Practitioner in Cardiology at MRI, was named 2017 Referee of the Year by the British Journal of Cardiac Nursing, for his commitment and dedication to the journal as a peer reviewer.
- **Roselyn Hirst**, Senior Chief Cardiac Physiologist at MRI, received a British Empire Medal in the New Year's Honours list for services to the NHS.
- The **Wythenshawe Hospital Careers Engagement team** gained a Talent Match Gold Award, and the **Greater Manchester NHS Careers Hub**, hosted by MFT, collected the Silver award at an event run by Talent Match and Youth Employment UK.
- The **MFT Quality Improvement team** were winners in the Staff Engagement/Improving Staff Experience at the national Patient Experience Network Awards.
- **Alex Heazell**, Professor of Obstetrics and Director of the Tommy's Stillbirth Research Centre at Saint Mary's Hospital, won the GSK Star Researcher Award, presented by baby charity Tommy's.

We are also very proud of the huge contribution made by MFT colleagues as part of the ongoing pan-Manchester response to the Manchester Arena attack. This has been recognised with a number of national awards made to the NHS and emergency services teams who went the extra mile to care for and support the victims, their families and each other. Our staff were among groups of colleagues invited to accept the awards on behalf of all the teams involved:

- Health Service Journal Patient Safety Award (July 2017)
- 'Women of the Year' awards (October 2017): eight women representing Manchester's emergency services (Greater Manchester Police, British Transport Police, the NHS and the North West Ambulance Service) accepted an award (below).

- Nursing Times Awards: a special award was accepted on behalf of all the NHS staff who were involved in the response to the Manchester and London terror attacks (November 2017)
- Pride of Britain Awards (Nov 2017)
- Daily Mail Health Heroes (Nov 2017)

In March 2018, we held the inaugural **MFT Excellence Awards** to recognise individual staff and teams who go the extra mile to care for patients and their families and to support colleagues. Over 400 nominations were received, showcasing wonderful examples of compassion, commitment and amazing teamwork. Overall winner Dena Hartley was chosen by Chief Executive Sir Michael Deegan (below) to receive the Outstanding Achievement Award from among all the 23 finalists and winners. Dena is a Community Nursery Nurse and was recognised for being an extremely kind and motivated person who shows great respect, compassion and empathy when working with some of the most deprived families in Manchester.

Chairman Kathy Cowell with the Podiatry Administration Team (Non-clinical Team of the Year) and the Wythenshawe Lung Cancer Team (Clinical Team of the Year)

Involving our Members and Governors in monitoring our performance

As an NHS Foundation Trust, we are accountable to our members (who include our patients, staff and stakeholders). This means that we are able to respond much more quickly and effectively to the identified needs of our patients and their families. One of the key benefits of being an NHS Foundation Trust is that those living in the communities that we serve can become members.

Our Membership Community is made up of both public (including patients and carers) and staff members. On 31st March 2018, we had 21,734 public members and 21,894 staff members, giving an overall total membership of 43,628 members.

From these members, Governors are elected to our Council of Governors, to represent their interests and influence the Trust's future plans. Members play an important role in ensuring that our services accurately reflect the needs and expectations of the communities that we serve.

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.

Public membership

Public membership is voluntary, free and 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	8,082
Trafford	3,172
Eastern Cheshire	814
Rest of Greater Manchester	7,311
Rest of England & Wales	2,355
Total	**21,734**

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.

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 and aims to ensure that our public membership is representative of the communities that we serve by addressing any natural attrition and membership profile gaps. This is facilitated each year by a targeted annual recruitment campaign.

In early 2018, a review of the Trust's membership profile was undertaken from which a targeted public member recruitment campaign was held during February 2018 and successfully completed in March 2018. As part of this campaign, around 1,400 new public members were recruited, resulting in positive outcomes being achieved across each targeted profile group namely: young people (11 – 16 and 17 – 21 years), adults (22 - 59 years), males in addition to the following Ethnic Groups; White including Gypsy or Irish Traveller and Other, Mixed, Asian, Arab, Black and Chinese.

Public Membership Analysis Data – 31st March 2018

	Membership 2018/19	%
Age		
0 – 16	588	2.7
17 – 21	1,174	5.4
22+	18,381	84.6
Not Stated	1,591	7.3
Ethnicity		
White	14,974	68.9
Mixed	459	2.1
Asian or Asian British	2,303	10.6
Black or Black British	1,065	4.9
Other	204	0.9
Not Stated	2,729	12.6
Gender		
Male	9,085	41.8
Female	11,431	52.6
Not Stated	1,218	5.6
Recorded Disability	1,860	8.6

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.

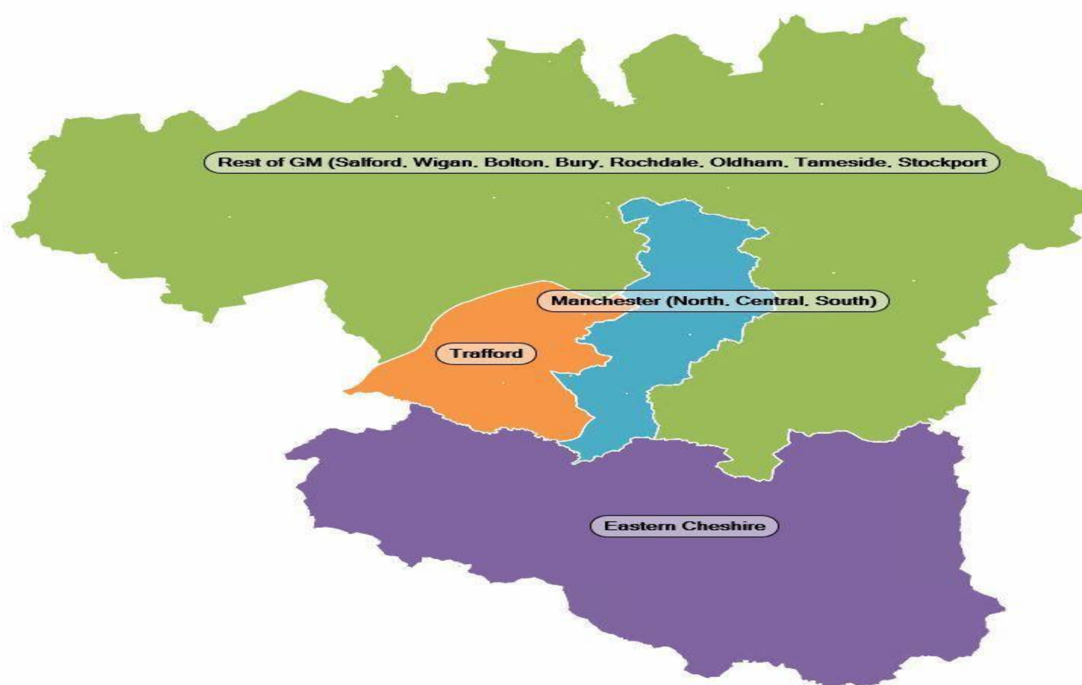
Total Public Membership (31st March 2018) = 21,734 (1591 members with no stated age, 2729 members with no stated ethnicity and 1218 members with no stated gender).

In addition to upholding our membership community, the Trust also strives to actively engage with members so that their contribution and involvement is turned into tangible service benefits thus improving our overall experiences for patients. Membership engagement is facilitated via our strong working relationship with our Governors and by developing engagement best practice methodologies with two key annual membership events usually being held over the course of a year namely, Annual Members' Meeting and Young People's Event.

In order to welcome members to MFT and formally announce and introduce to them their newly elected and nominated Council of Governors, a Special Members' Meeting was held on 6th December 2017 which was hosted by the Group Chairman and also included a presentation from the Chief Executive Officer to update members on the Single Hospital Service programme of work and plans for the future.

The meeting was focused on the theme 'Keeping Well this Winter' with Trust staff and external partners showcasing information stands and provided advice on how to keep well through the winter. MFT's inaugural Special Members' Meeting also provided an opportunity for members and the public to engage with both the Board of Directors and Council of Governors with around 100 members and the public attending.

Going forward, Governors will support the Board of Directors in monitoring membership engagement and our membership community/representation via the newly formed Governors' Membership and Engagement Sub-Group to ensure natural attrition and profile short-fallings are identified and any addressed and at which membership engagement and recruitment initiatives will also be developed with key updates being provided to the Board of Directors via the Group Chairman.



Staff membership

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 can opt out if they wish to do so.

The Staff Member constituency is subdivided into 4 staff classes:

Staff classes	*Number of staff members*
Medical & Dental	2,024
Nursing & Midwifery	6,520
Other Clinical Staff	6,817
Non-Clinical & Support	6,533*
Total	**21,894**

** This figure includes clinical academics, facilities management contracted and non-contracted staff and full head counts which include bank staff and staff on zero hours contracts.*

As an NHS Foundation Trust, we are committed to engaging with both our members and the public, through opportunities such as:

- Attending interactive Membership Events such as our Annual or Special Members' Meeting and Open Day for Young People
- Talking to Governors at our membership events and participating in interactive questionnaires
- Joining our Youth Forum
- Becoming a Hospital Volunteer
- Receiving information about our hospital charities and becoming involved in fundraising events
- Sharing views on our future priorities and participating in our Forward Planning process
- Contacting Governors to share views and opinions about our hospital services
- Receiving information and updates about the Trust's plans, services and achievements through our Foundation Focus Newsflash (membership newsletter) and via our Membership/Governor webpages.

Membership aim & key priorities

Our membership aim and key priorities are:

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

Priorities:

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

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 on the Trust's website (www.mft.nhs.uk) or available from the Foundation Trust Membership Office (contact: ft.enquiries@mft.nhs.uk or 0161 276 8661).

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

Governors hold our 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.

You can read more about the role of Governors and how they represent our members at https://mft.nhs.uk/the-trust/governors-and-members/information-about-governors/

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 election turnout data is at: https://mft.nhs.uk/the-trust/governors-and-members/elections/.

Successful candidates were announced at our inaugural Special Members' Meeting held on 6th December 2017 and formally commenced in post after the meeting. Lead Governor elections were held during December 2017 with Dave Edwards (Public Governor – Greater Manchester) elected for a one year term of office. The results were formally announced at the inaugural Council of Governors' Meeting on 20th December 2017 and he formally commenced in post after the meeting.

Members of the Council of Governors 2017/18
An elected Governor may hold office for a period of up to three years, with Transitional Governors holding office for periods determined in accordance with the Trust's Constitution.

Transitional Elected Public Governors – Elected 2017		
Name	**Constituency**	**Term of Office**
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

Transitional Elected Public Governors – Elected 2017		
Janet Heron	Manchester	2 years ending 2019
Dr Syed Ali	Manchester	2 years ending 2019
John W Churchill	Manchester	2 years ending 2019
Jane Reader	Trafford	3 years ending 2020
Christine Turner	Trafford	2 years ending 2019
Chris Templar	Eastern Cheshire	3 years ending 2020
Ivy Ashworth-Crees	Rest of Greater Manchester	3 years ending 2020
Karen Morris	Rest of Greater Manchester	3 years ending 2020
Cliff Clinkard	Rest of Greater Manchester	3 years ending 2020
Stephen Caddick	Rest of Greater Manchester	2 years ending 2019
Dave Edwards (Lead Governor - for one year term of office)	Rest of Greater Manchester	2 years ending 2019
Dr Anthony Nixon	Rest of England & Wales	1 year ending 2018
Andrew Whyte	Rest of England & Wales	1 year ending 2018

Transitional Elected Staff Governors – Elected 2017		
Name	**Class**	**Term of Office**
Dr Matthias Schmitt	Medical & Dental	3 years ending 2020
John Cooper	Nursing & Midwifery	2 years ending 2019
Jacky Edwards	Nursing & Midwifery	3 years ending 2020
Alix Joddrell-Banks	Other Clinical	2 years ending 2019
Geraldine Thompson	Other Clinical	3 years ending 2020
Rachel Koutsavakis	Non-clinical & support	2 years ending 2019
Colin Owen	Non-clinical & support	3 years ending 2020

An Appointed (Nominated) Governor may hold office for a period of up to three years, and these Governors are nominated by partner organisations and groups:

Nominated Governors – Nominated 2017		
Name	**Organisation nominated by**	**Term of Office**
Chris Boyes	Trafford Borough Council	3 years ending 2020
Dr Jenny Myers	The University of Manchester	3 years ending 2020
Tracey Rawlins	Manchester City Council	3 years ending 2020
Circle Steele	Manchester BME Network	3 years ending 2020
Brooke Taylor	MFT Youth Forum	3 years ending 2020
Graham Watkins	MFT Volunteer Services	3 years ending 2020
To be appointed	Third Sector Umbrella Organisation	
To be appointed	Manchester Health and Care Commissioning	

Nominated Governor Term of Office Ended during 2017/18:

- Dr Faizan Ahmed – Manchester Health and Care Commissioning – Nominated 2017 with Term of Office ending March 2018

Full details about Governors' term of office are outlined in the Trust's Constitution and more information about MFT's Council of Governors is at https://mft.nhs.uk/the-trust/governors-and-members/information-about-governors/

If you are interested in standing for election as Governor, you can find out more about the process and criteria at https://mft.nhs.uk/the-trust/governors-and-members/information-about-governors/

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

- 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.

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.

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

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

Governors in action

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

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

You can contact Governors through our Foundation Trust Membership Office in the following ways:

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

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

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

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

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

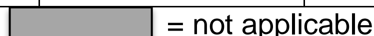
Our Constitution outlines the clear policy and fair process for the removal from our Council of Governors, any Governor who has an actual or potential conflict of interest which prevents the proper exercise of their duties. A copy of MFT's Constitution is available via 'The Trust' webpage https://mft.nhs.uk/the-trust/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

Governor attendance at Council of Governor Meetings 2017/18

Governor name/title	20th December 2017	14th February 2018
Dr Faizan Ahmed - Nominated Governor (Manchester Health and Care Commissioning)	X	X
Dr Syed Ali - Public Governor (Manchester)	✓	X
Ivy Ashworth-Crees – Public Governor (Rest of Greater Manchester)	✓	✓
Jayne Bessant – Public Governor (Manchester)	✓	✓

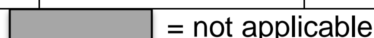
Governor name/title	20th December 2017	14th February 2018
Cllr Chris Boyes – Nominated Governor (Trafford Borough Council)	✓	✓
Stephen Caddick – Public Governor (Rest of Greater Manchester)	✓	✓
John W Churchill – Public Governor (Manchester)	X	✓
Cliff Clinkard - Public Governor (Rest of Greater Manchester)	✓	✓
John Cooper – Staff Governor (Nursing and Midwifery)	✓	X
David Edwards – Public Governor (Greater Manchester)	✓	✓
Jacky Edwards – Staff Governor (Nursing and Midwifery)	✓	✓
Janet Heron – Public Governor (Manchester)	✓	✓
Alix Joddrell-Banks – Staff Governor (Other Clinical)	✓	X
Michael Kelly – Public Governor (Manchester)	✓	✓
Rachel Koutsavakis – Staff Governor (Non-Clinical and Support)	✓	✓
Karen Morris – Public Governor (Rest of Greater Manchester)	✓	✓
Dr Jenny Myers – Nominated Governor (Manchester University)	X	X
Dr Anthony Nixon – Public Governor (Rest of England and Wales)	✓	✓
Colin Owen – Staff Governor (Non-Clinical and Support)	✓	✓
Tracey Rawlins - Nominated Governor (Manchester City Council)	✓	✓
Jane Reader – Public Governor (Trafford)	X	✓
Sue Rowlands – Public Governor (Manchester)	✓	✓
Suzanne Russell - Public Governor (Manchester)	✓	X
Matthias Schmitt – Staff Governor (Medical and Dental)	✓	✓
Circle Steele – Nominated Governor (Manchester BME Network)	✓	✓
Brooke Taylor – Nominated Governor (Youth Forum)	X	X
Chris Templar – Public Governor (Eastern Cheshire)	✓	X
Geraldine Thompson – Staff Governor (Other Clinical)	✓	✓
Christine Turner – Public Governor (Trafford)	✓	✓

Governor name/title	20th December 2017	14th February 2018
Graham Watkins – Nominated Governor (Volunteer Services)	X	✓
Andrew Whyte – Public Governor (Rest of England & Wales)	✓	✓

✓=attended X= did not attend  = not applicable

Director attendance at Council of Governor Meetings 2017/18

Director name/title	20th December 2017	14th February 2018
John Amaechi Non-Executive Director	X	X
Professor Dame Susan Bailey Non-Executive Director	✓	✓
Darren Banks Executive Director of Strategy	✓	✓
Roger Barlow Non-Executive Director	✓	
Dr Ivan Benett Non-Executive Director	X	X
Julia Bridgewater Chief Operating Officer	✓	✓
Barry Clare Deputy Chairman/Non-Executive Director	✓	X
Kathy Cowell Chairman	✓	✓
Sir Michael Deegan Chief Executive	✓	✓
Nic Gower Non-Executive Director	X	X
Gill Heaton Deputy Chief Executive	✓	✓
Margot Johnson Executive Director of Workforce & OD	✓	✓
Professor Cheryl Lenney Chief Nurse	✓	✓
Chris McLoughlin Senior Independent Director/ Non-Executive Director	✓	✓
Silas Nicholls Deputy Chief Executive	✓	X
MissToli Onon Joint Medical Director	✓	X
Professor Robert Pearson Joint Medical Director	X	X
Trevor Rees Non-Executive Director	X	X
Adrian Roberts Chief Finance Officer	✓	✓

✓=attended X= did not attend  = not applicable

Key priorities and performance for 2018/19

This year we have approached annual planning differently to reflect our evolving leadership arrangements. The **vision and strategic aims** which set out what we would want the organisation to look like in the longer term have been set at the MFT Group level. The **key priorities**, the 'must-dos' for the coming year, have been set by each Hospital/Managed Clinical Service and have formed the basis of the Annual Plans that they are each developing. This ensures that we have alignment across the Trust, at the same time as giving the Hospital/Managed Clinical Services the autonomy to decide on what their priorities should be based on their own local circumstances.

The Trust's overarching Operational Plan sets out in detail how our corporate departments plan to meet all our quality, operational and financial requirements for 2018/19. Our summary operational plan will be available on our website in July 2018 (www.mft.nhs.uk).

The three tables below show our key priorities for 2018/19 by Hospital/Managed Clinical Service:

	KEY PRIORITIES FOR 2018/19 BY HOSPITAL/MANAGED CLINICAL SERVICE (MCS)	
MFT STRATEGIC AIMS	Manchester Royal Infirmary (MRI)	Wythenshawe, Trafford, Withington, Altrincham (WTWA)
To complete the creation of a Single Hospital Service for Manchester/ MFT with minimal disruption whilst ensuring that the planned benefits are realised in a timely manner	To be the leading provider of specialist services within GM	Transitional period to the new reporting and accountability arrangements and beyond through: • Providing leadership to ensure clinical, operational and management focus during a period of significant organisational change. Contribute to and help inform the Group Service Strategy programme.
To improve patient safety, clinical quality and outcomes	Consistently deliver all key operational / access targets while maintaining operational excellence. Deliver excellent patient services founded on patient safety, experience and engagement using evidence based practice and embedding the MFT values	To improve patient safety and clinical outcomes through delivering safe harm free care, Reduction in Never events, 7 day services, Nurse recruitment and retention, Ward accreditation programme. To plan a review of CQC standards. Improved performance against key access targets through; Ambulatory Medicine Receiving Unit development / redesign, extended Surgical Ambulatory Care Receiving Unit service, delivery of an Integrated Discharge Team.
To improve the experience of patients, carers and their families	Align capacity and infrastructure to demand in the right location and improve efficiency through a robust change programme improving the service experience for patients and staff.	To improve patient experience through implementation of a patient experience plan that will include the rollout of 'What matters to me', patient survey/Friends and Family Test action plans, implementation of Group outpatient standards. Development of the Wythenshawe Site Masterplan Programme. Deliver the Wythenshawe Emergency Department development.
To develop single services that build on the best from across all our hospitals		Ensure that developments are implemented in an effective manner, including: • integration of Trafford and Altrincham into WTWA, changes associated with the Managed Clinical Service (MCS) and Divisional structure changes • implementation of Healthier Together.
To develop our research portfolio and deliver cutting edge care to patients	Align and direct all audit, research and clinical effectiveness learning across all specialties to improve patient care.	Support the delivery of Group Director plans for Corporate areas Alignment with Group strategy and delivery of key WTWA research priorities
To develop our workforce enabling each member of staff to reach their full potential	Develop a committed, engaged and skilled workforce who are motivated to provide high-quality services to patients and each other.	Develop tailored staff engagement programmes. Continue to create a flexible workforce: • Team job planning, medical workforce programme • Physician Associates, Advanced Nurse Practitioners • New Trainee Nurse Associate roles, Apprenticeships programme.
To achieve financial sustainability	Ensure the hospital can sustainably meet its financial plans while delivering high-quality services	Delivery of the agreed 18/19 Hospital Financial Plan.

	KEY PRIORITIES FOR 2018/19 BY HOSPITAL/MANAGED CLINICAL SERVICE (MCS)	
MFT STRATEGIC AIMS	Royal Manchester Children's Hospital (RMCH)	Clinical Support Services (CSS)
To complete the creation of a Single Hospital Service for Manchester/ MFT with minimal disruption whilst ensuring that the planned benefits are realised in a timely manner	Deliver a single service for paediatric care across WTWA and RMCH	Maintain operational/clinical management focus during transition to new reporting and accountability arrangements Implement an effective and visible clinical, nursing and operational leadership team deliver performance and safe/effective services. MCS Transformation to support Single Hospital Service (SHS), 7 day services, Local Care Organisation, Healthier Together, GM Hospital Pathology, Pharmacy and Radiology transformation and NHSI Hospital Pharmacy Transformation plans.
To improve patient safety, clinical quality and outcomes	Deliver Proton Beam Therapy Service by August 2018 Deliver business cases for Intraoperative Magnetic Resonance Imaging scanner by May 2018 Deliver business cases for Paediatric Emergency Department Develop and deliver a Hospital @ Night model	Develop the capability and capacity to deliver the MFT Medicines Optimisation Strategy. Establish robust processes to ensure all key performance indicators are met and recovery plans are in place for areas of challenge e.g. MR capacity Establish an Improving Outcomes Guidance (IOG) fully compliant Haematological Cancer Diagnostic Partnership (HCDP) service.
To improve the experience of patients, carers and their families	Deliver Referral to Treatment (RTT) performance Deliver an improvement on the Diagnostic Waiting Time Target Ensure Gold rated Wards as part of the Ward Accreditation Programme Undertake 'Perfect weeks' in targeted specialities.	Develop a service model which addresses the shortfall in Magnetic Resonance Imaging capacity which is currently experienced by both the Oxford Road and Wythenshawe sites. Continuation of the Clinical Sciences Building estates works (Oxford Road/ Wythenshawe) ahead of Managed Equipment Service re-equip. Continued reduction in the requirement for blood transfusion. Focus on reduction in cancellation of elective high risk surgery.
To develop single services that build on the best from across all our hospitals	Ensure alignment of Theme 3 priorities during 2018/19.	To effectively deliver the SHS integration workstreams to improve/standardise services & reduce variation. Supporting compliance with statutory & regulatory requirements in pharmacy, pathology and radiology Support and engagement with the IT Strategy - GM PACS procurement and EPR
To develop our research portfolio and deliver cutting edge care to patients	Develop a Hospital Research Strategy by March 2019 Deliver Gene Therapy trial during 2018/19.	Reconfiguration of the cytology department and tender response submitted ahead of the 2019 human papillomavirus (HPV) conversion.
To develop our workforce enabling each member of staff to reach their full potential	Complete the Aston Organisational Development programme by Complete appointments to Senior Leadership Team Deliver the annual communications plan during 2018/19 Implement a learning and development programme for consultant staff.	Develop a communication and engagement strategy to ensure all staff are supported through the transition and informed of Trust/MCS developments. Deliver against our Human Resources Key Performance Indicators and the workforce strategy including the introduction of team job plans. Reduce locum spend via Bank, Variation Order use, recruit to turnover and a new Allied Health Professional/Healthcare Scientist direct hire contract.
To achieve financial sustainability	Deliver the control total by March 2019.	Maintain effective financial management to ensure month/year end surplus and trading gap contribution delivered.

	KEY PRIORITIES FOR 2018/19 BY HOSPITAL/MANAGED CLINICAL SERVICE (MCS)		
MFT STRATEGIC AIMS	University Dental Hospital of Manchester (UDH)	Manchester Royal Eye Hospital (MREH)	Saint Mary's Hospital
To complete the creation of a Single Hospital Service for Manchester/ MFT with minimal disruption whilst ensuring that the planned benefits are realised in a timely manner	Transformation portfolio		Accountability oversight framework delivery work programme.
To improve patient safety, clinical quality and outcomes	Embedding and delivery of core standards within the Health and Care Act Promoting national leadership in patient safety Managed Clinical Networks and LCO	Embedding and delivery of core standards within the Health and Care Act. Deliver the Outpatient Improvement Programme. Deliver the Theatre Improvement Programme	CQC standards work programme. Development of Women's Health Ambulatory Care Centre. Embedding & delivery of core standards within Health and Care Act
To improve the experience of patients, carers and their families	Long-term estates requirement planning		Develop plans for relocation of Sexual Assault Referral Centre (SARC). Develop plans for relocation of IVF service. Continuation of 'What matters to me' patient and staff engagement.
To develop single services that build on the best from across all our hospitals	Commissioner engagement	Provide system leadership in GM	Continued development of the Obstetrics, Gynaecology, and Neonatal Managed Clinical Services.
To develop our research portfolio and deliver cutting edge care to patients			Mobilisation and delivery of the North West Genomics Hub Laboratory.
To develop our workforce enabling each member of staff to reach their full potential	Medical workforce development	Workforce Development	
To achieve financial sustainability	Service Line Reporting and income development	Sustain market position and extend where appropriate Ensure Financial Sustainability	

2. Accountability Report

2.1 Directors' Report

The MFT Board of Directors is responsible for preparing the Trust's annual report and accounts. We believe that, taken as a whole, the report and accounts is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess 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 that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Each Director has also:

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

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

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

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

Board of Directors' Profiles

All the Executive and Non-Executive Directors below had their transitional roles during the merger made substantive with effect from 20th December 2017.

Kathy Cowell OBE DL, Chairman
Kathy was Chairman at Central Manchester University Hospitals NHS Foundation Trust (CMFT) from November 2016 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, Deputy Chairman
Barry was previously Chairman of University Hospital of South Manchester NHS Foundation Trust (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, Chief Executive
Mike was previously Chief Executive at Central Manchester University Hospitals NHS Foundation Trust (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/

Gill Heaton OBE, Deputy Chief Executive
Gill joined CMFT and 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/

Silas Nicholls, Deputy Chief Executive
Silas joined University Hospital of South Manchester NHS Foundation Trust in December 2014 as Chief Operating Officer, becoming Chief Executive in November 2016. Having worked in the NHS since 1993, Silas has a wealth of experience and knowledge.
Read more at: https://mft.nhs.uk/people/silas-nicholls/

Professor Cheryl Lenney, 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/

Adrian Roberts, 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/

Julia Bridgewater, 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 Robert Pearson, Joint Medical Director
Bob has been a consultant surgeon at Manchester Royal Infirmary since 1990. He was appointed as CMFT Medical Director in 2010.
Read more at: https://mft.nhs.uk/people/professor-bob-pearson/

Miss Toli Onon, 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/

Margot Johnson, Director of Workforce and Organisational Development (OD)
Margot has worked in the NHS for almost 40 years, mostly within Human Resources. She has been an HR Director in a teaching hospital for over 14 years, and was previously the Executive Director of HR and Corporate Services at CMFT.
Read more at: https://mft.nhs.uk/people/margot-johnson/

Darren Banks, 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/

John Amaechi OBE, 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, 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, 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/

Nic Gower, 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, 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, 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/

Roger Barlow and Jane McCall were appointed as Non-Executive Directors during the merger process but stood down ahead of their roles being made substantive in December 2017.

Attendance at Board Meetings

	Nov 17	Jan 18	March 18
Kathy Cowell Chairman	✓	✓	✓
Barry Clare Deputy Chairman	x	✓	✓
Sir Michael Deegan Chief Executive	✓	✓	✓
Gill Heaton Deputy Chief Executive	✓	✓	✓
Silas Nicholls Deputy Chief Executive	✓	x	x
Professor Cheryl Lenney Chief Nurse	✓	✓	✓
Adrian Roberts Chief Finance Officer	x	✓	✓
Julia Bridgewater Chief Operating Officer	✓	✓	x
Professor Bob Pearson Joint Medical Director	✓	✓	✓
Miss Toli Onon Joint Medical Director	✓	✓	✓
Margot Johnson Director of Workforce & OD	✓	✓	✓
Darren Banks Director of Strategy	✓	✓	✓
John Amaechi Non-Executive Director	✓	✓	x
Professor Dame Sue Bailey Non-Executive Director	✓	✓	✓
Roger Barlow Non-Executive Director	✓		
Dr Ivan Benett Non-Executive Director	✓	✓	✓
Nic Gower Non-Executive Director	✓	✓	✓
Chris McLoughlin Non-Executive Director	✓	✓	x

	Nov 17	Jan 18	March 18
Jane McCall Non-Executive Director	✓		
Trevor Rees Non-Executive Director	x	✓	✓

✓=attended X= did not attend [grey box] = not applicable

The Trust maintains a Register of Interests for **Directors**, which is open to the public. This can be accessed on our website at www.mft.nhs.uk

The Trust maintains a Register of Interests for **Governors**, which is open to the public. This can be accessed on the Meet the Governors page of our website.

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

Financial compliance

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

The Trust has made no political donations during the period.

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

The Trust continues to process all ordering and receipting of goods and services via an electronic purchase to pay system and this is reflected in the overall performance. The results in 2017/18 were 88.8% by volume and 93.6% by value of invoices paid within the target of 30 days. No payments were made under the Late Payment of Commercial Debts (Interest) Act in 2017/18.

Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purposes. Manchester University NHS Foundation Trust has complied with this requirement and is satisfied that the income received from provision of non-NHS goods and services does not have any significant impact on the provision of NHS goods and services for the purposes of the health service in England.

Enhanced quality governance reporting

We have a number of arrangements in place to govern service quality, including our Board Assurance Framework, internal Quality Reviews, Quality Committee, Clinical Effectiveness Committee and Clinical Accreditation Programme. These are explained in more detail in the Annual Governance Statement on page 106 onwards.

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

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

- Research and innovation activities – pages 90 to 92 in the Performance Analysis
- The way we treat disabled staff – page 73 in the Staff Report
- Action on employee participation – page 74 in the Staff Report
- The use of financial instruments – note 28 in the Financial Statements

Patient care

Providing high quality, safe and compassionate care to patients and their families is at the heart of what we do each and every day.

We have listened to the views and experiences of our staff and patients, the wider public and our commissioners throughout our drive for consistent quality across all our services. Here are just some of the highlights of the quality improvement and service transformation programmes we have carried out over the past year.

1. ***New services and patient care projects introduced in 2017/18***

New services
You can read more about the new patient services we are delivering as part of the Single Hospital Service programme on page 16.

Quality Accreditation programme – a joint approach
Our Accreditation Programme is one of MFT's mechanisms for ensuring high quality care and the best patient experience.
The Accreditation process aims to provide a level of assurance for the Board of Directors that areas are consistently delivering high quality care.

The assessment process includes reviewing a series of defined standards and metrics within wards and departments across our hospitals. Areas include inpatient wards, day-case and treatment areas, critical care areas, theatres, dialysis units, community services and outpatient departments.

The Accreditation process within each legacy Trust was well embedded and identified ways of enhancing patient experience and recognising excellence. Both former Trusts had an established accreditation programme in place and, to ensure continuity, each Trust continued with their planned Accreditation Programme for 2017/18. As the processes, assessment criteria and scoring criteria for each previous Trust are different, for 2017/18 the results are being reported separately.

Central Manchester University Hospitals NHS Foundation trust (CMFT)
A hundred CMFT accreditations were undertaken from May 2017 to February 2018 and the results are below:

CMFT - April 2017 to March 2018		
	No	**%**
Gold	26	26%
Silver	65	65%
Bronze	9	9%
White	0	0%
Total	100	

University Hospital of South Manchester NHS Foundation Trust (UHSM)
At UHSM, 47 accreditations were from April to November 2017and the results are below:

UHSM- April 2017 to March 2018		
	No	%
Diamond	10	21%
Gold	3	6%
Silver	26	66%
Bronze	8	17%
White	0	0%
Total	47	100

Looking ahead
The former CMFT and UHSM Accreditation Programmes have been reviewed so we can 'take the best from both' to develop and align the MFT Accreditation Programme as part of the Single Hospital. The plans for alignment will come into effect from April 2018.

2. *Transforming Care for the Future programme*

A Transformation Strategy was approved by the Board of one of our predecessor Trusts (CMFT) in September 2014 and a three-year implementation plan was produced. This project is continuing at MFT, with the aim of ensuring we go from 'Good' to 'Great' by reaching the top decile for quality. Our 'Year 3 2017/18 Plan and Commitments' sets out how we will organise and deliver our transformation programme and management capability, in the context of delivering 'Transforming Care for the Future'.

Key successes during October 2017 to March 2018 were:

- Throughout week commencing 13th November 2017, staff and patients across MFT came together to celebrate **NHS Change Week.** Activities took place across all hospitals with over 400 staff visiting stands and 82 projects being showcased. We welcomed back members of the NHS Academy of Fabulous Stuff during the week, holding a Transform Together event at Wythenshawe opened by the Hospital Chief Executive and the Trust Chairman.

- In October 2017, as part of the Outpatient Transformation Programme, an **Outpatient Digitilisation Improvement Group** has been set up jointly chaired by Transformation and Informatics. This was as a result of a visioning workshop held in September to engage with all hospitals on the new technologies being planned and how these will impact operationally. The remit of the group is to ensure alignment of all the informatics workstreams that affect outpatients and covers e-referrals, self-check in kiosks, health records and clinical correspondence. An operational plan bringing together all the key milestones has been drafted for each hospital.

- Through the outpatient programme the **Did Not Attends** (DNA) have improved in Quarter 3 from Quarter 2 by **1%** going from **11.6%** to **10.6%** overall for new and follow-ups, with the biggest improvement seen within Royal Manchester Children's Hospital (RMCH).

- During Quarter 3, surgical teams have carried out **Perfect Weeks in theatres** in order to embed the elective pathway action cards to improve the experience for patients having surgery and reduce cancellations and lost theatre time. A workshop was held in early March 2018 to share the learning from all of the perfect weeks and refresh the elective standards to embed across the whole of MFT.

- Through the Elective Transformation Programme, an average of **100 more patients** per week have been operated upon overall across the Trust in Q3 compared to Q2, particularly across RMCH and Adult surgery, Manchester Royal Infirmary (MRI).

- The **MRI and RMCH capacity plans** have been produced each quarter, demonstrating that across the MRI length of stay (LoS) plans have delivered the equivalent of **25** beds, resulting in a reduced occupancy and **31** fewer beds used across RMCH. Maintaining momentum with these programmes during winter has been a continued focus.
- Following the merger, there are 27 integration workstreams with 40 projects to deliver patient benefits**.** These are now on WAVE and a single report is produced to track delivery of patient benefits which is reported to the Operations and Transformation Steering Group. Clinical workshops have taken place bringing clinical teams from across the merged organisation together, facilitated or support by Transformation:
    - Trauma and Orthopaedic Surgeon Workshop
    - Respiratory Workshop
    - Emergency Departments Urgent Care Workshop
    - Urology workshops
    - Gynaecology Workshop.

- **Get it Right First Time (GIRFT**) visits were held in Obstetrics and Gynaecology at Wythenshawe Hospital, Paediatric Surgery in RMCH and Ophthalmology during November 2017. Recommendations from all the visits to date are being gathered into one document to identify themes and areas of good practice.

3. Service improvements following staff/patient surveys and comments

Patient experience is one of the three dimensions of quality alongside patient safety and clinical outcomes, and can support a wide range of benefits for patients and healthcare organisations.[1] Moreover, feedback from patients and their significant others is recognised as a key component of clinical governance and therefore helps to provide assurance that our Trust is delivering safe and effective care.[2]

However, there is evidence to suggest that the importance of this feedback is often overlooked within NHS organisations. Historically, greater emphasis has been placed on components such as clinical audit, rather than ***'the voice of the patient'*** being at the heart of service improvement initiatives. [3]

Based on this evidence, MFT staff recognised the need to blend existing approaches with a revised 'patient-centred' approach to service improvement. In 2016 the CMFT Board of Directors approved a fresh approach to patient experience across the Trust, entitled ***What Matters to Me (WMTM)***. The goal of this work is for the Trust to be nationally and internationally renowned for excellence in providing each patient with a high quality experience, personal to them, at every point of contact.
In doing so, we are embracing a *'no decision about me without me'* ethos, in line with national guidelines[4].

In 2017, there was continued momentum across the Trust to embed the ***What Matters to Me*** approach across all services and in October 2017, the MFT Board of Directors agreed to roll-out the programme across the new Trust.
In February 2018, the first of a series of ***WMTM*** staff and patient engagement sessions took place at Wythenshawe Hospital, to introduce the ***WMTM*** programme

In addition to teams working independently to progress the programme, the Patient Experience Team have also supported this work to date. They have assisted teams across the organisation with engagement work to establish what matters most to staff and patients as individuals. A wealth of qualitative data has now been collated which will continue to shape the focus of service improvement initiatives in the coming months.

Recruitment of WMTM Programme Manager

In February 2018, a Programme Manager was recruited who is now leading the ***WMTM*** programme. As well as promoting the initiative and participating in engagement work, she will establish networks throughout the organisation. She will also work in partnership with others in order to ensure that ***WMTM*** emerges in new organisational strategies, documentation, educational programmes, the complaints and compliments process and the accreditation programme, as well as at planned events such as staff recruitment.

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[1] https://www.gov.uk/government/publications/high-quality-care-for-all-nhs-next-stage-review-final-report
[2] https://www.uhb.nhs.uk/clinical-governance-components.htm
[3] NHS Confederation. Feeling Better? Improving Patient Experience in Hospital (2010).
[4] Department of Health: Equality and Excellence: Liberating the NHS (2010)

WMTM will also form part of the new MFT values and behaviours. The Programme Manager will help to ensure that the initiative is inclusive of all staff groups, both clinical and non-clinical, as well as reaching the diverse patient groups who access the many services at MFT.

High performing teams and professional engagement sessions
A bespoke engagement session was undertaken initially and was led by Ice Creates, a team of behaviour change experts who helped to develop the programme. The aim of this element of the work was to understand what essential elements were present within known high-performing teams. The themes identified through this work will inform Trust wide developmental programmes, such as the Matrons Matter and Bee Brilliant programmes in order to spread the behaviours that create a climate for high performance. Ice Creates have now completed further staff engagement sessions at the Oxford Road and Trafford sites and the first session at Wythenshawe took place in February 2018. Further sessions are planned, to include staff and patients from Altrincham and Withington. As a result of this engagement work so far, six key themes have emerged around patient and staff experience:

Positive communication
Environment
Organisational culture
Professional excellence
Leadership
Employee wellbeing

One of these key themes will be highlighted every two months and aligned to the Bee Brilliant themes, where relevant. Weekly ***What Matters to Me*** articles feature in the Trust internal communication brief MFT iNews, to provide a focus for improvement work and to encourage continual change management.

Communicating through social media
Social media has been used extensively to communicate and publicise the programme and to reach out to a wider audience of staff and patients. This has created momentum and encouraged local ownership of the initiative. Information up until March 2018 indicates that there have been in excess of 10.4 million unique impressions of tweets using the hashtag ***#WMTM***. This activity demonstrates that people across the organisation have embraced the programme and are now taking the initiative to work collaboratively in many areas on improvement initiatives tailored to the needs of their own staff and patients, in direct response to individual feedback.

First Impressions Training Programme
Often, the first interaction a patient has with the Trust's services is with a receptionist or another member of Administrative and Clerical staff. In recognition of this key interface, an integral element of the ***WMTM*** work programme is to develop a 'First Impressions training programme' for administrative and clerical staff.

The programme has been designed collaboratively with input from the Organisational Development and Training Team, the Patient Experience Team and our administrative and clerical staff. This work will be instrumental in improving the quality of interaction with patients at their first point of contact with MFT.

The impact of *What Matters to Me*
Following the wide ranging work undertaken across the Trust by hospital teams, the WMTM programme is now starting to have a measurable impact upon patients' experiences and this continues to be monitored. For example, within Saint Mary's Hospital, work on ***WMTM*** has shown the following benefits:

- The number of complaints has reduced against the background of increased activity. For the six month period from April to September 2017, there were 55 complaints received in Saint Mary's. This compares to 70 during the same period the previous year and represents 21.4% fewer complaints.
- NHS Patient Opinion postings have increased and the number of negative posts has decreased.
- The number of complaints being resolved locally has increased.

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

4. Communicating with patients and carers

Friends and Family Test (FFT)

"How likely are you to recommend our service to friends and family if they needed similar care or treatment?"

The Friends and Family Test (FFT) is a single question survey which asks patients whether they would recommend the NHS service they experienced to friends and family who need similar treatment or care. The FFT is a significant feedback tool that supports the fundamental principle that people who use NHS services should have the opportunity to provide feedback on their experience. FFT results are published monthly on the NHS England and NHS Choices websites.

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

The FFT is a one of a number of tools used to collect feedback from patients, which is a rich source of information that we can use to identify and support local improvements.

Within our Trust we use the valuable FFT feedback alongside other data (such as our Quality of Care Round/Monthly Quality Audits, local Patient Experience Surveys and National Patient Surveys) to further inform continuous improvements that make a real difference to patients and their care.

The FFT is captured from patients through a number of different ways including: FFT postcards, electronic devices, kiosks, bedside TVs, online surveys and SMS text messaging.

During 2017/18 we:

- continued to promote FFT to ensure our patients can easily provide feedback in all our wards and departments
- continued collaborative working with staff across the organisation to promote FFT
- worked together to align processes for the mandatory reporting of FFT
- ensured our FFT KPI meeting supported the overall management of FFT within the Trust.

During 2018/19 we plan to implement easy read surveys for patients with learning disabilities and those with dementia.

FFT feedback from our patients
All our hospitals review their FFT response rates and comments from our patients to identify areas for local improvements. Comments from patients who have used our services across all our hospital sites from October 2017 to March 2018 include both positive feedback:

- *“Very pleasant experience.”*
- *“Caring, professional staff. Nothing was too much trouble. Excellent!”*
- *“The staff have always kept me informed about what is going on . Keep up the good work.”*
- *“Treatment was done in a timely manner. Nurses and doctors were friendly and professional.”*
- *“My daughter was looked after and seen very well. They assured me of my concerns.”*
- *“Staff are kind, caring and listen to both parents and child. They look after the whole family and have the skills to step in quickly if needed and work with other professionals.”*

- *“Always treated well with respect.”*
- *“I had CT biopsy and was treated very well by all the staff.”*
- *“From reception to Dr - excellent service.”*

and areas where we can continue to improve:

- *“Get some new trollies that make less noise, I found myself waking up by the clatter and rattling of them.”*
- *“Have medication ready on discharge.”*
- *“Could do better with better food.”*
- *“Reduce waiting times for medications.”*
- *“Car parking charges.”*
- *“Keep patients more regularly informed for theatre times.”*
- *“Dis-organisation, although nursing staff and HCA's are top class however some members of staff are not helpful.”*

The Corporate Team will continue to work in collaboration with all our Hospitals/Managed Clinical Services and frontline teams to support staff and provide advice on how to make best use of the resources available to collect FFT.

FFT Response and Results

Friends and Family Test Response and Results		
Area	**Response rate 2017/18 (October 2017 to March 2018)**	**Percentage of patients who were 'extremely likely' and 'likely' to recommend our services.**
Inpatients	27.5%	96.6%
Emergency Departments	17.8%	88.7%
Outpatients	N/A	94.5%
Community	N/A	98.5%
Maternity	N/A	98.1%

5. Complaints handling

Complaints, concerns, compliments & the complaint handling service
During the latter six months of 2017/18, work commenced to align and unify the complaint processes of the two legacy Trusts. A new Complaints Addendum has been ratified by the Trust Board of Directors which enables the previous complaints policies to remain in place until a new Trust Complaints Policy is ratified for MFT.

Throughout this period, there has also been a sustained effort to maintain the quality of the service provided and a focus on using learning from complaints, compliments and concerns to continuously improve the quality of our services.

Formal Complaints, PALS Concerns and Compliments
Complaints data was reported monthly to members of the MFT Board of Directors, and the Clinical Commissioning Group. In addition, we published in-depth Complaints Reports for MFT's first six months of existence.

This table shows number of Formal Complaints, PALS concerns and Compliments received from 1st October 2017 to 31st March 2018.

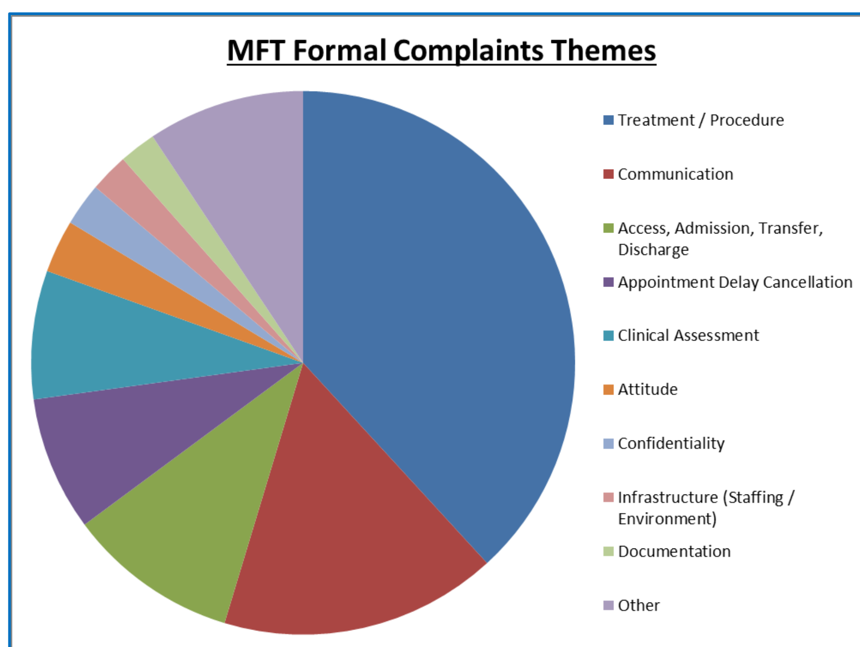
Formal complaints, PALS concerns and compliments

	1st October 2017 to 31st March 2018
Formal Complaints	819
PALS Concerns	2879
Compliments	421

Formal complaints received in the context of clinical activity

		Q3 and Q4 2017/18
Inpatients	Formal complaints received (FC)	310
	Finished Consultant Episodes (FCE)	215,336
	Rate of FCs per 1000 FCEs	1.44
Out-patients	Formal complaints received (FC)	362
	Number of appointments	1,223.874
	Rate of FCs per 1000 appointments	0.30
A&E	Formal complaints received (FC)	57
	Number of attendances	203,871
	Number of FCs per 1000 attendances	0.28

The themes and trends from complaints are reviewed at a number of levels. Each Hospital considers local complaints on a regular basis as part of their weekly complaints review meetings and monthly Quality Forums. Further analysis of complaint themes and trends is provided in quarterly complaints reports to the Board of Directors.



Parliamentary and Health Service Ombudsman (PHSO)

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

Closed and current PHSO cases

	Current cases under investigation at end of period	Closed cases during period	Number fully-upheld	Number partly-upheld	Number not-upheld/withdrawn
2017-18 (Q3 & Q4)	26	8	0	3	5

Patient feedback via Care Opinion and NHS Choices

During 2017/18, MFT has continued to provide individualised responses to all patient feedback received via the Care Opinion or NHS Choices websites. If ongoing care is affected the relevant clinical staff respond promptly to address the concern and improve the patient's experience. Local teams use the learning from this feedback to make any identified service improvements.

Single Hospital Service

Work continued during the second half of 2017/18 to align the complaints processes of the legacy Trusts, to ensure MFT remains compliant with the NHS Complaints regulations (2009).

During Quarter 3 of 2017/18, issues were identified within the Wythenshawe Hospital complaints process and recording system. Additionally, the service was impacted by an unplanned and significant reduction in the number of PALS staff. The issue has been defined, immediate action has been taken and an Improvement Programme is in place with a trajectory for improvement, which is monitored through the Accountability Oversight Framework.

During Quarters 3 and 4 of 2017/18, some aspects of the complaints management process have been devolved from the Corporate Team to individual Hospitals and Managed Clinical Services. This has included delegating the quality control process and the Chief Executive's sign-off for complaint responses to Hospital Chief Executives.

PALS and complaints education programme

Following previous successful educational sessions for frontline staff, further complaints educational sessions are being planned for 2018/19. These include a 'Writing Complaints Responses' course for staff at Wythenshawe Hospital in April 2018.

Complainants' Satisfaction Survey

The new National Complaints Satisfaction Survey for all complaints responded to started on 1st November 2016. The survey, which is based upon the ***'My Expectations'*** [2] paper, has been developed by the Picker Institute and is sent to complainants four weeks after the final Trust response and followed up with a two-week reminder.

Since implementation on the Oxford Road campus and at Trafford Hospitals, the response rate for the new survey has consistently been between 23 and 29%. Quarter 4 however has seen an increase in responses to surveys sent out, to 54%. This represents a significant increase when compared to the response rate of the previous satisfaction survey, which had an 8% response in Quarter 3 of 2016/17.

Survey results from Quarter 4 of 2017/18 indicate:

- 51% of complainants felt the outcome of their complaint was explained to them in a way that they could fully understand.
- 80% of complainants stated that they had a single point of contact at the organisation(s) complained to and they knew who to approach if they had any questions.
- 61% of complainants felt they were updated regularly about what was happening with their complaint.
- 79% of complainants felt they received an acknowledgement within an acceptable timeframe
- 50% of complainants said they received the outcome of their complaint within the given timescales.

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

Comments received include the following:

- *“I don’t think anything could have been done better after my complaint was raised; the necessary appointments were made for me and this gave me the peace of mind I needed, thank you.”*
- *“The complaints process was OK, it just took longer than expected, but overall it was good and my Case Manager was very helpful.”*
- *“A response by email would have also been sufficient.”*
- *“The outcome was repetitive and I did not feel it was fully accepting of the situation we had face excuses were made. However I did not take the matter further as it concerned one dreadful dept and the rest of the service in the hospital was excellent.”*

During Quarter 1 of 2018/19, the complaints satisfaction survey will be rolled out across Wythenshawe and Withington Hospitals.

Next steps
The Patient Service Team will continue to review, develop and improve our complaints handling processes, underpinned by our ***WMTM*** approach to improving patient experience.

6. Our Volunteer Service

Volunteers make a personal difference to patients, relatives and visitors through the help they provide to our frontline teams and in the direct support they offer.
The Volunteer service at the Oxford Road campus and Trafford Hospitals is now at the end of its three-year improvement programme. The overall number of volunteers at these sites on 31st March 2018 stood at 883, with a continued commitment to continue to recruit to maximise this number. In addition there are 426 volunteers at the Wythenshawe Hospital, giving a Trust total of 1,309 volunteers.

The new volunteering database implemented at the Oxford Road campus during 2017/18, *‘Better Impact’***,** continues to have a very positive impact on the day-to-day management of the Volunteer Service. MFT’s new volunteers Recruitment Day continues to be well evaluated. We are committed to rolling both these initiatives out across the entire Volunteer Service, to include Wythenshawe and Withington Hospitals, during Quarter 1 of 2018/19.

The Volunteer Service also continues to work towards accreditation under **‘Investors in Volunteers’**, a nationally recognised accreditation scheme for volunteer services. This scheme has now also been extended to include the Wythenshawe and Withington sites. This is very positive for the service and accreditation of the entire Volunteer Service will take place during 2018/19.

New roles under development during the second half of 2017/18 included a **‘Safe Space’** volunteer role within the Emergency Department at Manchester Royal Infirmary. This role involves trained volunteers working alongside clinical staff to support patients in their journey through our emergency services.
A further role under development is that of **‘Patient Dining Volunteer’** and a **‘Meal Time Assistant’** which support our focus on continuously improving our patients’ dining experience.

Priorities for the future

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

Stakeholder relations

MFT is a leading player in the GM health and care system which serves almost three million people. During 2017/18, our leadership team have built on the strong partnerships with key stakeholders established by the legacy Trusts, to deliver the best care for our patients, their families and the wider community.

You can read more about how we are working in partnership to deliver improved healthcare, develop services and consulting and communicating with local groups and organisations through the Single Hospital Service and other programmes – see pages 94 to 96.

7. Working in partnership to deliver improved healthcare

MFT is proud to work with a large number of partner organisations to share skills, innovation and resources, with the aim of delivering even better care to patients.

You can read earlier in this report about our work on establishing the Single Hospital Service and Local Care Organisation with partners in health and social care (pages 13 to 16). You can also find out more about our links with local groups and organisations on page 94 onwards.

Sir Michael Deegan CBE
Chief Executive
23rd May 2018

2.2 Remuneration Report

Annual report on remuneration

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

Annual statement on remuneration

During the first six months of MFT (October 2017 to March 2018), no new appointments were made to the role of Executive Director for MFT. One of the two Deputy Chief Executive Officers tendered his resignation at the end of March 2018 in order to take up a new CEO position in another NHS FT in the North West. This post currently remains vacant.

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.

Senior managers' remuneration policy

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 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. Individuals were given a choice about whether to remain on an Agenda for Change (AfC) payscale or move onto the new pay framework.

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

Where salaries of very senior managers exceed £150,000 per annum, 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 Chief Executive.

Similarly, the Chairman holds monthly one to one's with the Chief Executive. Any deficit in performance is identified during these regular meetings. Serious performance issues are managed via our organisational performance capability management policy.

Performance of the Non-Executive Directors (inc. 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.

Performance of the Chairman involves independent input into a clearly defined performance review process which ensures that the accountability arrangements of the Senior Independent Director (SID), Governors and Executive Directors are not compromised. An appraisal specialist (Independent of the Trust) is appointed by the SID and Executive Director of Workforce & OD; a Council of Governors Nominations Committee is selected; all Governors are invited to forward their views on the Chairman's performance to the Lead Governor who feeds these views directly to the External Assessor; a Governor Questionnaire is also shared with the Lead Governor and External Assessor; the Independent Assessor interviews the Chairman and also undertakes a 360° appraisal by interviewing a range of key stakeholders. The independent Assessor produces a report which is presented to the SID, who, in turn, shares the report's findings with the Governor Nominations Panel. Both the SID and the Lead Governor confirms to a formal meeting of the Council of Governors that the agreed Chairman's appraisal process has been completed satisfactorily and takes into account all views.

Appraisals led by the Chairman - for the Chief Executive and Non-Executive Directors – are also used as an opportunity to identify continuing professional development needs. No performance payment element has been paid to any of the Trust's Executive Directors during the second six months of 2017/18. Equally, there have been no payments to either Executive or Non-Executive Directors for loss of office.

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

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

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

Remuneration Committee (of the 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 Chief Executive, Executive Directors and Directors, i.e. those people in senior positions having authority or responsibility for directing or controlling the major activities of the Trust.

The Chief Executive and the Director of Workforce and Organisational Development (OD) 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 met on three occasions between October 2017 and March 2018. The purpose of these meetings was:

i). To secure approval of the Leadership arrangements for the Manchester University NHS Foundation Trust, specifically the Board of Directors.
ii). To secure approval of a pay framework for the most senior leadership positions. This framework covers Executive Directors and their direct reports only and is in line with NHSI guidance.
iii). To receive reports on the performance of Executive Directors

Attendance at the meeting held on **9th October 2017**:

- Professor Dame Sue Bailey - Non-Executive Director
- Mr Roger Barlow - Non-Executive Director
- Mr Barry Clare - Deputy Chairman
- Mrs Kathy Cowell (Chair) - Chairman
- Mr Nic Gower - Non-Executive Director
- Mrs Jane McCall - Non-Executive Director
- Mrs Chris McLoughlin - Non-Executive Director
- Mr Trevor Rees - Non-Executive Director

In Attendance

- Mr Peter Blythin - Director of Single Hospital Service
- Mr Alwyn Hughes - Trust Board Secretary
- Mrs Margot Johnson (part meeting) - Executive Director of Workforce & OD

Apologies

- Mr John Amaechi - Non-Executive Director
- Dr Ivan Benett - Non-Executive Director

Attendance at the meeting held on **11th December 2017**:

- Mr John Amaechi - Non-Executive Director
- Professor Dame Sue Bailey - Non-Executive Director
- Mr Roger Barlow - Non-Executive Director
- Dr Ivan Benett - Non-Executive Director
- Mr Barry Clare - Deputy Chairman
- Mrs Kathy Cowell (Chair) - Chairman
- Mr Nic Gower - Non-Executive Director
- Mrs Jane McCall - Non-Executive Director
- Mrs Chris McLoughlin - Non-Executive Director
- Mr Trevor Rees - Non-Executive Director

In Attendance

- Mr Peter Blythin - Director of SHS
- Mr Alwyn Hughes - Trust Board Secretary
- Mrs Margot Johnson - Executive Director of Workforce & OD

Attendance at the meeting held on **20th December 2017**:

- Professor Dame Sue Bailey - Non-Executive Director
- Mr Barry Clare - Deputy Chairman
- Mrs Kathy Cowell (Chair) - Chairman
- Mrs Jane McCall - Non-Executive Director
- Mrs Chris McLoughlin - Non-Executive Director

In Attendance

- Mr Alwyn Hughes - Trust Board Secretary
- Mrs Margot Johnson - Executive Director of Workforce & OD

Apologies

- Mr John Amaechi - Non-Executive Director
- Mr Roger Barlow - Non-Executive Director
- Dr Ivan Benett - Non-Executive Director
- Mr Nic Gower - Non-Executive Director
- Mr Trevor Rees - Non-Executive Director

Nominations Committee & Remuneration Panel (of the Council of Governors)

During the six months leading up to the merger of CMFT and UHSM, the NHSI Transaction Guidance required the establishment of an Interim Board in anticipation of the merger of CMFT and UHSM. The timeline for assembly of the Interim Board was the end of June 2017.

This was necessary due to a Board to Board meeting with NHSI in early July as part of the formal assessment of the Full Business Case (FBC) and in anticipation of the new organisation going live on the 1 October 2017.

In agreement with NHSI, and overseen by Hempsons (who were appointed to provide independent legal advice following a formal procurement process which included the consideration of bids from three separate legal firms), a sufficiently rigorous process was undertaken that ensured robust decisions were made resulting in the best appointments and a suitably balanced Interim Board in terms of skills, aptitudes and diversity.

Whilst the Councils of Governors of CMFT and UHSM did not have a statutory role in the appointment of Interim Group Chairman and Interim Group Deputy Chairman, three Governor representatives from each Foundation Trust (six in total) were invited by NHSI to be involved on the day of selection.

Although there was no specified time period in the legislation as to how long the new Foundation Trust could take to appoint its Substantive Board, NHSI's Transaction Guidance stated that the Interim Board of Directors should hand over and disband as soon as possible and, as a long stop, should not remain in place for more than five months after the merger.

The Nominations Committee and Remuneration Panel of the Council of Governors met on two occasions between October 2017 and March 2018.

The Nominations Committee met on the 15th December 2017 to consider the substantive appointment of the Group Chairman & Group Non-Executive Directors and present their recommendations to the Council of Governors on 20th December 2017. The Governor Remuneration Panel met on 9th February 2018 to consider the level of allowance to be paid to the Group Chairman and Group Non-Executive Directors and presented their recommendations to the Council of Governors on 14th February 2018.

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 Non-Executive Directors.

Attendance at the Nominations Committee of the Council of Governors meeting held on the 15th December 2017 were:

- Mr Chris Templar - Public Governor
- Mrs Geraldine Thompson - Staff Governor
- Dr Faizan Ahmed - Nominate Governor

In Attendance

- Mr Alwyn Hughes - Trust Board Secretary
- Mrs Margot Johnson - Executive Director of Workforce & OD
- Mrs Kathy Cowell (part meeting) - Chairman

The following recommendations were made by Committee Members to the Council of Governors at their meeting held on 20th December 2017, at which the Committee's recommendations were approved:

Group Chairman

RECOMMENDATION No.1

It is not necessary to run an open competitive process for the appointment of the substantive Group Chairman.

RECOMMENDATION No.2

It is not necessary to run a closed but formal process for the appointment of the substantive Group Chairman.

RECOMMENDATION No.3

The affirmation of the Interim Group Chairman of the Interim Board of Directors, **Mrs Kathy Cowell OBE DL**, as the substantive Group Chairman of the Manchester University NHS Foundation Trust for a three year term of office

Group Non-Executive Directors (NEDs)

RECOMMENDATION No.1

It is not necessary to run an open competitive process for the appointment of the substantive Group Non-Executive Directors.

RECOMMENDATION No.2

It is not necessary to run a closed but formal process for the appointment of the substantive Group Non-Executive Directors.

RECOMMENDATION No.3

The affirmation of six (x6) of the Interim NEDs of the Interim Board of Directors as the substantive Group NEDs of the Manchester University NHS Foundation Trust:

- Mr. John Amaechi OBE – 3 Year Tenure
- Mr. Trevor Rees – 3 Year Tenure
- Mrs. Chris McLoughlin – 2 Year Tenure
- Dr Ivan Benett – 3 Year Tenure
- Mr Nic Gower – 3 Year Tenure
- Professor Dame Sue Bailey – 3 Year Tenure

Tenures reflect the existing responsibilities of the NEDs

RECOMMENDATION No.4

The affirmation of **Mr Barry Clare** as a substantive Group NED and Group Deputy Chairman of the Manchester University NHS Foundation Trust for a 2 year term of office.

RECOMMENDATION No.5

To assemble a new Governor Nominations Committee in early 2018 and identify appropriate candidates for the recruitment of two (x2) new Group Non-Executive Directors at the earliest opportunity (one of whom would be appointed from the University**).**

Group Chief Executive Officer (CEO)

RECOMMENDATION No.1
It is not necessary to run an open competitive process for the appointment of the substantive Group Chief Executive.

RECOMMENDATION No.2
It is not necessary to run a closed but formal process for the appointment of the substantive Group Chief Executive.

RECOMMENDATION No.3
The affirmation of **Sir Michael Deegan CBE** as the substantive Group Chief Executive of the Manchester University NHS Foundation Trust

Senior Independent Director (SID)
The Group Chairman (Mrs Kathy Cowell OBE DL) consulted with Governors in relation to the Board's nomination of the Senior Independent Director and it was agreed that Mrs Chris McLoughlin (Group Non-Executive Director) would assume the responsibility of SID for a period of two years (in the first instance)

Attendance at the Remuneration Panel of the Council of Governors meeting held on **9th February 2018** was:

- Mr David Edwards - Lead and Public Governor
- Mr Colin Owen - Staff Governor
- Ms Circle Steel - Nominate Governor

In Attendance

- Mr Alwyn Hughes - Trust Board Secretary
- Mrs Margot Johnson - Executive Director of Workforce & OD
- Mrs Kathy Cowell (part meeting) - Chairman

The following recommendations were made by Panel Members to the Council of Governors at their meeting held on 14th February 2018, at which the Committee's recommendations were approved:

RECOMMENDATION
The remuneration of the MFT Group Chairman and Group Non-Executive Directors is adjusted to the maximum upper range of comparable NHS Foundation Trusts.

Sir Michael Deegan CBE
Chief Executive
23rd May 2018

Details of Directors' pay

For the part-year 2017/18 – 1st October 2017 to 31st March 2018
These tables have been audited

	Salary	Taxable benefits in kind	Annual performance -related bonuses	Long-term performance-related bonuses	All pension-related benefits	Total
	(Bands of £5,000)	(Rounded to nearest £100)	(Bands of £5,000)	(Bands of £5,000)	(Bands of £2,500)	(Bands of £5,000)
	£000	£	£000	£000	£000	£000
Kathy Cowell, Chairman	30-35	0	0	0	0	30-35
Barry Clare, Deputy Chairman	20-25	0	0	0	0	20-25
John Amaechi, Non-Executive Director	5-10	0	0	0	0	5-10
Chris McLoughlin, Non-Executive Director/Senior Independent Director	5-10	0	0	0	0	5-10
Dr Ivan Benett, Non-Executive Director	5-10	0	0	0	0	5-10
Nic Gower, Non-Executive Director	5-10	0	0	0	0	5-10
Dame Sue Bailey, Non-Executive Director	5-10	0	0	0	0	5-10
Trevor Rees, Non-Executive Director	5-10	0	0	0	0	5-10
Jane McCall, Non-Executive Director	5-10	0	0	0	0	5-10
Roger Barlow, Non-Executive Director	0-5	0	0	0	0	0-5
Sir Mike Deegan, Chief Executive	105-110	0	0	0	0	105-110
Gill Heaton, Group Deputy Chief Executive	65-70	0	0	0	0	65-70

Silas Nicholls, Deputy Chief Executive	90-95	0	0	0	25-27.5	115-120
Prof Bob Pearson, Joint Medical Director	65-70	0	0	0	0	65-70
MissToli Onon, Joint Medical Director	85-90	0	0	0	47.5-50	135-140
Adrian Roberts, Chief Finance Officer	75-80	0	0	0	17.5-20	95-100
Julia Bridgewater, Chief Operating Officer	85-90	0	0	0	20-22.5	105-110
Margot Johnson, Director of Workforce & OD	65-70	0	0	0	15-17.5	85-90
Cheryl Lenney, Chief Nurse	75-80	0	0	0	0	75-80
Darren Banks, Director of Strategy	65-70	0	0	0	15-17.5	85-90

Jane McCall and Roger Barlow, Group Non-Executive Directors, left the board on 31st December 2017. The amount disclosed in the table above reflects their term of office to this date.

For the part-year 2017/18 – 1st October 2017 to 31st March 2018

These tables have been audited

	Real increase/ (decrease) in pension at age 60	Real increase/ (decrease) in pension lump sum at age 60	Total accrued pension at age 60 at 30 Sept 2017	Lump sum at age 60 related to accrued pension at 30 Sept 2017)	Cash Equivalent Transfer Value at 30 Sept 2017	Cash Equivalent Transfer Value at 31 March 2017	Real increase in Cash Equivalent Transfer Value
	(Bands of £2,500)	(Bands of £2,500)	(Bands of £5,000)	(Bands of £5,000)			
	£000	£000	£000	£000	£000	£000	£000
Silas Nicholls, Deputy Chief Executive	0 to 2.5	0 to 2.5	30 to 35	70 to 75	482	450	30

Julia Bridgewater, Chief Operating Officer	0 to 2.5	2.5 to 5.0	70 to 75	210 to 215	1,483	1,454	22
Adrian Roberts, Chief Finance Officer	0 to 2.5	2.5 to 5.0	60 to 65	185 to 190	1,253	1,228	19
Margot Johnson, Director of Workforce & OD	0 to 2.5	0 to 2.5	55 to 60	175 to 180	1,207	1,167	34
Miss Toli Onon, Joint Medical Director	2.5 to 5.0	2.5 to 5.0	50 to 55	145 to 150	1,017	948	64
D Banks, Director of Strategy	0 to 2.5	0 to 2.5	40 to 45	95 to 100	615	605	7

The above table gives pension benefits accruing from the NHS Pension Scheme up to 31st March 2018 - note that as Non-Executive Directors do not receive pensionable remuneration, there are no entries in respect of pensions for these Directors.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a scheme member at a particular point in time. The benefits valued are the member's accrued benefits, and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme, or arrangement when the member leaves a scheme, and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits which the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity within this Trust and this Group, to which the disclosure applies.

The CETV figures and other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS Pension Scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the Scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV - this reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement), and uses common market valuation factors for the start and end of the period.

Fair pay multiple

Highest paid Director's salary	£227,500
Median Total Remuneration	£28,746
Remuneration Ratio	7.9
Range of staff remuneration	£14,700 to £214,000

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. The fulltime equivalent annual remuneration of the highest paid director in Manchester University NHS Foundation Trust in the financial period was £227,500. This was 7.8 times the median remuneration of the workforce, which was £28,746.

From October 2017 to March 2018 no employees received remuneration in excess of the highest paid Director. Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind, and any severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Directors' remuneration and benefits

The aggregate amount of Directors' remuneration for 1st October 2017 to 31st March 2018 was £988k. The Trust and the Group made a contribution to the NHS Pension Scheme, a defined benefit scheme, of £64k in respect of six Directors in 2017/18.

Expenses

Directors

- The total number of Directors in office during 2017/18 was 20
- The number of Directors receiving expenses in 2017/18 was 8
- The total amount of expenses paid to Directors in 2017/18 was £2,005

Governors

- The total number of Governors in office during 2017/18 was 31
- The number of Governors receiving expenses in 2017/18 was 13
- The total amount of expenses paid to Governors in 2017/18 was £1,643

2.3 Staff Report

Staff numbers and roles

At MFT we had a workforce of 20,768 people (at 31st March 2018). The table below gives a breakdown of our staff numbers by role and type of contract.

Staff Group	Permanent	Fixed Term	Sodexo*	Total
Administration and estates staff	4,614	484	546	5,644
Health care assistants and other support staff	3,370	192		3,562
Medical and dental staff	1,225	579		1,804
Nursing, midwifery, health visiting staff	6,444	329		6,773
Healthcare Science and Other Scientific, therapeutic and technical staff	2,799	186		2,985
All employees	18,452	1,770	546	20,768

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

In 2017/18 the split between female and male employees was:

- Female: 16,545
- Male: 4,223

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

- Female: 37
- Male: 22

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

- Female: 8
- Male: 10

The staff sickness absence rate for 2017/18 across the Trust was 4.8%.

Staff policies and actions during the year

- **Offering opportunities to disabled people**

MFT is positive about employing disabled people and our recruitment and selection procedure includes provision to ensure that all discriminatory practices are avoided. We require Trust employees to comply with all appropriate policies and procedures, including the equality and diversity policies, when recruiting staff. The Trust is signed up to the Disability Confident initiative and guarantees providing an interview to any disabled candidate who wishes to be considered under this scheme and meets the essential criteria outlined in the Person Specification for a role.

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

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

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

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

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

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

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

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

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

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

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

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

Ensuring effective employee relations are maintained remains a key objective for the Trust. A Partnership Agreement has been agreed for MFT which establishes a new framework for consultation and collective bargaining, to assist our managers, staff and Trade Union representatives to work collaboratively and help improve working relationships across the Trust. Core functions include facilitating the Joint Negotiating and Consultation Committee for both medical and non-medical staff groups, as well as providing assistance in discipline, grievance and dignity at work processes.

Following the creation of MFT in October 2017, the Trust is undertaking a series of service reviews and restructuring exercises to integrate services and drive efficiencies.

A new service change consultation forum has been established with Trade Unions, where all consultation proposals are discussed prior to formal consultation exercises commencing with staff and their representative bodies.

- **Involving our staff in our performance**

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

- **Looking after staff health and safety**

The Employee Health and Wellbeing Service (EHW) provides a range of professional services to individuals and managers. As part of the Single Hospital Service plans, integration work continues to ensure that all staff benefit from easily accessible, timely and targeted interventions to support them with work-related health issues.

Services include:

- 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 health care workers providing direct patient care (the 2017/18 programme ensured that 61.21% of frontline healthcare workers (9698 staff) received the flu vaccine)
- 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.

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

Working with a number of key stakeholders, including Greater Manchester Mental Health Services, the teams co-ordinated and delivered critical incident psychological debriefing sessions for groups and individuals throughout the year. This service played a major role following the Manchester Arena terrorist attack.

An Employee Assistance Programme - EAP (including Counselling Services) has been rolled out across the Trust, 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 including work advice, family issues, legal issues, consumer disputes and debt advice. Staff can also access telephone or face to face counselling support.

An Online Health Portal is also available within the EAP, providing access to useful resources such as health and fitness advice, self-help programmes, personal coaching, health assessments and information fact sheets on a variety of useful topics.

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

The **Health and Safety Team** work within the Risk Management Department to provide support and advice across all areas of the Trust. The health and safety teams from the former CMFT and UHSM have been integrated into a single team but office bases are retained at Manchester Royal Infirmary, Wythenshawe Hospital and Trafford Hospital.

The new MFT Health and Safety Policy Statement has been ratified and is published on the Trust intranet sites. A policy alignment schedule has been developed to amalgamate all health and safety related policies but in the interim CMFT and UHSM legacy policy will be retained.

The one-day 'Managing Health & Safety' course continues to run and is now supported by half- day workshop sessions to support nominated health and safety co-ordinators in fulfilling their role. All wards and departments should have a nominated health and safety co-ordinator.

The **Moving and Handling Advisers** remain an integral part of the health and safety team and continue to provide support with all aspects of moving and handling. There are increasing demands for workplace assessments and joint working with the EHW service to support staff returning to or remaining in work. New equipment and techniques are regularly reviewed where it is considered they can reduce manual handling risks, enhance the patient experience and improve the efficiency of Trust services.

- **Countering fraud and corruption**.

The Trust is committed to reducing the level of fraud, bribery and corruption within both the Trust and the wider NHS and aims to eliminate all such activity as far as possible.

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

A number of key tasks were undertaken this year to combat fraud, bribery and corruption in accordance with the agreed Anti-Fraud Work Plan, including:

- ongoing awareness through presentations, articles, newsletters and joint events with Greater Manchester Police
- local and national proactive exercises aimed at identifying potentials or apparent risks of fraud, bribery and corruption
- review of policies and procedures to ensure that appropriate counter fraud, bribery and corruption measures are included
- carrying out investigations where suspected or apparent fraudulent activity has been identified and seeking financial redress where appropriate.

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

Developing supportive leadership cultures

The culture at MFT- 'the way we do things around here' - shapes the behaviour of everyone in the Trust and so affects the quality of care we provide. Research shows that the most powerful factor influencing culture is leadership and in particular collective leadership. Collective leadership is where everyone, no matter what level or where they work, is able to work together to lead positive change and deliver the best for patients. There are also five cultural elements that support a high performing culture: Vision and Values, Support and Compassion, Learning and Innovation, Goals and Performance and Teamwork.

To help us further develop our culture so that it enables and sustains continuously improving safe, high quality and compassionate care, we are working with NHS Improvement and The Kings Fund to co-design, develop and test tools and techniques in order to develop and implement strategies that embed collective leadership and the five cultural elements.

There are three phases to the programme. The first is 'discover' which is the implementation of a series of diagnostics to identify cultures; this is followed by the 'design' of a leadership and culture strategy, followed by the 'implementation' phase of the strategy. During 2017/18, using the results of the diagnostic work, we have co-created our Leadership and Culture strategy around collective leadership and the five cultural elements, underpinned by compassion and engagement.

The strategy sets out how the leadership and culture we are looking to create is developed, practised and maintained and it builds on what we already do well.

We have developed a three-year implementation plan to deliver our ambitions on culture and leadership, enabling the successful development of a Single Hospital Service across Manchester, sustainable growth and benefits realisation of the new organisation.

2017 NHS Staff Survey results

The national staff survey reports against 32 Key Findings, three of which are then used to provide an overall indicator of staff engagement. As the Staff Survey results are based on staff in post and organisational structures on 1st September 2017, reports have been generated for MFT's predecessor organisations: University Hospital of South Manchester (UHSM) and Central Manchester University Hospitals NHS Foundation Trust (CMFT).

In 2017, both organisations undertook a census for the Staff Survey, inviting all staff in post on 1st September 2017 to complete the survey. This followed the use of samples in 2016. The response rate for UHSM was 33% and for CMFT was 39%, providing a combined response rate of 36.8%. Nationally, the response rate for all participants was 45%.

Response rate

	2017	**2016**		
	Trust	Trust	National Average (all participants)	**Trust improvement/ deterioration**
Response rate • UHSM • CMFT	36.8% 33% 39%	N/A	45%	N/A - 2% +7%

Additional, quarterly 'pulse check' surveys are currently sent to all staff in the Trust with an email address. The first quarterly pulse check for MFT was run during March 2018, although both predecessor organisations previously ran their own versions. The use of pulse checks allows us to monitor staff experience throughout the year and includes the mandatory Staff Family and Friends test questions.

Summary of performance

Key Findings reports are produced by the National Co-ordination Centre for the NHS Staff Survey. This summary highlights commonality and variation across the reports for our predecessor Trusts, to provide an overall assessment of performance.

Overall staff engagement score

Overall staff engagement scores are based on a composite of three Key Findings.

The table below outlines comparison overall staff engagement results for 2017 and 2016, and for the three Key Findings. The ranking alongside the benchmarking thresholds is for combined acute and community Trusts and for acute Trusts, which were the national benchmarking groups for CMFT and UHSM respectively.

The staff engagement score for the former UHSM was unchanged at 3.79, whilst for the former CMFT it was 3.78, a decrease of 0.06. The data has also been analysed internally to create indicative staff survey scores for MFT, but this does not feature in national reporting.

	2017	2016	2017 national average Acute and Community Trusts	2017 ranking compared to Acute and Community Trusts Benchmark
Overall staff engagement CMFT UHSM	**3.78** 3.78 3.79	N/A 3.84 3.79	3.80	Average
KF4. Staff motivation at work CMFT UHSM	**3.90** 3.90 3.89	N/A 3.98 3.90	3.91	Average
KF7. Staff ability to contribute towards improvements at work CMFT UHSM	**68%** 68% 68%	N/A 76% 67%	69.8%	Below average
KF1. Staff recommendation of the Trust as a place to work or to receive treatment. CMFT UHSM	**3.77** 3.75 3.84	N/A 3.73 3.80	3.75	Average

Overall, staff engagement scores for MFT are close to average, but with a decline since 2016. Nationally, there has been a decline of 0.02 in scores for overall staff engagement. Our scores for the three Key Findings areas that contribute to the staff engagement score are close to national averages overall, although there is some variation across our former Trusts in respect of staff recommendation as a place to work or receive treatment.

The top five ranked scores for legacy UHSM are:

- % staff agreeing that their role makes a difference to patients
- % staff experiencing physical violence from staff in the last 12 months
- % staff experiencing physical violence from patients, relatives or public in the last 12 months
- Staff recommendation of the Trust as a place to work or receive treatment
- % staff experiencing harassment, bullying or abuse from patients, relatives or the public in the last 12 months.

The top five ranked scores for legacy CMFT are:

- % staff experiencing physical violence from staff in the last 12 months
- % staff experiencing physical violence from patients, relatives or public in the last 12 months
- % staff appraised in the last 12 months
- Effective use of patient feedback
- Fairness and effectiveness of procedures for reporting errors, near misses and incidents.

Where we need to improve
There are a number of areas in which we need to focus attention over the next year.

The bottom ranked and most deteriorated scores for legacy UHSM:

- Staff satisfaction with level of responsibility an involvement
- % staff appraised in the last 12 months
- % staff reporting most recent experience of violence
- % staff experiencing harassment, bullying or abuse from staff
- % staff reporting most recent experience of harassment, bullying or abuse
- % staff working extra hours
- % staff feeling unwell due to work related stress.

The bottom ranked and most deteriorated scores for legacy CMFT:

- Organisation and management interest in and action on health and wellbeing
- % staff agreeing that their role makes a difference to patients
- Quality of appraisals
- % staff believing the organisation provides equal opportunities for career progression or promotion
- % staff experiencing discrimination at work in the last 12 months
- % staff able to contribute towards improvements at work
- % staff feeling unwell due to work related stress
- Effective team working
- % staff believing the organisation provides equal opportunities for career progression or promotion.

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

In line with the Leadership and Culture Strategy, more detailed plans which respond to this year's result will be developed across hospital and corporate sites during 2018/19.

Expenditure on consultancy

During the year the Trust spent £1,910k on consultancy.

Off-payroll engagements

The Trust seeks assurance in respect of 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. The Trust applies rigorous controls to all aspect of discretionary spend including consultancy support that would potentially be captured as 'off-payroll.' All proposed engagements are reviewed and IR 35 compliance confirmed prior to commencement.

For all off-payroll engagements as at 31st March 2018, for more than £245 per day and that last for longer than six months

No. of existing engagements as of 31st March 2018	**0**
Of which...	
No. that have existed for less than one year at time of reporting.	**0**
No. that have existed for between one and two years at time of reporting.	**0**
No. that have existed for between two and three years at time of reporting.	**0**
No. that have existed for between three and four years at time of reporting.	**0**
No. that have existed for four or more years at time of reporting	**0**

For all new off-payroll engagements, or those that reached six months in duration, between 1st October 2017 and 31st March 2018, 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 October 2017 and 31st March 2018	**0**
Of which...	
No. assessed as caught by IR35	**0**
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.	**9**
No. of engagements that saw a change to IR35 status following the consistency review	**0**

For any off-payroll engagements of board members and/or senior officers with significant financial responsibility, between 1st October 2017 and 31st March 2018

Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility, during the period.	**0**

The number of individuals that have been deemed 'board members and/or senior officers with significant financial responsibility' during the period is 0.

Employee costs

	Total	Permanent	Other
	Six months to 31 March 2018	Six months to 31 March 2018	Six months to 31 March 2018
Trust	£000	£000	£000
Salaries and wages	342,820	341,502	1,318
Social security costs	30,288	30,288	0
Apprenticeship levy	1,490	1,490	0
Pension cost - defined contribution plans (employer's contributions to NHS pensions)	39,575	39,575	0
Pension cost - other	30	30	0
Temporary staff - external bank	17,634	0	17,634
Temporary staff - agency/contract staff	18,478	0	18,478
Total Trust Staff costs	**450,315**	**412,885**	**37,430**
NHS charitable funds staff	661	661	0
Total Trust and Group staff costs	**450,976**	**413,546**	**37,430**

Staff exit packages

	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages
	six months to 31 March 2018	31 March 2018	31 March 2018	31 March 2018	31 March 2018	31 March 2018
Exit package cost band (including any special payment element)						
<£10,000	4	23	24	96	28	119
£10,000 - £25,000	2	26	1	13	3	39
£25,001 - 50,000	0	0	1	34	1	34
£50,001 - £100,000	3	172	0	0	3	172
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	1	186	0	0	1	186
>£200,000	0	0	0	0	0	0
Total	10	407	25	109	35	550

Staff exit packages

Exit packages: other (non-compulsory) departure payment		
	Payments agreed	Total value of agreements
	six months to 31 March 2018	31 March 2018
	2017/18	2017/18
	Number	£000
Voluntary redundancies including early retirement contractual costs	2	47
Contractual payments in lieu of notice	24	96
Total	25	109

2.4 Activity Reports – Sustainability, Equality and Research

Sustainability Report 2017/18

We are committed to being a leading sustainable healthcare organisation, and to deliver our business with minimum impact on the environment. Sustainability at MFT means spending public money well, making best use of finite resources and building healthy, resilient communities. By maximising our social, environmental and economic assets we can improve health in the immediate and long term, and demonstrate that we are meeting the requirements of the Public Services (Social Value) Act 2012.

Our Board Lead for sustainability is the Chairman, Kathy Cowell. Our vision is to be a leading green and sustainable hospital, delivering high quality care in a resource efficient and sustainable manner. We will achieve this through a combination of investment in energy efficient technologies and infrastructure underpinned by a Trust wide staff awareness and behaviour change programmes.

Our Board approved Sustainable Development Management Plan (SDMP) priorities are:

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

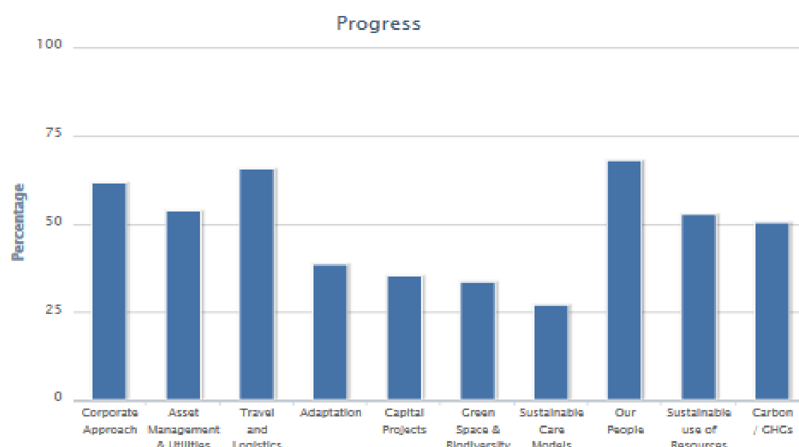
Following the recent Trust merger, we will be developing a new SDMP for MFT in the first half of 2018/2019. One of the methods we use to measure our organisational sustainability performance is the Sustainable Development Assessment Tool (SDAT). Our most recent score in March 2018 was 51%, a new baseline for MFT, against which we can help define our new strategy and measure progress.

MANCHESTER UNIVERSITY NHS FOUNDATION TRUST

Latest assessment score

51%

Module	Score
Corporate Approach	61.64%
Asset Management & Utilities	53.62%
Travel and Logistics	65.62%
Adaptation	38.46%
Capital Projects	35%
Green Space & Biodiversity	33.33%
Sustainable Care Models	26.92%
Our People	67.74%
Sustainable use of Resources	52.78%
Carbon / GHGs	50.45%



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;

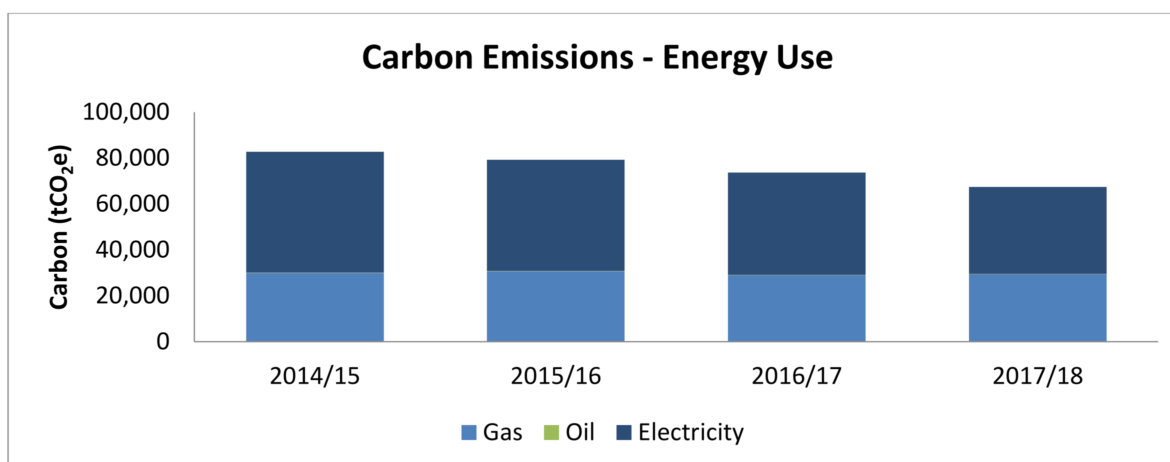
We are also developing a green space and biodiversity strategy. Since Spring 2017, we have been keeping beehives on the roof of the Trust Headquarters. In addition to producing 600 jars of urban honey for sale to staff, we are also contributing to improving local biodiversity. In 2018, five new staff beekeepers were trained up to support this initiative.

We have an established strategic partnership on Sustainability with the Corridor Manchester partners who include all the local universities, Manchester City Council and Manchester Science Park. We jointly host free monthly breakfasts for cyclists and part-fund the 147 hybrid bus service from Piccadilly Station to Oxford Road Campus.

At the Oxford Road and Trafford Hospitals, we have continued to deliver our award winning Green Impact programme, which involves staff working in teams to deliver a series of environmental challenges and work towards a bronze, silver, gold or excellence award. In 2017/18 28 teams took part, collectively saving over £50,000. In 2018 we will be rolling this programme out across all MFT sites, as well as piloting the Operation TLC energy behaviour change initiative in some hospitals.

Energy and water

Our absolute energy use has decreased by 1.2% compared to the same period last year. We have continued with our programme of upgrading lighting to energy efficiency LED fittings, and we have fitted variable speed drives to some of our plantrooms as well as focused on fixing water leaks.



Resource		2014/15	2015/16	2016/17	2017/18
Gas	Use (kWh)	142,454,491	146,357,726	138,439,513	146,176,450
	tCO_2e	29,887	30,630	28,932	30,991
Oil	Use (kWh)	603,413	398,502	526,697	637,200
	tCO_2e	193	127	167	208
Electricity	Use (kWh)	85,103,213	84,280,869	85,850,764	83,564,769
	tCO_2e	52,707	48,455	44,368	37,246
Green Electricity	Use (kWh)	16,125,677	12,001,802	16,410,805	7,921,902
	tCO_2e	0	0	0	0
Total Energy CO_2e		82,787	79,212	73,467	68,446
Total Energy Spend		£12,707,998	£ 12,236,936	£ 11,261,764	£ 11,850,094

Water		2014/15	2015/16	2016/17	2017/18
Mains Water	m^3	617,328	584,409	637,385	620,335
	tCO_2e	562	532	580	565
Water & Sewage Spend		£ 1,648,261	£ 1,497,066	£ 1,596,911	£ 1,574,631

Travel
We can improve local air quality and the health of our community by promoting sustainable and active travel to our staff, patients and visitors. In 2018 we will be developing a new Healthy Travel Plan for MFT, building on existing strategies from our previous Trusts.

We use the Health Outcomes of Travel Tool (HOTT) to measure the reduction of travel impacts from staff commuting and patient and visitor travel from our Oxford Road and Trafford sites, calculating that we have avoided over £870K of health costs through our programme in the last four years. All new starters are offered personal travel plans (PTPs).

At Wythenshawe Hospital, cycling infrastructure has been significantly expanded with extra clothes lockers and bike lockers provided for staff members. We have an ongoing programme of support for cyclists including monthly cycle breakfasts, on-site maintenance and subsidised locks. This year we took part in the first National Clean Air day in June, and surveyed the travel habits of patients and visitors to our Oxford Road and Trafford sites. Additional electric vehicle (EV) charging spaces have been installed at Wythenshawe Hospital and the Oxford Road campus for staff use.

Waste and reuse

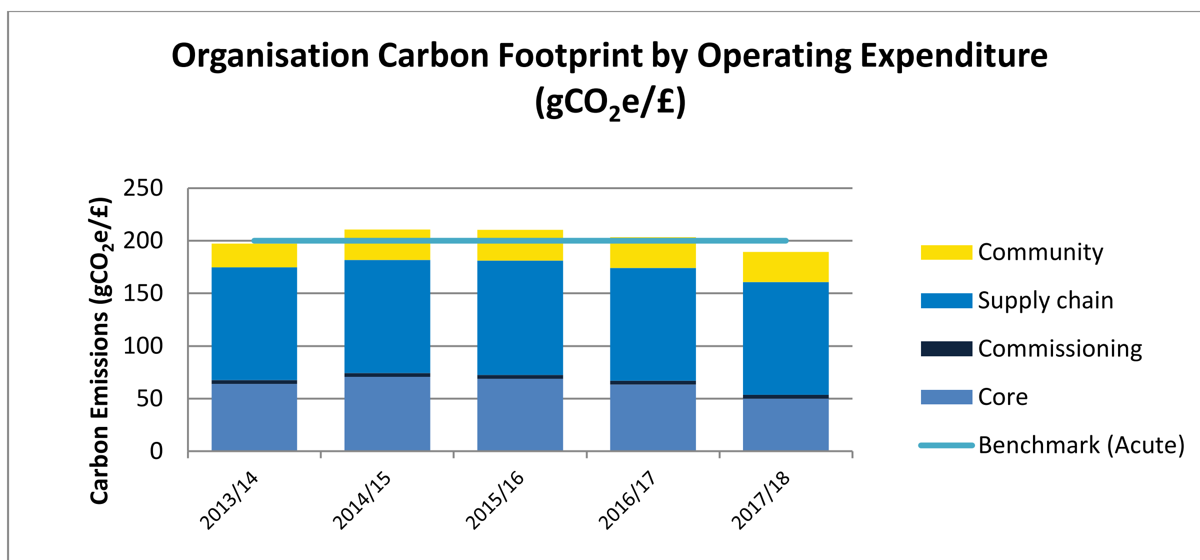
Waste		2014/15	2015/16	2016/17	2017/18
Recycling	(tonnes)	2,763	1,671	1,590	1,889
	tCO_2e	58	33	33	41
Other recovery	(tonnes)	457	1966	2,505	2,648
	tCO_2e	9.6	39.3	52.6	57.62
High Temp disposal	(tonnes)	1,710	1,287	772	745.00
	tCO_2e	376	282	170	164
Landfill	(tonnes)	1,663	1,461	1,289	1,350
	tCO_2e	407	357	400	465
Total Waste (tonnes)		6,593	6,385	6,155	6,632
% Recycled or Re-used		42%	26%	26%	28%
Total Waste tCO_2e		850	712	655	727

We have an ongoing programme working with staff to improve waste segregation and have piloted various initiatives this year including separating and recycling of theatre masks. We will shortly be piloting a new programme for public area recycling, initially in the Manchester Royal Infirmary.

The reuse of goods within the NHS has several co-benefits: it reduces cost to the NHS and reduces waste. Since early 2016, the Trust has been using the Warp It system for reuse of unwanted items across the organisation, with a free inter-site transport service provided. In 2017/18 we saved just over £38,000 in procurement costs and diverted 1 tonne of waste from landfill through our reuse programme. At Wythenshawe Hospital, reusable sharps bins have now been fully rolled out, reducing sharps waste disposal weight by one third.

Carbon footprint

Our carbon footprint is 264,274 tonnes. We have an active programme of investment in carbon reduction programmes (both technological and behavioural) to ensure that we reach the legally binding Climate Change Act (2008) targets.



Our carbon intensity per £ of operating expenditure is 163g, significantly below the average emissions for the acute hospital sector of 200g/£.

Climate adaptation and resilience
This year we ran two workshops with key stakeholders, resulting in our first climate change and adaptation strategy and action plan. We will continue to build on this work during 2018 and beyond.

Equality, Diversity & Inclusion Report 2017/18

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

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

Since 1st October 2017 we have:

- Held an Access Matters Conference (March 2018) to share good practice and further advance disability equality across Trust services.
- Agreed an approach to further strengthen the provision of accessible information and communication to meet the needs of patients, parents, carers, and service users.
- Agreed new post-merger governance systems for equality and diversity at the Trust.
- Facilitated 260 work experience placements across the Central site for young people interested in careers in the NHS and wanting first-hand experience of the hospital environment.

This has included three cohorts of health and social care students from local colleges looking at careers in nursing, as well as a cohort of potential medics on the Taste of Medicine programme. On the Wythenshawe site there have been over 500 work experience placements.

- Continued to support the activities of the Greater Manchester NHS Careers Hub which is hosted by MFT. The Hub has facilitated NHS staff support to 66 school/college careers events over this period, providing over 1100 man-hours. 35 of these events were attended by MFT staff totalling over 832 hours of staff time supporting the local community and providing insight to our future workforce.
- Held a Veterans Showcase event (October 2017) to encourage recruitment of veterans with transferrable skills into employment within the NHS setting. The many jobs available range from drivers, engineers, IT programmers to paramedics, doctors and nurses.
- Run a 'Science behind the Cure' schools event during National Pathology Week (November 2017) at Wythenshawe Hospital. This gave 63 students from local schools the opportunity to meet a lung transplant patient and scientists involved in Histology, Haematology, Mycology, Microbiology, Bacteriology, Phlebotomy, Blood bank and Genetics.
- Hosted visits to Wythenshawe Hospital by local Health Academy High Schools Plus 16 learners on the Health & Social Care programme and adult students on nursing education programmes. The latter have been designed locally with Bolton University to support people who wish to pursue the three-year adult student nurse programme on a site in their neighbourhood, and would find managing the costs of travelling across Greater Manchester to different hospital locations for placements difficult.

Recognition for our teams

- Wythenshawe Hospital has been recognised with the Gold Standard award from Talent Match for supporting local young people into their career aspirations. The Greater Manchester Careers Hub was also recognised with a Silver Award from Talent Match.
- Hilary Whyatt, Academy Careers Engagement Lead, won the Health Education England National Career Ambassador award. This was presented to her at Westminster, in recognition of her hard work in engaging the local community in a variety of Widening Participation initiatives.

Case study

The MFT Pre-Employment programme is a collaborative approach with The Manchester College and local community/job centres. It involves four weeks at college and six weeks on site, covering 30 hours a week. In 2017, 19 candidates commenced the college course at Wythenshawe; 15 completed the 10 weeks and to date 13 of the 15 students gained employment at MFT. The programme also ran at the Central site, involving 25 learners from our local community seeking careers in the NHS. The next programme at the Oxford Road campus began in March 2018 with a further 25 to 30 placements.

Looking ahead
We are planning a number of careers and employment engagement events:

- At the request of local colleges we are setting up a summer camp for Health & Social Care pupils to gain credits for their BTEC and hope this will aid recruitment onto future adult nursing programmes.
- A group has been created to design and deliver a therapy showcase careers event for year 10 pupils in June 2018. This will reflect a similar approach to the Pathology Week event and a range of Allied Health Professionals are participating, including Physiotherapists, Speech and Language specialists, Occupational Therapists, Radiologists, Dietitians, Audiologists and limb disability experts.
- A veterans showcase event working collaboratively with our Volunteer Services team and the College for Military Veterans and Emergency Services, enabling collaborative sharing of an opportunity to go for the Silver Standard Armed Forces Covenant.
- A repeat of the successful careers event will take place in National Pathology Week in November 2018.
- We are looking at opportunities to promote careers in midwifery, paediatrics and specialised nursing, and will continue to offer work experience in a variety of careers to young people preparing to select their GCSE and A Level subjects.

Research & Innovation Report 2017/18

An integrated approach to research in Manchester
April 2018 marks one year since our £41m five- year funding grant for the NIHR Manchester Biomedical Research Centre (BRC) and Clinical Research Facility (CRF) began. Hosted by MFT and The University of Manchester, in partnership with The Christie NHS Foundation Trust and Salford Royal NHS Foundation Trust, the aim of these initiatives is to conduct translational research to transform scientific breakthroughs into life-saving treatments and diagnostic tools for patients.

The Public Programmes Team, who have expertise in research engagement and involvement activities with public and patients, are delivering an ambitious strategy with the BRC and CRF to develop links and relationships with underserved communities in Greater Manchester, and encourage them to get involved in shaping our research with the ultimate aim of reducing health inequality.

We have also strengthened our research capability across our hospital infrastructure:

- MFT's contract to host the NIHR Clinical Research Network (CRN) in Greater Manchester has been extended for a further three years.
- A Manchester Royal Eye Hospital research team was awarded the TOP-It Trophy for their hard work and exceptional expertise in screening and recruiting additional patients, over and above target, to this national study.
- Individuals and research teams across MFT scooped an impressive five awards at the Greater Manchester Clinical Research Awards, including Research Nurse of the Year and Outstanding Industry Collaboration.

Our research figures: 1st Oct 2017 – 31st March 2018

Number of external researchers enabled to conduct research in our organisation via research passports	**98**
New studies approved this period	**147**
Research studies open to recruitment or in the follow up phase	**945**
The number of patients receiving relevant health services provided or sub-contracted by MFT in Oct 1st 2017 – 31st March 2018 that were recruited during that period to participate in research approved by a research ethics committee	**8004**

Becky's story

"When they find that they have the BRCA1/2 gene many women fear that they have to take action immediately. The new 18SNP test will give women more options and help them to make a more informed decision."

At the age of 24 and with a family history of breast cancer, Becky was the youngest person in Britain to undergo preventative surgery before being diagnosed.

Many of Becky's female relatives had undergone genetic testing by Professor Gareth Evans to identify their breast cancer risk, and so Becky made the decision to have the BRCA test. When it came back as positive it was no surprise to her, but having the test gave her the information she needed to help make a decision about preventative treatment.

Since having her surgery Becky helps run the National Hereditary Breast Cancer Helpline, which was founded by her mum in 1996. Becky sees first hand that many women fear they have to take immediate action when they find out they have the BRCA1/2 gene.

Mutations in the BRCA1/2 genes have been identified as a cause of hereditary cancer, but only account for 15 to 20 per cent of the underlying inherited genetic trigger for the condition. She is supportive of the work led by Professor Evans into developing and refining genetic testing, including the new 18 SNPs test, to assess risk of hereditary breast cancer. This new test will give women more options and help them to make a more informed decision.

Research impact

- Professor Gareth Evans has published two papers (JAMA Oncology and *Journal of Medical Genetics*) showing the effectiveness of a new test, which identified 18 genetic mutations (single nucleotide polymorphisms, *SNPs*) that are indicative of breast cancer for women who did not carry BRCA1/2 mutations and help produce a more personalised risk for those who do carry BRCA1/2.

- Researchers involving Professor David Denning found that in a minority of patients, standard treatment for asthma was associated with increased levels of the treatable mould, Aspergillus, in the lung. These findings could help asthmatics who endure severe and difficult to treat symptoms, by giving doctors the information they need to plan their care more effectively.

- Professor Adrian Woolf, working with a team at The University of Manchester, was the first in the world to create functioning human kidney tissue in a lab. This marks a significant milestone in the development of treatment for kidney disease.

- Research co-led by Dr Varinder Athwal has discovered a gene which could hold the key to predicting which liver disease patients are at high risk of further liver damage, developing drugs to prevent this and detecting people with undiagnosed liver disease.

2.5 NHS Foundation Trust 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 Board of Directors and the Council of Governors are committed to continuing to operate according to the highest corporate governance standards.

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

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

All Directors have a responsibility to constructively challenge the decisions of the Board. Non-Executive Directors (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 without 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 views of the Nominations Committee, and, the Board of Directors (via the Chairman), is taken when making such appointments. 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.

The Governors are consulted on the development of forward plans for the Trust and any significant changes to the delivery of the Trust's business plan. The Council of Governors meets on a regular basis so that it can discharge its duties, and the Governors have elected a Lead Governor. The Lead Governor's main function is to act as a point of contact with NHSI, our independent regulator.

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

Our Constitution (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.

A performance review process of the Chairman and NEDs has been developed, and 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 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 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 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 the first six months of 2017/18 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. Since becoming a new Foundation Trust in October 2017, we have begun the process of refreshing our values with staff engagement.

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

The Trust holds appropriate insurance to cover the risk of legal action against its directors in 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, as well as time-limited arrangements set up for a specific purpose.

GM Devolution has continued to change the landscape significantly and a set of governance arrangements are well established that are designed to ensure co-operation and close working across the whole of the GM health and social care system.
The Board ensures that effective mechanisms are in place and that collaborative and productive relationships are maintained with stakeholders through:

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

The following 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:
    - Central Manchester CCG and subsequently 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 has included the NHS providers from its establishment. The Board brings together representatives from Manchester City Council, acute Trusts, CCGs, mental health Trust, public health and Healthwatch.

- Health and Wellbeing Executive – as above
- Manchester Provider Board - brings together acute Trusts, GP federations, pharmacy, mental health trust, Manchester City Council and the voluntary sector, all working together on the development of out-of-hospital services.

Academic institutions
The Trust has a strong and well documented relationship with its key academic partner, The University of Manchester (UoM), and there are joint committees that support the main activities e.g. 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 that provides for a relationship between MFT and the other main academic hospitals and UoM to deliver improvements in healthcare, driven from a platform of research excellence.

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

Health Innovation Manchester was established in 2015/16 to create a compelling shop window for external stakeholders and potential customers to access the Greater Manchester NHS ecosystem and 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. The Trust has a long term agreement with Roche to provide laboratory equipment (diagnostics) and Fresenius for renal services.

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

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

Education
MFT continues to be the co-sponsor of Manchester Health Academy in Wythenshawe. The Academy is rated Good by OfSTED. It is due to complete a new £7m extension in September 2018 given increased demand for places and a three-year plan to increase capacity.

The Academy has a sound financial position and is well regarded for its support to local students. The links with MFT help to promote further career opportunities for students.

Audit Committee Report

Purpose of the report
The purpose of this part-year annual report is to demonstrate to the Trust's Board of Directors that the MFT Audit Committee has met its terms of reference from October 2018 to the end of March 2018. The Committee has been formally constituted as a standing Committee of the Group Board of Directors in accordance with its Standing Orders.

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

The Audit Committee 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 the external and internal audit functions.

The Audit Committee provides the Group Board of Directors with a means of independent and objective review of financial and corporate governance, assurance processes, and risk management across the whole of the Group activities. The Audit 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.

Committee membership
The Audit Committee membership during October-March 2017/18 comprised:

Mr John Amaechi	- Non-Executive Director
Professor Dame Sue Bailey	- Non-Executive Director
Mr Roger Barlow	- Non-Executive Director (up to 31.12.17)
Dr Ivan Benett	- Non-Executive Director
Mr Barry Clare	- Non-Executive Director
Mr Nic Gower	- Non-Executive Director & Chair of the Audit Committee
Ms Jane McCall	- Non-Executive Director (up to 31.12.17)
Mrs Chris McLoughlin	- Non-Executive Director & Senior Independent Director
Mr Trevor Rees	- Non-Executive Director

Compliance with the Committee's terms of reference

The Audit Committee met twice during October - March 2017/18, and the meeting minutes were submitted to the next available Board of Directors' meeting. The Director of Operational Finance, Chief Accountant, Director of Corporate Services, Head of Internal Audit and Internal Audit Manager, representatives of the External Auditor and the Anti-Fraud Specialist have attended Audit Committee meetings. Executive Directors, Corporate Directors and other members of staff have been requested to attend meetings of the Audit Committee as required. The Audit Committee received its terms of reference at the inaugural meeting on 1st November 2017

Meeting attendance

	Nov 17	Feb 18
Mr John Amaechi Non-Executive Director	x	x
Professor Dame Sue Bailey Non-Executive Director	x	x
Mr Roger Barlow (up to 31.12.17) Non-Executive Director	✓	x
Dr Ivan Benett Non-Executive Director	✓	✓
Mr Barry Clare Non-Executive Director	✓	✓
Mr Nic Gower Non-Executive Director	✓	✓
Ms Jane McCall (up to 31.12.17) Non-Executive Director	x	x
Mrs Chris McLoughlin Non-Executive Director	x	✓
Mr Trevor Rees Non-Executive Director	✓	✓

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

Audit services provision

Internal Audit for the former CMFT had been provided by Mersey Internal Audit Agency (MiAA) and for the former UHSM by KPMG. On 1st November 2017, the Audit Committee agreed that the two current Internal Audit providers (MiAA and KPMG) would work together to review their separate internal audit plans for 2017/18 and develop a joint plan for the delivery of the remaining reviews to 31st March 2018.

The revised Internal Audit Plan for October - March 2017/18 was based on planning work and discussion between Internal Auditors and Trust management teams and with regard to prior legacy commitments (former CMFT and UHSM).

Deloitte LLP is the External Auditor since the creation of the Trust on 1st October 2017. An Audit Plan was developed for October - March 2017/18, based on planning work including discussion between the External Auditors and Trust management team, and consideration of recent sector developments.

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

The Audit Committee agenda covered the following:

- Monitoring of the Audit Committee's six month work programme (October 2017 to March 2018)
- Received the Draft CMFT & UHSM Part-Year Annual Reports & Accounts (2017/18); the Part-Year CMFT & UHSM External Audits (2017/18); and, the Head of Internal Audit Opinions (for CMFT & UHSM) for the first six months of 2017/18.
- Received a range of reports (as required) under the following headings:
    - External Audit progress reports
    - Internal Audit reports
    - Anti-fraud reports
    - Losses and special payments reports.
- Received minutes and considered reports (as required) from the following Board Sub-Committees:
    - Group Risk Management Committee
    - Finance Scrutiny Committee
    - Quality & Performance Scrutiny Committee
    - HR Scrutiny Committee.

Work and performance of the Committee during October - March 2017/18
The Audit Committee has adhered to the work programme agreed in the early Autumn 2017. All reports scheduled for each Committee meeting have been received on time.

The Audit Committee has focussed its attention throughout the six months on the review and oversight of the Group's general internal controls and risk management systems, liaising with any separate scrutiny and risk committees as required. The Committee has received and considered the major findings of Internal Audit investigations and management's response and their implications and monitored progress on the implementation of recommendations. Non-Executive Directors have an 'open invitation' to attend the Group Risk Management Committee and all Scrutiny Committees.

The Board Assurance process was reviewed at the Audit Committee noting that the MFT Board of Directors had received a combined Board Assurance Framework (BAF) for the new Foundation Trust. It was accepted that the BAF for the new FT would continue to be developed and improved and to go through a number of iterations and that further iterations would be presented to the Audit Committee.

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

- Revenue recognition
- Property valuations
- Internal turnaround programme.

The Committee also received and reviewed an update on the Finance Workstreams within the Post Transaction Implementation Plan (PTIP) in February 2018 with a focus on attainment of key milestones during Day 1-100 of the new organisation.

External Audit
The Committee received the external auditors planning report to the committee for the final audit of CMFT and UHSM and discussed a number of areas including risks and audit plan.

The Committee subsequently received the planning report for the initial audit of MFT and particular attention was considered under the headings of audit plan, key risks, regulatory changes and other commitment to quality.

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

The Draft Director of Internal Audit Opinion for October - March 2017/18 was presented to the Audit Committee in April 2018 and substantial assurance was provided on the adequacy of the system of internal control.

The following Internal Audit Reports were received by the Audit Committee between October and March 2017/18:

Report	Reported to Audit Committee	Assurance Rating
RMCH Charitable Funds	November 2017	Advisory
End of Life Care	November 2017	Significant
Medicines Security	November 2017	Significant
Reference Costs	November 2017	Significant
Volunteers	November 2017	Significant
Medical Agency and Locum Staffing	February 2018	Advisory
NHSI Agency Cap	February 2018	Limited Assurance
Patient Administration System– CMFT legacy	February 2018	Advisory
Safe and Competent Workforce: CQC Action Plan – CMFT legacy	February 2018	Significant Assurance

Report	Reported to Audit Committee	Assurance Rating
Assurance Framework	April 2018	Meets Requirements
Local Clinical research Network	April 2018	Significant Assurance

The Audit Committee received updates on the status of implementing Internal Audit recommendations at each meeting. During the second six months of 2017/18, the Committee focused again on the timescales for the implementation of action plans and monitored the breaches. The Director of Internal Audit Opinion confirmed that overall the Trust has continued to make Good Progress with the implementation of agreed recommendations.

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

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

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

The Audit Committee received regular progress reports. Details of investigations carried out during the year were provided to the Committee. A programme of work was presented to the Committee in February 2018.

In April, the Committee received an updated report with reference made to the reporting dashboard. It was noted there were a number of items highlighted for the Audit Committee's attention, namely:

- Standards for Providers self-review tool submission
- Staff surveys
- Follow up
- Anti-Fraud Service recommendations – conflicts of interest
- Detection exercise – Working While Off Sick.

Losses and compensation
The Committee received information about the levels and values of losses incurred and compensation payments made by the Trust. Throughout the year bad debts and claims abandoned accounted for the biggest proportion of losses reported to the Committee.

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

Other reports
The Audit Committee also received the following reports and information:

- An update on the timescales and process for the part year CMFT and UHSM legacy annual reports and the MFT part year annual report and quality report.

Selection of Internal Auditors and Anti-Fraud Services
The provision of Internal Auditors and Anti-Fraud Services between October 2017 and April 2018 was an interim arrangement pending the appointment of substantive providers following a rigorous procurement process in keeping with the Trust's Constitution (October 2018), Standing Financial Instructions and Audit Committee Terms of Reference. An Audit Committee Panel was involved in the procurement process between January and March 2018

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

Nic Gower
Chairman, MFT Audit Committee
April 2018

2.6 Regulatory ratings

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

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

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

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

Segmentation
The Trust has been placed in segment 2 by NHS Improvement. This segmentation information is the Trust's position as at 31st March 2018. 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 Rating: October to March 2017/18

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

2.7 Statement of accounting officer's responsibilities

Statement of the Chief Executive's responsibilities as the Accounting Officer of Manchester University NHS Foundation Trust (MFT)

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 MFT to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of MFT and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

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

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual* (and the *Department of Health Group Accounting Manual*) have been followed, and disclose and explain any material departures in the financial statements
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance
- prepare the financial statements on a going concern basis.

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

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

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

Sir Michael Deegan CBE
Chief Executive
23rd May 2018

2.8 *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 the Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

The purpose of the system of internal control

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

- identify and prioritise the risks to the achievement of the policies, aims and objectives of Manchester University NHS Foundation Trust
- evaluate the likelihood of those risks being realised and the impact should they be realised
- to manage them efficiently, effectively and economically.

The system of internal control has been in place in Manchester University NHS Foundation Trust for the part-year ended 31st March 2018.

Capacity to handle risk

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

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

The Board has designated the Joint Medical Directors as the lead Executives and Chairmen 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.

The 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 been undertaken to develop clinical effectiveness indicators across all hospitals.

A Trust risk management training programme has been designed and delivered which undergoes an annual evaluation process. The risk management team includes a training post dedicated to risk management training.

The Trust has operational risk and safety meetings at all levels which review high level incidents and incident trends so that lessons can be learnt for the future. We have developed robust mechanisms for recording untoward events and learning from them.

As part of our Clinical Effectiveness Performance Framework, each hospital and service 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 and Performance Scrutiny Committee** which is a forum where Board members can scrutinise specific subjects. Examples of areas examined this year have been ESTU Improvement Plans; Guardian of Safe Working Hours Report; Plans to Minimise Cancelled Operations; RTT Performance; Management of Surgical Emergencies in RMCH; Delivery of the Cancer Performance Targets, and Transitional Care. This ensures a level of detailed review and challenge in areas of identified risk.

The risk and control framework

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

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

Deputy Chief Executive

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

Chief Nurse

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

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 Medical Directors

- Responsible for leading on patient safety and clinical effectiveness, research and innovation and medical education.
- Chair the Clinical Effectiveness Committee, the Safeguarding Effectiveness Committee and the Research Governance Board.
- Responsible for ensuring the Trust is compliant with the Human Tissue Act.
- The Responsible Officers for the Trust, for the purposes of the revalidation of doctors with the General Medical Council, and the Caldicott Guardians for the Trust.

Director of Workforce & Organisational Development

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

Chief Operating Officer

- Responsible for the successful delivery of clinical operations in the Trust, playing an active role in the determination and implementation of corporate strategies and plans.
- Has responsibility for four key elements:
    - Operational leadership of all 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.
- Contributes to the development and delivery of the wider Trust agenda, including implementation of the Trust's strategic vision.

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.
- Manages many of the Trust's major stakeholder relationships and works closely with our hospital leadership teams to ensure appropriate strategic positioning to deliver our vision.
- Plays a pivotal role as a member of the Greater Manchester Health and Social Care Partnership and helps to shape the future governance arrangements linked to this historic agreement.

Our **Risk Management Strategy** provides us with a framework that identifies risk and analyses its impact for all 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 being used to rank risks across the organisation. The strategy clearly sets out the individual and corporate responsibilities for the management of risk within the organisation. Implementation of the strategy ensures the Board is informed about significant risks and is then able to communicate those effectively to external stakeholders.

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

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

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

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

Controls and assurances provide evidence to support the Annual Governance Statement. A substantial level of assurance was given by Internal Audit for the second half of 2017/18 in its Head of Internal Audit Opinion.

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

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

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

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

Overview of the organisation's major risks

The Trust has identified a number of significant risks during the second half of 2017/18. These have been or are being addressed through robust monitoring at the bi-monthly Risk Management Committee, chaired by the Chief Executive and are presented below.

More detail on work completed to mitigate these risks can be found in the Performance Report on pages 9 to 41.

Key risks 2017/18 (1st October 2017 – 31st March 2018)

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

Appointing our Substantive Board

During the six months leading up to the merger of CMFT and UHSM, the NHSI Transaction Guidance required the establishment of an Interim Board in anticipation of the merger of CMFT and UHSM. The timeline for assembly of the Interim Board was the end of June 2017. This was necessary due to a Board to Board meeting with NHSI in early July as part of the formal assessment of the Full Business Case (FBC) and in anticipation of the new organisation going live on the 1 October 2017.

In agreement with NHSI, and overseen by Hempsons (who were appointed to provide independent legal advice following a formal procurement process which included the consideration of bids from three separate legal firms), a sufficiently

rigorous process was undertaken that ensured robust decisions were made resulting in the best appointments and a suitably balanced Interim Board in terms of skills, aptitudes and diversity.

Whilst the Councils of Governors of CMFT and UHSM did not have a statutory role in the appointment of Interim Group Chairman and Interim Group Deputy Chairman, three Governor representatives from each Foundation Trust (six in total) were invited by NHSI to be involved on the day of selection.

Although there was no specified time period in the legislation as to how long the new Foundation Trust could take to appoint its Substantive Board, NHSI's Transaction Guidance stated that the Interim Board of Directors should hand over and disband as soon as possible and, as a long stop, should not remain in place for more than five months after the merger.

On 15th December 2017, a Council of Governors Nominations Committee met to consider options for appointing the substantive Group Chairman, Group NEDs and Group CEO with the aim of presenting recommendations to the Council of Governors for consideration and approval on 20th December 2017. At this meeting, the Council of Governors approved the substantive appointment of the Group Chairman, Group Deputy Chairman, Group NEDs and Group CEO.

On 20th December, the Trust Remuneration Committee considered options and approved the substantive appointment of the Group Executive Directors (who had been appointed as Interim Group Executive Directors on the Interim Board of Directors during the summer 2017).

Quality governance arrangements

Compliance with Care Quality Commission (CQC) registration was monitored through a number of Trust Committees but the main Committees are the Quality & Performance Scrutiny Committee and the Trust Risk Management Committee. The six-month Quality Report for 2017/18 is included within this report, from page 121, and describes the key elements of the Trust's quality governance arrangements.

MFT uses indicators extensively to inform and monitor the quality agenda. This data triangulates quality, workforce and financial indicators on a monthly basis and is utilised at a number of different operational fora and at every Board of Directors meeting and by the Council of Governors. Internal quality reviews along with the internal and clinical audit programmes, the accreditation programme and the Hospital / MCS review process all provide assurance on compliance with the CQC Standards of Care.

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

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

Care Quality Commission
Manchester University NHS Foundation Trust is required to register with the CQC and our current registration status is fully registered with no conditions. The CQC has not taken enforcement action against the Trust during 1st October 2017 to 31st March 2018.

From 1st October 2017 to 31st March 2018, the Trust did not participate in any special reviews or investigations by the CQC. The Trust is fully compliant with the CQC registration requirements.

Hospital/MCS Review Process
A performance review process has been established whereby 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 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, namely, 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 the organisation's key priorities. In developing the Assurance, Leadership & Governance Framework for the new organisation during the summer & early autumn (2017), due consideration was given to Monitor's (NHSI) 'Well Led' Framework.

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

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

The Trust employs a number of approaches to ensure best value for money (VFM) in delivering its wide range of services. Benchmarking is used to provide assurance and to inform and guide service redesign. This leads to improvements in the quality of services and patient experience as well as financial performance.

MFT maintains a record of attendance at the Board and details of this for the second six months of 2017/18 can be found on pages 4to 47 of this report. The Audit Committee produces an annual report of its effectiveness (pages 96 to 101 of this report) which is included together with an overview of the work of the Remuneration and Nomination Committees.

The Trust is compliant with the principles and provisions of the NHS Foundation Trust Code of Governance following an annual review with Board members. The Board's statement on compliance is contained in detail on page 93 onward of this report.

Information governance

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

MFT has a framework of legal principles and best practice guidelines for the Trust and individuals, to ensure compliance with legal, regulatory and Trust requirements and the provision of a secure and confidential information environment.
IG work undertaken from October 2017 to March 2018 included:

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

The Trust's 2017/18 Information Governance Toolkit (IGT) assessment achieved a minimum of level 2 or above on all requirements and shows an overall score of 74% and is graded green (satisfactory).

Information Governance breaches are managed in line with the Trust's incident management policy. Serious information governance breaches are also managed in line with the Health and Social Care Information Centre (HSCIC) Checklist Guidance for Reporting, Managing And Investigating Information Governance and Cyber Security Serious Incidents Requiring Investigation (IG SIRI).

The table below shows a summary of Information Governance incidents for the period 1st October 2017 – 31st March 2018.

Category	Breach Type	Total
A	Corruption or inability to recover electronic data	12
B	Disclosed in Error	57
C	Lost in Transit	0
D	Lost or stolen hardware	0
E	Lost or stolen paperwork	12
F	Non-secure Disposal - Hardware	0
G	Non-secure Disposal - Paperwork	5
H	Uploaded to Website in Error	0
I	Technical Security failing (including hacking)	8
J	Unauthorised access / disclosure	38
K	Other	67

There was one incident in the above period at a level which required reporting to the Information Commissioner's Office (ICO), Department of Health and other central bodies/regulators.

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

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

Compliance with Care Quality Commission registration requirements

MFT is fully compliant with the registration requirements of the Care Quality Commission.

Compliance with the Civil Contingencies Act 2004

The NHSE Emergency Planning Resilience Response Framework sets out the requirements of all NHS funded organisations in England to meet the requirements of the Civil Contingencies Act 2004. MFT is a category 1 responder which are recognised as being at the core of emergency response and are subject to the full set of civil protection duties including: risk assessment of emergencies, to have in place emergency plans and business continuity management arrangements and a requirement to share information and cooperate with other agencies.

The minimum requirements Acute Providers must meet are set out in the NHSE Core Standards for EPRR (60 in total), and on an annual basis the Trust provides an assessment of compliance with these standards. There are 4 levels of compliance: Full; Substantial; Partial; and, Non-Compliant

The assessment was undertaken in October 2017 for the two legacy organisations (UHSM & CMFT) for the preceding 12 month period. The outcomes of the assessment was received by the MFT Board of Directors on 8th January 2018 as follows:

- **CMFT** - the legacy organisation of CMFT has declared a compliance level of **Substantial**, this is the same level of compliance as in 2016/17.
- **UHSM** - the legacy organisation of UHSM has declared a compliance level of **Partial**, this is the same level of compliance as in 2016/17.

The Trust EPRR Group provides oversight of delivery of the core standards and any associated actions as a result of the annual assessment.

Compliance with equality, diversity and human rights legislation

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

Compliance with the NHS Pension Scheme

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

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

Compliance with Carbon Reduction Delivery Plans

We have undertaken risk assessments and Carbon Reduction Delivery Plans and these are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects. This ensures that the organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Annual Quality Report

In compliance with the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended), the Directors are required to prepare Quality Reports for each financial year. NHS Improvement (exercising powers conferred on Monitor) issues guidance to NHS Foundation Trust Boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual. Due to the dissolution and merger of UHSM and CMFT to form Manchester University NHS Foundation Trust (MFT) on 1st October 2017, the quality performance and compliance information included within this report only cover the six months to 31st March 2018.

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

The interim Board reviewed the quality priorities from each legacy organisation and brought these together as set out in the previous table on page 111. The priorities were informed by the clinical due diligence process and the priorities set out by both previous Trusts. Strategy and policy documents being developed are fully aligned with these priorities.

In 2017/18, the external audit of the RTT indicator found an overall error rate of five cases which contributed to the Trust's reported indicator (three at our legacy UHSM sites and two at our legacy CMFT sites). Despite the inherent risk that errors may occur in this indicator due to the complexity of some pathways and the level of human interaction required, this year's audit found improvement in the overall error rate at our legacy CMFT sites. A modified opinion was therefore issues for 2017/18 with recommendations for continued focus on staff training and data entry.

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

I have drawn on the content of the Quality Report included in this Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board of Directors, the Trust Risk Management Committee, the Audit Committee, the Quality & Performance Scrutiny Committee, and the HR Scrutiny Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

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

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

- **Board of Directors**

The statutory body of the Trust is responsible for the strategic and operational management of the organisation and has overall accountability for the risk

management frameworks, systems and activities, including the effectiveness of internal controls.The Terms of Reference and responsibilities of all Board Committees are reviewed regularly in order to strengthen their roles in governance and focus their work on providing assurances to the Board on all risks to the organisation's ability to meet its key priorities.

- **Audit Committee**

The Audit Committee provides an independent contribution to the Board's overall process for ensuring that an effective internal control system is maintained and provides a cornerstone of good governance. The Audit Committee monitors the assurance processes of all other Board Committees (see also the Audit Committee on pages 96 to 101 of this report).

- **Quality & Performance Scrutiny Committee**

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

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

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

- **Human Resources Scrutiny Committee**

This committee reviews MFT's Human Resources Strategy and monitors the development and implementation of the key workforce deliverables. Examples of key areas of focus during the second six months of 2017/18 include: Equality & Diversity Statutory Compliance Report (2016/17); Manchester Health & Wellbeing Plan & Local Implementation; Update on the Values & Behaviours Programme; Update on the Implementation of the Leadership & Culture Programme and Integration of Corporate Functions & Hospital Leadership.

- **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.

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

A report is produced at the conclusion of each audit and, where scope for improvement is found, recommendations are made and appropriate action plans agreed with management. Reports are issued to and followed up with the

responsible Executive Directors. The results of audit work are reported to the Audit Committee which plays a central role in performance managing the action plans to address the recommendations from audits.

Internal audit reports are also made available to the external auditors, who may make use of them when planning their own work.
In addition to the planned programme of work, internal audit provide advice and assistance to senior management on control issues and other matters of concern.

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

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

- **Trust Risk Management Committee**

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

The key areas of focus during the second six months of 2017/18 are highlighted under 'Overview of the organisation's major risks' section on page 110 above.

- **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 319 clinical audits during the second six months of 2017/18, which took place across all our hospitals with 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.

Going forward into 2018/19, MFT is looking at introducing additional assurances through a programme of work, aligned to kite mark/diamond standards.

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, patterns of complaints) MFT has, and will keep in place, effective arrangements for the purpose of monitoring and continually improving the quality of healthcare provided to our patients.

Sir Michael Deegan CBE
Chief Executive
23rd May 2018

3. Quality Report

Quality Report - 1st October to 31st March 2017/18

Part one – Welcome and Overview

Statement on Quality from Sir Mike Deegan, Group Chief Executive
Introduction from Professor R C Pearson, Miss TS Onon, Joint Group Medical Directors' and Professor Cheryl Lenney, Group Chief Nurse

Part two – Statements of Assurance from the Board and Priorities for improvement

Overview of Priorities
NHS Outcomes Framework
Learning from Deaths
7 day services in hospital
Friends and Family Test
National Confidential Enquiry into Patient Outcome and Death (NCEPOD)
Local Clinical Audit
Research and innovation

Other News

- Data Assurance Processes and Information Governance
- Glossary of Definitions

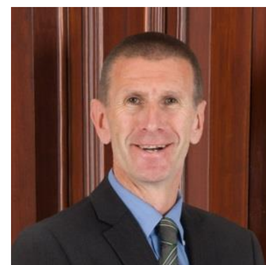
Appendix 1
National Clinical Audit

Part three – Other Information

Performance of the Trust against selected indicators
Feedback from Governors
Commissioners' Statement
Feedback from the Health and Wellbeing Scrutiny Committee
Statement of Directors' responsibilities in respect of the Quality Report
Independent Assurance Report to the Council of Governors of Manchester University NHS Foundation Trust on the Annual Quality Report

Part 1: Welcome and Overview

Introduction from the Group Chief Executive



I am very pleased to welcome you to the first annual Quality Report from our new organisation, Manchester University Foundation Trust (MFT). The Trust was established on 1st October 2017, following the merger of Central Manchester University Hospitals NHS Foundation Trust (CMFT) and the University Hospital of South Manchester NHS Foundation Trust (UHSM), and this report covers the first six months in the life of the new organisation.

This is a part year report and therefore it does not contain the level of detail that we will include in future years. However, we have set out here a number of achievements and commitments in the following pages that we will build upon in 2018/19.

The primary purpose of the merger was to improve the quality of care of the people of Manchester, Trafford and the wider communities we serve. I am delighted to see in this report that some of those improvements are already being seen. The merger has created the opportunity for us to work together across sites and with partner organisations in unprecedented ways and to lead the way in research and innovation in order to make improvements to quality, patient experience and patient safety in ways we have not been able to before.

We are deeply committed to the continued development of a culture of openness and transparency across all of our services and the further development of the effective measurement of safety culture in the organisation will build on this work.

Information on key quality and safety metrics for the organisation is presented and I am happy to report that many areas across the organisation have shown an improvement, or maintenance of standards, through this period of change. One set of indicators on which we place particular focus are mortality metrics as this information helps us to understand outcomes of care. These have improved across 2016/17.

I am also pleased to note that there has been an overall reduction in serious harm, particularly for patients using the services on our Oxford Road campus. We will work hard on continuing this improvement across the coming years through the development of 'leading indicators'. These are measures which will help us to predict where harm may occur and enable us to work towards avoiding those incidents.

There are some areas where we have not made the improvements we would wish to see, for example in the assessment of risk of thrombosis (blood clots) and frequency of falls and these areas will be a focus for improvement in the year ahead.

We aim to provide high quality, safe care and, to that end, will focus on the improvements that matter to our patients and staff most. Through our work on 'What Matters to Me', our Freedom to Speak Up Guardian, our Patient Safety Forums and many other mechanisms we will hear our patient, staff and stakeholder voices throughout the year as we work on the delivery of our Quality and Safety Strategy and I look forward to an exciting year ahead.

Sir Michael Deegan CBE
Chief Executive
23rd May 2018

Introduction from the Joint Group Medical Directors and Group Chief Nurse

Since the merger of the Central Manchester University Hospital NHS Foundation Trust and the University Hospital of South Manchester NHS Foundation Trust, to become Manchester University NHS Foundation Trust on October 1st 2017, we, as joint Group Medical Directors and Group Chief Nurse, have worked together to ensure that the focus on quality and safety has been maintained throughout.

The purpose of the merger was to improve the health and wellbeing of the people of Manchester and surrounding areas, and the quality and effectiveness of the healthcare services they receive, through the integration of the city's key acute hospital services into one new organisation.

Both Trusts had a proven track record in providing evidence based, high quality, safe and effective care to both the local population and further afield through their community, district hospital and tertiary services.

The case for the merger set out the benefits to quality, safety and patient and staff experience as:

Quality and safety

- Reduce variation in the effectiveness of care
- Reduce variation in the safety of care
- Develop appropriately specialised clinicians
- Reduce variation in the access to specialist care, equipment and technologies.

Patient Experience

- Provide more co-ordinated care across the city (and reduce fragmentation)
- Enhance the work of the Local Care Organisation to transfer care closer to home
- Improve patient access and choice
- Improve access to services and reduce duplication (and thus unnecessary trips to hospital)

Workforce

- Improve the recruitment and retention of a high quality and appropriately skilled workforce
- Support the requirement to provide a seven day service
- Reduce reliance on bank and locum/agency staff, and increase continuity of care from a substantive workforce
- Support teams to meet the needs of current and future demand for services

At the time of writing the new organisation is six months old and we are pleased to report that with very few exceptions, performance across key safety and quality indicators has continued to improve.

Last year the two legacy organisations set out a number of quality and safety objectives; we are delighted to report that we have seen improvements across every one of these.

- ✓ **Mortality**
  The organisational mortality indicators are in line with national expectation and overall we perform better than average with deaths being lower than expected. We are implementing the recommendations of the Learning from Deaths Review and this has recently been subject to an internal audit providing significant assurance on our processes.

- ✓ **Sepsis**
  The organisation has seen improved timeliness of recognition and treatment of sepsis and a reduced length of stay

- ✓ **Reduction in a number serious harm incidents**
  Comparing data across MFT and both legacy organisations over the last 2 years indicates we have reduced the number of serious harm incidents by 21%

- ✓ **End of Life Care**
  A detailed programme of work has been undertaken on End of Life Care with improvements seen across all indicators of the National End of Life Care Audit.

- ✓ **Dementia**
  The National Standard is to 'find' 90% of all patients (75 years of age and over) with a possible diagnosis of dementia/cognitive impairment within 72 hours of their emergency admission, through the use of a single question: *'Have you been more forgetful in the last 12 months to the extent that this has significantly affected your life?'* All hospital sites are meeting this target.

  The organisation contributes to the annual National Audit on Dementia. The audit results suggest that each site has its strengths and weaknesses and we are working through plans in response. We will work together to share best practice across the new MFT Trust which will bring about improvements in care for people living with dementia.

- ✓ **Out-patient Care**
  The Trust continues the work of the predecessor organisations on a programme of Out-patient Transformation which seeks to improve the patient experience and clinical quality of out-patient services. We are currently rolling out a programme of electronic referrals to improve the information exchange between the outpatient services and General Practitioners (GPs).

- ✓ **Development of Safety Metrics**
  The Trust has agreed a comprehensive set of patient safety metrics. These metrics are designed to give us real-time information on:
  - Has care been safe in the past, and what can we learn?
  - Are our processes reliable, do they protect from harm?

- Is care safe today, for example are enough staff on duty?
- Will care be safe in the future?
- Are we listening and responding?

These metrics inform the Board of Directors and provide key assurance on quality and safety performance.

✓ **Ward and Department accreditation**
Accreditation is well embedded within the organisation's assurance mechanisms. The organisation's accreditation process is underpinned by the Group Values and Behaviours Framework and the Group Nursing and Midwifery Strategy and supports the continuous enhancement of patient experience and recognition of excellence.

In 2017/18, 151 clinical areas underwent accreditation with 90% of areas achieving Diamond, Gold or Silver status. A new process has been developed for 2018/19, which draws upon the learning from our previous Accreditation Programmes and ensures that the process remains contemporary by being subject to continuous improvement.

✓ **Improvements to Staffing**
Ensuring that our wards and departments are staffed safely remains a priority for the organisation. This year we have seen improvements to nurse staffing levels, the development of new roles to support care and progress on the implementation of 7 day services in our hospitals.

As we move forward we are committed to improving quality and safety and have set out the following broad objectives which are presented in more detail later in this Quality Report.

These objectives are aligned with the Care Quality Commission (CQC) quality domains; they give us a solid framework on which to build our improvement work with the patient/service user at the centre.

Safe	We aim to deliver safe care - ***Right care first time, every time***
Caring	We will treat all of our patients/service users and each other with kindness and respect - ***Providing the quality of care that matters to patients and their families***
Effective	Our patients/service users will get the best outcomes as a result of evidence based care - ***Best outcomes for every patient***
Responsive	We will listen– and respond changing and improving when we need to - ***Hearing the patient, public and staff voice at every level of the organisation***
Well-led	Our leadership teams will be visible, supportive and create a culture where everyone can speak and everyone is heard - ***Exemplary leadership at all levels***

As a new organisation we look forward to working with the CQC in the future on improving quality and expect that they will undertake a comprehensive inspection sometime in 2018/19. Our aim is to achieve a 'Good' or 'Outstanding' rating across all of our services.

We are very proud of the care we provide here at MFT and of all of our staff who deliver that care, whether they are in clinical patient/service user facing roles or non-clinical supporting roles.
We look forward to continuing this journey, working together and with others to provide the highest level of quality, safety and patient experience into 2018/19 and beyond.

Professor Robert Pearson	Miss Toli Onon	Professor Cheryl Lenney
Joint Group Medical Director	Joint Group Medical Director	Group Chief Nurse

Part 2: Statements of Assurance from the Board and Priorities for Improvement from the Board of Directors

Overview of Priorities

In 2017/2018 we sought to improve performance across many areas of care. In the following section we present those areas of work with performance data.

We have set these out in the table on page 155 and the detail is contained over the following pages. The Board of Directors of MFT is assured that the priorities for quality improvement agreed by the Board are closely monitored through robust reporting mechanisms in place in each Hospital site.

During 2017/18 the Manchester University NHS Foundation Trust provided and/or sub-contracted all relevant health services.

The Manchester University NHS Foundation Trust has reviewed all the data available to them on the quality of care in all of these relevant health services.

The income generated by the relevant health services reviewed in 2017 – 2018 represents 100 per cent of the total income generated from the provision of relevant health services by the Manchester University NHS Foundation Trust for 2017 - 2018.

MFT uses indicators extensively to inform and monitor the quality agenda. We formally use this data to triangulate quality, workforce and financial indicators on a monthly basis at a number of different fora, including the Operational Managers Meeting chaired by the Group Chief Operating Officer and at every Board of Directors meeting.

The Board of Directors intends to use this information to inform all decision making processes including priority setting throughout 2018/19. Our organisation will use the information to understand performance against the strategic aim of improving the safety and clinical quality of our services. This understanding will then inform prioritisation and quality improvement plans.

Triangulation of this information and comprehensive understanding of cause and effect enables a focus on work streams that will improve both quality and best use of resources.

Whilst all Executive Directors have responsibility for the delivery of quality improvement, the named Executive leads for quality are the Joint Medical Directors and the Chief Nurse. They along with our Governors have agreed the following set of clinical priorities set out as primary objectives for 2018/19, together with the actions we will take to achieve these as illustrated in the table below.

	Primary Objectives	Secondary Objectives	Proposed Actions
SAFE	Right care first time, every time	• Reduction in mortality • Ensuring all patients and staff are safeguarded from abuse and harm • Managing quality and safety risks • Investigating and Learning when things go wrong • Sharing good practice	• Reduction in harm from medication errors • Improving sepsis care • Reduction in harm from clinical deterioration • Improving care for patients with a fractured neck of femur • Reduction in harm from falls • Reduction in harm from delayed communication of test results • Implementation of an electronic patient record • Reduction in harm from hospital acquired venous thrombo-embolism • Improvements to infection control
CARING	Providing the quality of care that matters to patients and their families	• Treating all patients and each other with kindness, respect and compassion • Involving patients and their loved ones in decisions about care • Caring for patients in a way that protects their privacy and dignity	• Improving dementia care • Improving mental health care for patients in the acute healthcare setting • "What Matters to Me" • Reducing complaints , particularly those about dignity and respect • Improving the provision of accessible information for patients and their families
EFFECTIVE	Best outcomes for every patient	• Working together as teams to provide evidence based care focused on the needs of the individual • Benchmarking clinical effectiveness with other similar	• Reduction in length of stay • Achievement of top quartile performance in all National clinical audits • Provision of care in the best place possible • Developing training and development on quality and safety with a focus

		organisations • Ensuring good practice in Consent • Contribution to developments in clinical effectiveness nationally and globally through our Research and Innovation programmes	on improvement methodology and human factors • Supporting patients and staff to lead healthier lives • Making sure patients are well nourished and hydrated whilst in our care • Making sure we have enough staff to care for our patients effectively
RESPONSIVE	Hearing the patient, public and staff voice at every level of the organisation	• Taking into account the needs of different people in developing the quality and safety of our services • Making sure care is person centred and that it can be accessed in a timely way • Involvement of patients in the design of care pathways	• Improvements to access and referral standards • Improvements to discharge planning and implementation • Reduction in all complaints response times • Working with national bodies such as the Health Safety Investigation Branch to inform quality and safety learning
WELL LED	Exemplary leadership at all levels	• Working together as teams to ensure there is leadership capacity and capability • Ensuring there are sound systems of clinical and quality governance • Ensuring risks are identified and effectively mitigated • Working with partners across the health	• Development of leading and lagging indicators on quality and safety • Improving our performance on being open • Publication of more detailed quality and safety information • Measurement of quality and safety culture

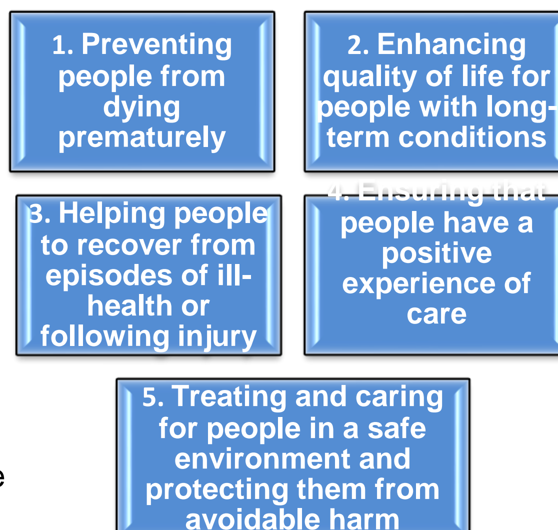
	economy to improve the health of the population • Working with patients and staff at all levels on the design of quality and safety systems

Further detail on these improvement aims and their performance measurement can be found in the Group Quality and Safety Strategy which is located on the Trust website. www.mft.nhs.uk
The Group Board of Directors maintains a focus on performance against the Trust's quality metrics through the organisational governance processes and through regular review of a comprehensive suite of quality metrics from which Board members drill down into the organisation to interrogate performance.

The Trust operates a Risk Register on which all risks are monitored, and those presenting a more significant threat to the Trust objectives - scored at 15 and above - are monitored bi-monthly at the Group Risk Management Committee.

The NHS Outcomes Framework
The NHS Outcomes Framework is a set of indicators designed to improve standards of care in five key areas.
In this report, you will see performance figures and, where possible, comparative information so that you can see how well we are doing alongside our other NHS colleagues. This is so that all organisations are clear about performance in these areas and that comparisons can be made.

The following indicators each directly inform the five key areas of the framework.



Summary Hospital-Level Mortality Indicator (SHMI)
The Summary Hospital-level Mortality Indicator (SHMI) is a method used across the NHS in England to measure hospital deaths. It is based on all patient deaths including those which happen up to 30 days following discharge from hospital. It relies heavily on accurate record keeping and coding.

The patient case note is examined by clinical coding staff who reflect what doctors and other clinical staff have written in relation to any existing conditions the patient has, such as diabetes, as well as their diagnosis for their current hospitalisation episode and any procedures undertaken. We are currently working hard to improve

the quality of our clinical records in order that we can be fully confident in the mortality indicator.

The Manchester University NHS Foundation Trust intends to take the following actions to improve its SHMI, and hence the quality of its services, by a combination of measures to strengthen the underlying data through a clinical record management improvement plan.

The Manchester University NHS Foundation Trust considers that this data is as described for the following reasons: The position is reported at the Trust Mortality Review Group with analysis provided in a corresponding mortality indicator report. Areas of concern by diagnosis, site, or service are highlighted and reviewed by the group. External reports such as AQUA, are shared and explored, with third party support/analysis commissioned where appropriate. The position, alongside other leading mortality indicators are monitored locally within the trust reporting portal to consultant level. The measure is included in both Board Assurance and internal Accountability Oversight Framework reporting. SHMI is derived from the Trust activity and diagnosis data, assured through clinical coding audit. MFT is currently at level 3 IG assurance for their clinical coding quality.

Indicator	Outcomes	MFT 2017/18 1st Oct-31st Mar	National Average 2017/18	MFT 2016/17	Highest Performing Trust 2017/18	Lowest Performing Trust 2017/18
SHMI	To be less than 100	98.51	95%	Data not available	72.70	124.73

There are no comparative figures for the 2016/17 financial year, or the first six months of 2017/18, as MFT has only existed since 1st October 2017. The Boards of the two legacy Trusts (CMFT & UHSM) have given assurances to the MFT Board in relation to the quality and performance of the legacy organisations for the first six months of 2017/18.

Patient Reported Outcome Measures

These measures relate to outcomes reported by patients on groin hernia surgery, varicose veins surgery, hip replacement surgery and knee replacement surgery. For the reporting period 1st October 2017 to 31st March 2018, no PROMS data for the Trust has yet been published. The results for this period should be published in November 2018. It is therefore not possible to provide any data on this domain, at this time.

The percentage of patients readmitted to a hospital within 28 days of being discharged from a hospital

The Manchester University NHS Foundation Trust considers that this data is as described for the following reasons: 28 day readmission data is included within the audit of the Trusts 17/18 annual accounts. Extensive reporting is available on the Trust information portal and is now included within the Trusts Accountability Oversight Framework

The Manchester University Hospital NHS Foundation Trust	Outcomes	2016/17	Relative risk 2017/18 1st Oct-31st Mar	Actual risk 2017/18 1st Oct-31st Mar	Expected 2017/18 1st Oct-31st Mar	Super Spells 2017/18 1st Oct-31st Mar	Rate 2017/18 1st Oct-31st Mar
Aged 0-15	To reduce admissions and improve health	Data not available	104.0	533	512.4	5,952	9.6%
Aged 16 or over		Data not available	97.5	1,370	1,405.6	18,585	7.6%

There are no comparative figures for the 2016/17 financial year, or the first six months of 2017/18, as MFT has only existed since 1st October 2017. The Boards of the two legacy Trusts (CMFT & UHSM) have given assurances to the MFT Board in relation to the quality and performance of the legacy organisations for the first six months of 2017/18.

Staff employed by, or under contract to, the Trust during the reporting period who would recommend the Trust as a provider of care to their family or friends

The Manchester University NHS Foundation Trust considers that this data is as described for the following reasons: It is a quarterly requirement and is incorporated annually into the NHS Staff Survey. The survey is independently managed on behalf of MFT. The data reproduced below was generated by the National Co-ordination centre for the staff survey

NHS England introduced the Staff Friends and Family Test (SFFT) in all NHS Trusts that provide acute, community, ambulance and mental health services in England from April 2014.

The national NHS Staff Survey is undertaken each year between October and December, and incorporates the Staff Friends and Family test questions for quarter 3 of the financial year. As the Staff Survey is based on staff lists and organisational structures as at 1st September, and the results are reported on that basis, our 2017 staff survey data is reported as ‘University Hospital of South Manchester’ (UHSM) and ‘Central Manchester University Foundation Trust ‘(CMFT).

Survey questions 21a, 21c and 21d feed into Key Finding 1: ‘Staff recommendation of the Trust as a place to work or receive treatment.’ These questions ask staff if the care of patients and service users is their organisation’s top priority; whether they would recommend their organisation as a place to work; and whether they would be

happy with the standard of care provided by the organisation if a friend or relative needed treatment.

Survey scores range from 1 to 5, with 1 indicating that staff would be very unlikely to recommend the organisation as a place to work or receive treatment, and 5 indicating that staff would be very likely to recommend the organisation as a place to work or receive treatment. From these responses, the national co-ordination centre for the staff survey generates overall Key Finding scores.

In addition to the annual NHS Staff Survey, MFT surveys all staff every quarter through the "Staff Opinion Pulse Check", which in addition to the Friends and Family Test questions, asks further questions concerning staff experience. These regular surveys allow us to identify issues and work with groups that might require a particular focus, to help ensure that staff experience of working in the Trust is positive. Evidence suggests a positive staff experience improves quality of care overall.

Indicator	Outcomes	MFT 2017/18 1st Oct-31st Mar	MFT 2016/17 1st Oct-31st Mar	National Average 2017/18 1st Oct-31st Mar**	Highest Performing Trust 2017/18 1st Oct-31st Mar**	Lowest Performing Trust 2017/18 1st Oct-31st** Mar
Staff employed by, or under contract to, who will recommend the Trust as a provider of care to their family and friends	Staff Survey results for Key Finding 1 'Recommendation of the organisation as a place to work or receive treatment'***	UHSM: 3.84 CMFT: 3.75	Data not available	3.75 3.75	4.12 4.18	3.34 3.38

There are no comparative figures for the 2016/17 financial year, or the first six months of 2017/18, as MFT has only existed since 1st October 2017. The Boards of the two legacy Trust (CMFT & UHSM) have given assurances to the MFT Board in relation to the quality and performance of the legacy organisations for the first six months of 2017/18.

*** National comparators are acute trusts for UHSM and combined acute and community trusts for CMFT.*

**** Key Finding 1 provides an overall 'advocacy' score, which includes recommendation of the organisation as a place to work as well as recommendation as a provider of care.*

The percentage of patients who were admitted to hospital risk assessed for venous thromboembolism (VTE) during 2017/18 (1st Oct-31st Mar)

The Manchester University NHS Foundation Trust considers that this data is as described for the following reasons: Completion of a VTE risk assessment is recorded in a range of electronic systems and the paper case note. Completion recorded in the casenote is identified and captured electronically as part of casenote coding by the Trust Clinical Coding team. Data is reported daily on the Trust reporting portal. Any exclusions to the indicator are agreed by the Medical Directors office. The reported position and management of VTE is overseen by the Trust VTE committee.

Indicator	Outcomes	MFT 2017/18 1st Oct-31st Mar	MFT 2016/17	National Average 2017/18	Highest Performing Trust 2017/18	Lowest Performing Trust 2017/18
VTE Assessment	To risk assess 95% of appropriate patients	95.76%	Data not available	95.37%	100%	76.08%

There are no comparative figures for the 2016/17 financial year, or the first six months of 2017/18, as MFT has only existed since 1st October 2017. The Boards of the two legacy Trust (CMFT & UHSM) have given assurances to the MFT Board in relation to the quality and performance of the legacy organisations for the first six months of 2017/18.

The rate, per 100,000 bed days of cases of clostridium difficile infection reported within MFT amongst patients aged 2 or over in 2017/18.

The Manchester University NHS Foundation Trust considers that this data is as described for the following reasons: Incidents are managed through an electronic system (Ulysses), with monitoring, investigation and management via a dedicated Trust Infection Prevention Control & Tissue Viability team. Reporting is provided to clinical boards with deep dive analysis where necessary. The measure is included in both Board Assurance and internal Accountability Oversight Framework reporting

Indicator	Outcomes	MFT 2017/18 1st Oct-31st Mar	2016/17	National Average 2017/18	Highest Performing Trust 2017/18	Highest Performing Trust 2017/18
Clostridium Difficile infection per 100,000 bed days	To reduce C. Difficile infection	21.0	Data not available	14.34	2.18	82.29

There are no comparative figures for the 2016/17 financial year, or the first six months of 2017/18, as MFT has only existed since 1st October 2017. The Boards of the two legacy Trusts (CMFT & UHSM) have given assurances to the MFT Board in relation to the quality and performance of the legacy organisations for the first six months of 2017/18.

The number and, where available, rate of patient safety incidents reported within the trust during the reporting period, and the number and percentage of such patient safety incidents that resulted in severe harm or death.

The Manchester University NHS Foundation Trust considers that this data is as described for the following reasons: The Trust has a policy that requires all staff to report incidents electronically on a web based system. This system collates and reports the data. The process is subject to regular audit and is currently rated as 'significant assurance'.

Comparison with other Trusts

Area	MFT 1st Oct-31st Mar	2016/17	Best Trust	Worst Trust	Average
Number of incidents	18754	Data not available	Not available as not yet published	Not available as not yet published	Not available as not yet published
Number resulting in severe harm or death	41*	Data not available	Not available as not yet published	Not available as not yet published	Not available as not yet published
Percentage resulting in severe harm or death	0.22%	Data not available	Not available as not yet published	Not available as not yet published	Not available as not yet published

*Includes 9 Unconfirmed

There are no comparative figures for the 2016/17 financial year, or the first six months of 2017/18, as MFT has only existed since 1st October 2017. The Boards of the two legacy Trust (CMFT & UHSM) have given assurances to the MFT Board in relation to the quality and performance of the legacy organisations for the first six months of 2017/18.

Trust responsiveness to the personal needs of its patients

Historically, one of ways both legacy organisations have measured their responsiveness to the personal needs of patients has been based on the results from the National Inpatient Surveys.

For the reporting period 1st October 2017 to 31st March 2018, no National Inpatient Survey data were published. The results for the 2017 National Inpatient Survey from both legacy organisations are expected in May/ June 2018. It is therefore not possible to provide any data on this domain.

Learning from Deaths

National background

The Care Quality Commission (CQC) report '*Learning, candour and accountability: A review of the way NHS trusts review and investigate the deaths of patients in England'* found that learning from deaths was not being given sufficient priority in some organisations and consequently valuable opportunities for improvements were being missed. In early March 2017, the National Quality Board released guidance for organisations intended to initiate a standardised approach to reviewing and learning from deaths.

Requirements of the guidance were:

- A Mortality Review (Learning from Deaths) Policy must be in place ✓
- Processes must be in place to engage families and loved ones in the process✓
- Publication of information on learning from deaths✓

All of these requirements are now in place.
The Trust currently uses two different processes to review deaths and work has commenced on the introduction of one process across all sites in 2018/19.

The processes utilise slightly different scoring mechanisms but look at the same factors and both come up with an 'avoidability score'.

Any deaths identified as potentially avoidable are subject to a High Level Investigation (HLI), if this has not already occurred. Going forward any HLI instigated following an Emergency Bleep Meeting (EBM) or Mortality Review will be recorded as such and reported on.

Mortality Data Summary

At February 2018, the primary metrics for organisational mortality measurement, Summary Hospital-level Mortality Indicator (SHMI) and Hospital Standardised Mortality Ratio (HSMR)[3] stand at:

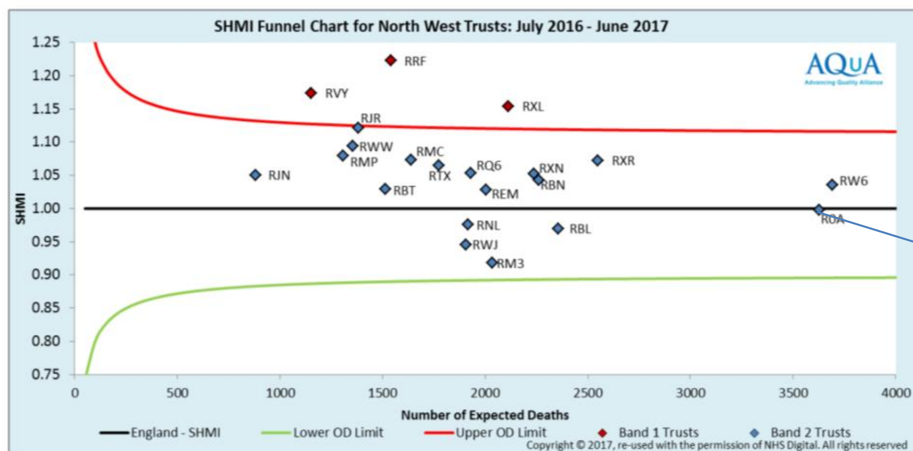
	SHMI	HSMR
Site	July 2016 to June 2017	October 2016 to November 2017
Wythenshawe Hospital	92.9	90.5
Manchester Royal Infirmary	109.9	92.3

[3] Both are risk adjusted measures of likelihood of death, the scores are based on a score of 100 indicating deaths are exactly as expected, below 100 less than expected and above 100 more than expected.

St Mary's Hospital	133.3	90.9
Royal Manchester Children's Hospital	191.4	103.7
Trafford General Hospital	80.1	91.7
Manchester Royal Eye Hospital	13.3	49.2
Trust Total	99.8	91.4

Following a number of reviews the consensus is that HSMR and SHMI are not accurate measures of paediatric (children) and neonatal (babies) mortality. Currently Saint Mary's Hospital is involved in the development and implementation of a national measure on neonatal mortality. The Royal Manchester Children's Hospital are developing mortality metrics which will be reported on going forwards.

The Northwest position is detailed below with Trusts coded for comparison with MFT.[4]



Manchester University FT

Learning from Deaths

Reviews have identified a number of themes as presented below.

Positive:

- Very few deaths were defined as potentially avoidable
- There have been improvements to sepsis management
- Good end of life care
- Good management of complex surgery
- Good input from palliative care team
- More rapid response to possibility of sepsis
- A significant reduction in cardiac arrests.

[4] AQuA Quarterly Mortality Report – Issue 19, Advancing Quality Alliance

Improvements required:

- Better record keeping
- Medicines contraindication
- Pre-operative assessment
- Serious harm from falls
- Access to blood gas machines
- Capacity for urgent surgery
- Improved support from the Paediatric Intensive Care Team to support wards and departments in the Royal Manchester Children's Hospital
- Capture of review themes of deaths of patients with a Learning Disability
- Accuracy of coding
- More rapid access to post-mortem reports
- Review of expected vs unexpected deaths in certain specialities.

What are we doing in response?

- Increased consultant presence on orthopaedic wards and improved ortho-geriatric support
- Use of a stamp on MRI Respiratory Wards to confirm senior consultant review
- Sepsis team operational and standardisation of approach across all sites
- Acute Care Team education sessions/ bulletins
- Continuation of Human Factors training, focus on communication and non-technical skills
- Improvements to mentoring arrangements in cardiac surgery at the Manchester Heart Centre
- Falls Team review of all falls and sharing of learning
- Trust wide changes on nutrition support for patients who are nil-by-mouth
- Education for medical staff on the management of patients with Parkinson's Disease when nil-by-mouth
- Improvements to sepsis management
- Improvements on the management of hypokalaemia
- Improvements to the management of nutrition
- Review of pre-operative preparation processes
- Coding reviews and improvements to coding process
- Improvements to be made to reviews of deaths of patients with an identified learning disability
- Review of outcomes for patients discharged on a Saturday or Sunday.

Current work programme

As part of harmonising processes and procedures from both legacy organisations, a new mortality review policy has been developed for the new organisation. To ensure that this policy is sufficiently comprehensive, an external audit of mortality processes in the legacy organisations was commissioned and significant assurance reported.

In line with this new policy, the terms of reference of the MFT Mortality Review Group are being revised to reflect a greater focus on strategy. Mortality Review Groups are being developed in each hospital, with terms of reference focussed on oversight of mortality review, and lessons learnt and actions taken from the outcome of mortality review.

A Non-Executive Board member meets regularly with all hospitals to review processes and outcomes.

The information provided to bereaved families has been altered to include information about learning from deaths, including how this can be requested.

Governor involvement in the MFT mortality group is being sought.

The creation of MFT has provided an opportunity to re-evaluate the approaches to learning from deaths in both organisations, and to aspire to implement a new policy based on national guidance and best practice in both organisations. Going forward, the focus will be on learning from deaths, and dissemination of the resulting changes and developments in practice across the organisation.

During 1st October 2017 to 31st March 2018, 1704 of MFT patients died. This comprised the following number of deaths which occurred in each quarter of that reporting period:

- 833 in the third quarter of 2017/18;
- 871 in the fourth quarter of 2017/18.

By 17th May 2018, 331 case record reviews and 24 investigations have been carried out in relation to 1704 of the deaths included in item 27.1. In 11 cases a death was subjected to both a case record review and an investigation. The number of deaths in each quarter for which a case record review or an investigation was carried out was:

- 233 in the third quarter of 2017/18;
- 111 in the fourth quarter of 2017/18.

14 representing 0.8% of the patient deaths during the reporting period are judged to be more likely than not to have been due to problems in the care provided to the patient.

In relation to each quarter, this consisted of:
- 9 representing 0.5% for the third quarter of 2017/18;
- 5 representing 0.3% for the fourth quarter of 2017/18.

These numbers have been estimated using Root Cause analysis for the investigations and a slightly different scoring mechanisms from both legacy organisations for the mortality reviews; both of which look at the same factors, coming up with an ‘avoidability score’.

As mentioned earlier, the Trust is currently harmonising its processes and procedures which has led to the development of a new mortality review policy and a structured judgement review methodology will be used to review mortality as per the Trust Policy.

Implementation of the priority clinical standards for 7 Day Services in hospital

The seven day services programme is designed to ensure patients that are admitted as an emergency, receive high quality consistent care, whatever day they enter hospital. Ten clinical standards for seven day services define what should be achieved, regardless of when patients are admitted. Four of the 10 clinical standards were identified as priorities by NHSE on the basis of their potential to positively affect patient outcomes. These are:

- Standard 2 – Time to first consultant review
- Standard 5 – Access to diagnostic tests
- Standard 6 – Access to consultant-directed interventions
- Standard 8 – Ongoing review by consultant

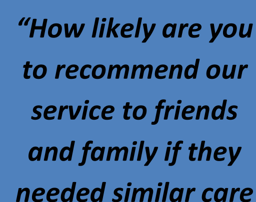
These will ensure that patients:

- Do not wait longer than 14 hours to initial consultant review
- get access to diagnostic tests with a 24-hour turnaround time - for urgent requests, this drops to 12 hours and for critical patients, one hour
- get access to specialist, consultant-directed interventions
- with high-dependency care needs receive twice-daily specialist consultant review, and those patients admitted to hospital in an emergency will experience daily consultant-directed ward rounds

MFT was selected as an early adopter of the four priority clinical standards with the target of implementing the standards by April 2017. The Trust is exceeding the 90% target for Clinical Standards 5, 6 and 8; further work is required on meeting the 90% target for Standard 2 with current attainment in the last audit at 81%.

Friends and Family Test (FFT)

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



The Friends and Family Test (FFT) is a significant feedback tool that supports the fundamental principle that people who use NHS services should have the opportunity to provide feedback on their experience. FFT results are published monthly on the NHS England website and the NHS Choices website.

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

The FFT is a one of a number of tools used to collect feedback from patients. The feedback gathered through the FFT is a rich source of information that can be used to identify and support local improvements.

Within our Trust we use the valuable FFT feedback, alongside other data (such as our Quality of Care Round/Monthly Quality Audits, local Patient Experience Surveys and National Patient Surveys) to inform continuous improvements that make a real difference to patients and their care.

To support feedback FFT is captured from patients through a number of different ways including; FFT postcards, electronic devices, kiosks, bedside TVs, online surveys and SMS text messaging.

During 2017/18:

- The Trust continued to promote FFT in order to ensure our patients could easily provide feedback in all our wards and departments
- Collaborative working continued with staff across the organisation to promote FFT
- As a single service we worked together to align processes for the mandatory reporting of FFT
- The FFT KPI meeting supported the overall management of FFT within the Trust.

Plan for 2018/19:

- To implement easy read surveys for patients with learning disabilities and those with dementia

FFT Feedback from our patients

All our hospitals review their FFT response rates and comments from our patients to identify areas for local improvements. Comments from patients who have used our services across all our hospital sites October 2017 - March 2018 include:

- Very pleasant experience
- Caring, professional staff. Nothing was too much trouble. Excellent!
- Good care, friendly staff
- The staffs have always kept me informed about what is going on. Keep up the good work
- Treatment was done in a timely manner. Nurses and doctors were friendly and professional
- My daughter was looked after and seen very well. They assured me of my concerns
- Staff are kind, caring and listen to both parents and child. They look after the whole family and have the skills to step in quickly if needed and work with other professionals.
- Always treated well with respect
- Very pleased, everyone very helpful
- I had CT biopsy and was treated very well by all the staff
- From reception to Dr - excellent service
- Get some new trollies that make less noise, I found myself waking up by the clatter and rattling of them.
- Have medication ready on discharge
- Less waiting time
- Could do better with better food

- Reduce waiting times for medications
- The waiting time was long but I got seen to properly
- Car parking charges
- Keep patients more regularly informed for theatre times
- Dis-organisation, although nursing staff and HCA's are top class however some members of staff are not helpful.

Table 1: FFT Response and Results

Friends and Family Test Response and Results		
Area	**Response Rate 2017/18 (October 2017 to March 2018)**	**Percentage of patients who were 'extremely likely' and ' likely' to recommend our services**
Inpatients	27.5%	96.6%
Emergency Departments	17.8%	88.7%
Outpatients	N/A	94.5%
Community	N/A	98.5%
Maternity	N/A	98.1%

The Corporate Team will continue to work in collaboration with all hospitals/managed clinical services and frontline teams to support staff and provide advice on how to make best use of the resources available to collect FFT.

National Confidential Enquiries (NCE)

During 2017/18 1 National Confidential Enquiry covered relevant health services that Manchester University NHS Foundation Trust (MFT) provides.

During that period MFT participated in 100% of National Confidential Enquiries which it was eligible to participate in. The national confidential enquiries that MFT was eligible to participate in during 2017/18 are as follows:

- Peri-operative Management of Surgical Patients with Diabetes Study

The National Confidential Enquiry that *MFT* participated in, ad for which data collection was completed during 2017/18, is listed below alongside the number of cases submitted to each enquiry as a percentage of the number of registered cases required by the terms of that enquiry.

NCE Study	Eligible	Participated	% Submission	Status
Peri-operative Management of Surgical Patients with Diabetes	Yes	Yes	Patient data sent to NCEPOD. Clinician questionnaires not yet received from NCEPOD	

Outcome
The Trust has not received the report from any completed studies during the reporting period 1st October to 31st March 2018.

Local Clinical Audit

The reports of 319 local clinical audits were reviewed by the Manchester University NHS Foundation Trust between October 2017 and the end of March 2018 and Manchester University NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

- As a result of an audit looking at penicillin allergies in our laboratories the staff developed a mobile App designed to help clinical staff in their decision making process
- After completing an audit looking at clinical observations in the Children's Hospital, the clinicians who led the project developed a specific training course for nursing assistants in their acute care setting
- A clinical audit looking at accuracy of recording information about medications was carried out across the Trust. One of the hospitals took an idea about changing the way of recording this information that had worked in a small area and went about testing to see if this change could be applied across the hospital
- St Mary's completed an audit of the time it took to complete letters to be sent to GPs. One of the actions as a result was to ensure that all the Doctors in their area knew how to use the dictation devices as this was found to reduce the time taken for these letters to be issued
- Staff in the audiology department at Trafford Hospital acted to write a new guideline for following up patients who had procedures to remove grommets following an audit looking at this topic.

Here are some of the common themes from the actions:

- Sharing the results of the audit at a meeting or as a presentation at an event
- Discussing the audit findings with the relevant clinical staff
- Review existing policies or guidance and introduce changes or new guidance where there is a need to do so.
- Acquiring new specialist equipment or replacing existing equipment
- Teaching or training to make staff aware of the need to do things differently.

Research and Innovation

An integrated approach to Research and Innovation in Manchester
April 2018 marks one year since the start of our £41m five year funding grant for the National Institute for Health Research Manchester Biomedical Research Centre (BRC) and Clinical Research Facility (CRF). Hosted by MFT and The University of Manchester, in partnership with Christie NHS Foundation Trust and Salford Royal NHS Foundation Trust, the aim of these initiatives is to conduct translational research to transform scientific breakthroughs into lifesaving treatments and diagnostic tools for patients.

The Public Programmes Team, who have expertise in research engagement and involvement activities with public and patients, are delivering an ambitious strategy with the BRC and CRF to develop links and relationships with underserved communities in Greater Manchester; and encourage them to get involved in shaping our research with the ultimate aim of reducing health inequality.

We have also strengthened our research capability across our hospital infrastructure:

- The Trust contract to host the NIHR Clinical Research Network (CRN) in Greater Manchester has been extended for a further three years
- Manchester Royal Eye Hospital research team awarded TOP-It Trophy for the team's hard work and exceptional expertise in screening and recruiting additional patients, over and above target, to this National study
- Individuals and research teams across MFT scooped an impressive five awards at the Greater Manchester Clinical Research Awards, including Research Nurse of the Year and Outstanding Industry Collaboration

Research impact

- Professor Gareth Evans and team have published two papers (JAMA Oncology and Journal of Medical Genetics) showing the effectiveness of a new test, which identified 18 genetic mutations (single nucleotide polymorphisms, SNPs) that are indicative of breast cancer for women who did not carry BRCA1/2 mutations; this has helped produce a more personalized risk for those who do carry BRCA1/2.
- Researchers led by Professor David Denning found that in a minority of patients, standard treatment for asthma was associated with increased levels of the treatable mould, Aspergillus, in the lung. These findings could help asthmatics who endure severe and difficult to treat symptoms, by giving doctors the information they need to plan their care more effectively.
- Professor Adrian Woolf, working with a team at The University of Manchester, was the first in the world to create functioning human kidney tissue in a lab. This marks a significant milestone in the development of treatment for kidney disease.
- Research co-led by Dr Varinder Athwal has identified a gene which could hold the key to predicting which liver disease patients are at high risk of further liver damage, this creates opportunities for development of preventative drug therapies and earlier detection in individuals with unrecognised liver disease.

Improving our research figures - 1st Oct 2017 – 31st March 2018

Number of external researchers enabled to conduct research in our organisation via research passports	**98**
New studies approved this period	**147**
Research studies open to recruitment or in the follow up phase	**945**
The number of patients receiving relevant health services provided or sub-contracted by MFT in Oct 1st 2017 – 31st March 2018 that were recruited during that period to participate in research approved by a research ethics committee	**8004**

Data Assurance Processes and Information Governance

Manchester University NHS Foundation Trust will be taking the following actions to improve data quality:

- Programme of refresher training on patient demographics and recording admissions and transfers
- Case note audit review, including meetings with sites/managed clinical services to agree actions for improvement
- Review Data Quality Dashboard to incorporate Oxford Rd and Wythenshawe sites
- PAS clean up, merging duplicate records and completing missing demographics

In 2017/18, the external audit of the RTT indicator found an overall error rate of five cases which contributed to the Trust's reported indicator (three at our legacy UHSM sites and two at our legacy CMFT sites). Despite the inherent risk that errors may occur in this indicator due to the complexity of some pathways and the level of human interaction required, this year's audit found improvement in the overall error rate at our legacy CMFT sites.

A modified opinion was therefore issues for 2017/18 with recommendations for continued focus on staff training and data entry (see above).

Payment by Results

Manchester University Foundation Trust was not subject to the Payment by Results clinical coding audit during 2017/18 by the Audit Commission.

Data to Secondary Uses Service

Manchester University NHS Foundation Trust] submitted records during 2017-18 to the Secondary Uses Service for inclusion in the Hospital Episode Statistics which are included in the latest published data.

The percentage of records in the published data which included the patient's valid NHS number was:

99.3% for admitted patient care
99.7% for outpatient care and
96.2% for accident and emergency care

The percentage of records in the published data which included the patient's valid General Medical Practice Code was:

99.8% for admitted patient care;
99.7% for outpatient care; and
99.3% for accident and emergency care.

Commissioning for Quality and Innovation

A proportion of Manchester University NHS Foundation Trust income in 2017/18 was conditional on achieving quality improvement and innovation goals agreed between Manchester University NHS Foundation Trust and any person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services, through the Commissioning for Quality and Innovation payment framework.

Further details of the agreed goals for 2017/18 and for the following 12-month period are available electronically at https://www.england.nhs.uk/nhs-standard-contract/cquin/cquin-17-19/

Care Quality Commission

Manchester University NHS Foundation Trust is required to register with the Care Quality Commission and its current registration status is fully registered with no conditions. Manchester University NHS Foundation Trust has had no conditions on registration.

The Care Quality Commission has not taken enforcement action against Manchester University NHS Foundation Trust during 2017/18.

Manchester University NHS Foundation Trust has not participated in any special reviews or investigations by the Care Quality Commission during the reporting period.

Appendix 1

National Clinical Audit

Title	Site	No Cases	% Cases Submitted
Adult Cardiac Surgery Audit (ACS)	MRI Wythenshawe	788 991	100% 100%
BAUS Urology Audit: Female Stress Incontinence	MRI Wythenshawe	7 Non participation	100%
BAUS Urology Audit: Radical Prostatectomy	MRI Wythenshawe	58 Not undertaken at Wythenshawe	100%
BAUS Urology Audit: Cystectomy	MRI Wythenshawe	33 5	100% 100%
BAUS Urology Audit: Nephrectomy	MRI Wythenshawe	74 60	100% 100%
BAUS Urology Audit: Percutaneous Nephrolithotomy	MRI Wythenshawe	29 30	100% 100%
BAUS Urology Audit: Urethroplasty	MRI Wythenshawe	53 Not undertaken at Wythenshawe	100%
Cardiac Arrhythmia (Cardiac Rhythm Management Audit)	MRI Wythenshawe	1344 899	100% 100%
Adult Critical Care Case Mix Programme	MRI Trafford Wythenshawe	2578 351 927	100% 100% 100%
Elective Surgery (National PROMS Programme)	MRI (and Trafford combined) Wythenshawe	278/515 712/721	54% 98%
Endocrine and Thyroid Audit	MRI Wythenshawe	*Awaiting figures* 112	 100%
Fall and Fragility Fractures Audit Programme (FFFAP). Hip Fracture	MRI Trafford Wythenshawe	199 373	100% 100%
Fall and Fragility Fractures Audit Programme (FFFAP). Inpatient Falls	MRI Trafford Wythenshawe	30 15 15	100% 100% 100%
Royal College of Emergency Medicine (Fractured Neck of Femur)	MRI Wythenshawe	51 100	100% 100%
Head and Neck Cancer Audit	MRI Trafford Wythenshawe	Ongoing data collection 135	 100%

Title	Site	No Cases	% Cases Submitted
Inflammatory Bowel Disease (IBD) Programme Biologics Audit	MRI Trafford RMCH Wythenshawe	17 0 0 Ongoing data collection	% unknown 100%
Learning Disability Mortality Review Programme LeDer)	MRI Wythenshawe	2 11	100% 100%
Trauma Audit & Research Network (TARN)	MRI RMCH Wythenshawe	697 170 484	100% 100% 100%
Maternal, Newborn and Infant Clinical Outcome Review Programme (MBRRACE UK) • Maternal deaths eligible for notification are: All deaths of pregnant women and women up to one year following the end of the pregnancy (regardless of the place and circumstances of the death). • Perinatal and Infant Death	St Marys Wythenshawe St Marys Wythenshawe	2 1 135 21	100% 100% 100% 100%
Acute Myocardial Infarction (MINAP)	MRI Wythenshawe	1166 726	100% 100%
National Audit of Anxiety and Depression	Wythenshawe RMCH (CAMHS)	No applicable cases No applicable cases	
National End of Life Care Audit	MRI Trafford Wythenshawe CSS	Due to start 2018/19	
National Audit of Dementia	MRI Trafford Wythenshawe	20 19 50	100% 100% 100%
National Audit of Intermediate Care	MRI Wythenshawe	147/300 69/78	49% 88%
Coronary Angioplasty (NICOR Adult Cardiac Interventions Audit)	MRI Wythenshawe	1759 1822	100% 100%
National Audit of Pulmonary Hypertension		Not Applicable	
National Audit of Seizures and Epilepsies in Young Children	RMCH Wythenshawe	Due to start April 2018	
National Bariatric Surgery Registry (NBSR)		Not Applicable	
Bowel Cancer (National Bowel Cancer Audit Programme)	MRI Trafford Wythenshawe	190 165	100% 100%
National Cardiac Arrest Audit (NCCA)	MRI	109	100%

Title	Site	No Cases	% Cases Submitted
	Trafford RMCH Wythenshawe	11 6 135	100% 100% 100%
The National Chronic Obstructive Pulmonary Disease (COPD) Rehabilitation Audit	MRI Trafford Wythenshawe	426 0 352	% unknown % unknown
National Audit of Rheumatoid and Early Inflammatory Arthritis (to be commissioned by HQIP in 2017)	MRI Trafford Wythenshawe	Due to start May 2018	
National Audit of Psychosis	Wythenshawe	Not Applicable	
National Clinical Audit of Specialist Rehabilitation for Patients with Complex Needs Following Major Injury	MRI Wythenshawe	1 100% Audit not undertaken	
National Comparative Audit of Blood Transfusion Programme. Audit of Red Cell Platelet Transfusion in Adult Haematology Patients	MRI Trafford RMCH SMH MREH UDH CSS Wythenshawe	Not undertaken 19	 100%
National Comparative Audit of Blood Transfusion Programme. Audit of patients at high risk of TACO	MRI Trafford RMCH SMH MREH UDH CSS Wythenshawe	40 Non participation	100%
Congenital Heart Disease (Adult)	MRI Wythenshawe (Limited numbers)	277 Non participation due to low numbers	100%
National Adult Diabetes Audit	MRI Wythenshawe	Data collection on going Partial submission due to system issues	
National Diabetes in Pregnancy Audit	CMFT Wythenshawe	90 42	100% 100%
National Diabetes Foot Care Audit	MRI	0	Audit not

Title	Site	No Cases	% Cases Submitted
			Undertaken
National Diabetes Inpatient Audit	MRI Trafford Wythenshawe	200 35 112	100% 100% 100%
National Emergency Laparotomy Audit	MRI Wythenshawe	123 151	100% 100%
National Heart Failure (HF)	MRI Trafford Wythenshawe	425 70 378	100% 100%
National Joint Registry (NRJ)	MRI (including Trafford) Wythenshawe	1055 468	100% 100%
Lung Cancer (National Lung Cancer Audit)	MRI (including Trafford) Wythenshawe	264 336	100% 100%
National Maternal and Perinatal Audit (NMAP)	St Mary's Wythenshawe	Data collection on going 4318	 100%
National Neonatal Audit Programme (NNAP)	St Mary's Wythenshawe	1243 323	100% 100%
Oesophago-gastric Cancer (National)	MRI Trafford Wythenshawe	159 57	100% 100%
National Ophthalmology Audit	MREH	2791	100%
National Paediatric Diabetes Audit	RMCH Trafford Wythenshawe	Data collection on-going 116	 100%
Prostate Cancer	MRI Wythenshawe	521 155	100% 100%
National Vascular Registry The repair of Abdominal aortic aneurysm (AAA)	MRI Wythenshawe	78 27	% unknown % unknown
National Vascular Registry Carotid endarterectomy	MRI Wythenshawe	63 21	% unknown % unknown
National Vascular Registry Lower limb angioplasty/stenting	MRI Wythenshawe	Data collection on going Data collection on going	
National Vascular Registry Lower limb bypass	MRI Wythenshawe	Data collection on going Data collection on going	
National Vascular Registry Lower limb amputation	MRI Wythenshawe	Data collection on going Data collection on going	
Neurosurgical National Audit Programme		Not Applicable	

Title	Site	No Cases	% Cases Submitted
Paediatric Intensive Care (PICANet)	RMCH	709	100%
Royal College of Emergency Medicine (Pain in Children)	RMCH Wythenshawe	50 25	100% 50%
Royal College of Emergency Medicine (Procedural Sedation)	MRI Wythenshawe	93 53	100% 100%
Sentinel Stroke National Audit Programme	MRI Trafford Wythenshawe	170 130 178	100% 100% 100%
Serious Hazards of Transfusion (SHOT) UK National Haemovigilance Scheme	MRI Trafford RMCH SMH MREH UDH CSS Wythenshawe	18 12	100% 100%
UK Parkinsons	Trafford Wythenshawe	21 20	100% 100%
National Audit of Breast Cancer in Older Patients	Wythenshawe	Organisational Questionnaire completed 2017/18	100%

Appendix 2

Glossary of Definitions

Term	Definition
Care Quality Commission	The CQC is the primary regulator of quality of care in the NHS
Care Provider	An organisation that cares for patients. Some examples of which are hospital, doctors, surgery or care home
Clinical	Relating to the care environment
Clostridium difficile	A type of infection. Symptoms of *C. difficile* infection range from mild to severe diarrhoea
Condition	An illness or disease which a patient suffers from
Core Values	A group of ideals which the Trust believes all staff should exhibit – the Trust values Pride, Respect, Empathy, Consideration, Dignity and Compassion.
CQUIN	Commissioning for Quality and Innovation. This is a system introduced in 2009 to make a proportion of healthcare providers' income conditional on demonstrating improvements in quality and innovation in specialised areas of care.
Emergency Readmission	Unplanned readmissions that occur within 28 days after discharge from hospital. They may not be linked to the original
Harm	An unwanted outcome of care intended to treat a patient
Hospital Standardised	A system which compares expected mortality of patients to actual rate
Standardised Hospital	A system which compares expected mortality of patients to actual mortality (similar to HSMR).
Length of stay	The amount of days that a patient spends in hospital
NHS Improvement (NHSI)	NHS I authorises and regulates NHS Foundation Trusts. The organisation works to ensure that all Trusts comply with the conditions they have signed up to and that they are well led
Mortality	Mortality relates to death. In health care mortality rates means
MRSA	Methicillin-resistant Staphylococcus aureus is a bacterium that is found on the skin and in the nostrils of many healthy people without causing problems. However, for some people it can cause infection that is resistant to a number of widely used antibiotics
National Confidential Enquiry into Patient Outcome and Death	Reviews the management of patients, by undertaking confidential surveys and research.
Patient Safety Incidents	Is any unintended or unexpected incident which could have or did lead to harm for one or more patients receiving NHS care

Term	Definition
Pressure Ulcer	Sometimes known as bedsores or pressure sores, are a type of injury that affect areas of the skin and underlying tissue, caused when the affected area of skin is placed under too much pressure. They can range in severity: Grade One – Discolouration of intact skin not affected by light finger pressure Grade Two – Partial thickness skin loss or damage Grade Three – Full thickness skin loss involving damage of
Patient Reported Outcome Measures (PROMs)	Tools which help us measure and understand the quality of the service we provide for specific surgical procedures. They involve patients completing two questionnaires at two different time points, to see if the procedure has made a difference to their health.
Venous thromboembolism (VTE)	A blood clot formed within a vein
Vein	A blood vessel that carries blood towards the heart

Part 3: Other Information

Performance of the Trust against Selected Metrics

The following information sets out the Trust's performance against 10 important indicators which have been selected in conjunction with the Governors, other key stakeholders and the Board of Directors. You will see that the information is presented to show results over six months with no previous 2016/17. Where possible we have provided results from other Trusts for the full year so that a comparison against performance is possible.

		Data Source	2016/17	2017/18 1st Oct-March 31st	Latest Available Benchmark 2017/18 (full year)	Indicator Comments
Patient Safety Measures	Improvement in VTE risk assessments carried out	Trust Data	Data not available	95.66 %	95.7%	95% of all eligible patients to be risk assessed for VTE
	Reduction in hospital acquired grade 3 or 4 pressure ulcer	Trust Data	Data not available	11	Not available	Trust goal is reduce the occurrence year on year
	Reduction in serious patient safety incidents resulting in actual Harm (those graded at level 4 or 5)	Trust Data	Data not available	38	Not available	Data across MFT and from both legacy organisation in the last two years show a reduction in harm by 21%
Clinical effectiveness	Reduce hospital standardised mortality ratio (HSMR)	Dr Foster	Data not available	88.91	94.26	National target <100
	Reduce Summary Hospital Mortality Indicator (SHMI)	HSCIC	Data not available	98.51	100	National target <100
Patient Experience Measures	Increase overall satisfaction expressed with	National Audit Data (via Trust	Data not available	91.7% Oct 17-	Not available	Trust goal is to improve

	pain management	Board Assurance Report)		Feb 18)		patient satisfaction year on year
	Increase overall satisfaction expressed with fluids and nutrition provided	National Audit Data (via Trust Board Assurance Report)	Data not available	94.8% Oct 17-Feb 18)	Not available	Trust goal is to improve patient satisfaction year on year
	Increase overall satisfaction with the cleanliness of the ward or department	Trust Data	Data not available	95.59 %	Not available	Trust goal is to increase and maintain cleanliness of ward department

There are no comparative figures for the 2016/17 financial year, or the first six months of 2017/18, as MFT has only existed since 1st October 2017. The Boards of the two legacy Trusts (CMFT & UHSM) have given assurances to the MFT Board in relation to the quality and performance of the legacy organisations for the first six months of 2017/18

Performance of the Trust against National Priorities and Core Standards

		Data Source	2016/17	2017/18 1st Oct-March 31st	Latest Available Benchmark	Indicator Comments
Infection Control	Reduction of the number of Clostridium Difficile cases	Trust Data	Data not available	69	Not available	Trust goal no more than 105 cases
	Clostridium Difficile Infection per 100,000 bed days in patients aged 2 or over	Trust Data	Data not available	21.0	14.34	
	Reduction of the number of MRSA cases (Intelligent Board)	Trust Data	Data not available	2	Not available	Trust goal is 0 avoidable cases
Cancer Waiting Times	Maximum waiting time of two weeks from urgent GP referral to first out-	Exeter System	Data not available	95.02 % (Oct 17-	94.1%	National %

	patient appointment for all urgent suspected cancer referrals			Jan 18)		
	Maximum 31 days from decision to treat to start of treatment extended to cover all cancer treatments	Exeter System	Data not available	98.23 % (Oct 17-Jan 18)	97.2%	National %
	Maximum 31 days from decision to treat to start of subsequent treatment: Surgery	Exeter System	Data not available	97.94 % (Oct 17-Jan 18)	94.6%	National %
	Maximum 31 days from decision to treat to start of subsequent treatment: Chemotherapy	Exeter System	Data not available	100% (Oct 17-Jan 18)	99.3%	National %
	62 -day wait for first treatment from urgent GP referral for all cancers	Exeter System	Data not available	82.7% (Oct 17-Jan 18)	82.2%	National % (awaiting validation)
	62 -day wait for first treatment from NHS Cancer Screening Service referral	Exeter System	Data not available	96.37 % (Oct 17-Jan 18)	88.7%	National % (awaiting validation)
Referral To Treatment	18 weeks maximum wait from point of referral to treatment (RTT) in aggregate-patients on an incomplete pathway	UNIFY 2	Data not available		89.1%	Trust goal is to meet national target
Urgent Care (Trust Total)	Maximum waiting time of 4 hours in A&E from arrival to admission, transfer or discharge	UNIFY 2	Data not available	86.5%	88.36%	Trust goal is to meet national target

There are no comparative figures for the 2016/17 financial year, or the first six months of 2017/18, as MFT has only existed since 1st October 2017. The Boards of the two legacy Trusts (CMFT & UHSM) have given assurances to the MFT Board in relation to the quality and performance of the legacy organisations for the first six months of 2017/18

Statements from Governors, Commissioners, local Healthwatch organisations and Overview and Scrutiny Committees

Focus on quality at MFT - feedback from the MFT Lead Governor
Following the merger which created MFT, Governors have valued the opportunity to hear about how hard MFT staff are working to deliver improvements to patient care and experience. It has been an exciting six months since the merger, and Governors are impressed by the commitment of staff from both legacy Trusts towards ensuring everyone has the best possible experience in MFT's hospitals and community services.

A key aspect of our role is to focus on all aspects of the Trust's approach to quality, ensuring that providing the highest standard of care to our patients and their families remains a key priority at MFT. To do this, we use both patient feedback and clinical data gathered by MFT and also national data. In addition, we take every opportunity to represent public and staff members' views, which we then share with the Board of Directors.

At the Council of Governors meeting on 14th February 2018, the Governors chose 'readmissions to hospital within 28 days of being discharged' as a quality metric to be tested by the Trust's external auditors (Deloitte LLP) to see if the numbers/data reported by the Trust are accurate. This quality indicator was chosen because it is reported on in the Quality Report, is linked to patient experience and covers a wide range of specialties. It also sits alongside two metrics mandated by NHS Improvement: Referral Time to Treatment (RTT) and the 62 Day Standard for patients who are referred on a cancer pathway.

Going forward, it was agreed that MFT's Non-Executive Directors, as part of the Trust's Quality & Performance Scrutiny Committee's work programme, will consider commissioning clinical audits to look at causes of readmission to identify which were avoidable. This will also be regularly monitored as part of the newly formed Governors' Performance Assurance Meeting and Patient Experience Sub-Group.

Looking at other national quality standards within this Quality Report, Governors would like to commend MFT staff on the high percentage scores achieved on the Family and Friends Test. We acknowledge that MFT is using both the positive and negative feedback received to further enhance the patient experience.

A great deal of work has also been done to reduce mortality through improvements to the management of sepsis and of complex surgery, and the prevention of cardiac arrests. Where patients are nearing the end of life, they and their families can expect to receive excellent palliative care from MFT. As part of the Governors' Performance Assurance Meetings, Governors receive information around these key performance areas which enables us to monitor planned improvements.

Looking ahead, over the next 12 months, Governors will actively seek assurance on behalf of members and the wider public about MFT's performance against its quality measures and monitor plans for improvement where required.
David Edwards, Lead Governor
16th May 2018

Manchester City Council Health Scrutiny Committee

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Chief Executive's Department
6th Floor, Town Hall Extension
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M60 2LA

11 May 2018

Dear Manchester University NHS Foundation Trust,

Manchester City Council Health Scrutiny Committee - Response to Manchester University NHS Foundation Trust Quality Account 2017/18

As Chair of the Health Scrutiny Committee I would like to thank you for the opportunity to comment on the Manchester University NHS Foundation Trust Draft Quality Accounts for 2017/18. Copies of the draft quality accounts were circulated to members of the committee for consideration and comments received have been included below. We would like to submit the following commentary to be included within your final published version.

We welcomed the description provided of the clinical priorities and primary objectives that had been identified for 2018/19. This will allow for chronological and organisational comparisons to be made in future Quality Accounts. The Committee noted the inclusion of a list of acronyms provided at Appendix 1 and commented that this is useful to assist the lay reader to understand the document.

The Committee noted that statistical performance and comparison data was not available in the draft report and as a result our comments on this Quality Account are not as thorough as would ideally be the case. It is anticipated that the data will be added later, but to present a draft for comment at this stage, with such limited data, does not assist external bodies to scrutinise the Quality Account effectively.

We do however appreciate that this is the first Quality Account to be produced by the Trust following the successful merger in October 2017 of Central Manchester University Hospital and the University Hospital of South Manchester. The Committee had received a presentation on the Trust at our meeting of 27 February 2018, and we congratulate the Board and all staff working across all sites in continuing to deliver services to patients in an efficient and compassionate manner. The Health Scrutiny Committee look forward to monitoring progress of the Trust over the coming year.

Councillor John Farrell
Chair of the Health Scrutiny Committee

Healthwatch Trafford

Manchester University NHS Foundation Trust Quality Report 2017/18 Response

This is Healthwatch Trafford's response to Manchester University NHS Foundation Trust's Quality Report 2017/18 consultation document. It must be noted that this is a response to the draft report and the draft report's content may not be exactly reflected in the Trust's published Quality Report.

Healthwatch Trafford has reviewed the Manchester University NHS Foundation Trust Quality Report for 2017/18 and find that it is a fair reflection of the services provided by the Trust. We acknowledge that this is a part-year report following the merger of CMFT and UHSM to create MFT and that this included a period of stabilisation.

We have very much welcomed the ongoing liaison meetings that we have attended throughout the year with the operational staff at Trafford Hospitals, the Assistant Chief Nurse and the Head of Patient Services of the Trust. This has enabled us to feed in patient and carer views throughout the year to complement the work undertaken by the Trust and we look forward to continuing these relationships in the coming year.

We also look forward to the Trust becoming further established in 2018/19 and hope that this is reflected in improvements to services.

Healthwatch Manchester

No feedback on the Quality Report was received from Healthwatch Manchester

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Manchester Health and Care Commissioning Response to Manchester University NHS Foundation Trust (MFT) Quality Account 2017/18

Manchester Health and Care Commissioning (MHCC) is the partnership between NHS Manchester Clinical Commissioning Group (CCG) and Manchester City Council (MCC) which leads the commissioning of health, adult social care and public health services in the city of Manchester. MHCC would like to thank MFT for their detailed and comprehensive account of their hard work to improve the quality and safety of services for the patients and communities they serve.

Manchester University NHS Foundation Trust (MFT) was formed on 1st October 2017 following the merger of Central Manchester University Hospitals NHS Foundation Trust (CMFT) and University Hospital of South Manchester NHS Foundation Trust (UHSM). This was the first step in the development of a single hospital service.

MHCC has been pleased to see the progress made by MFT with the transition and the challenges involved in bringing two organisations together.

On the 22nd of May 2017 a suicide bomber detonated an improvised device at the Manchester Arena. The bomb killed twenty-two people including many children. Over one hundred were physically injured and many more suffered psychological and emotional trauma. The Manchester Arena attack was the deadliest in the UK since the London bombings on 7th July 2005.

Paramedics treated many walking wounded in the city centre. Hospitals in Greater Manchester treated people with serious injuries, transported by the Ambulance Service, whilst others made their way to hospitals across the wider region.
MHCC would like to commend the response from MFT in relation to this tragedy.

Quality Account aims

MHCC is pleased to see MFT set ambitious primary objectives for improving quality. We note that MFT has aligned these to the Care Quality Commission domains. These five ambitious primary objectives, broken down into secondary objectives underpinned by actions align closely with themes from serious incidents, complaints and national and MHCC priorities.

Of particular note is the development of MFTs Culture and Leadership Strategy and the development of this into a dashboard through which the organisation measures culture. This innovative piece of work undertaken with the Kings Fund and NHS Improvement is an evidence based strategy which describes the kind of leadership and culture MFT needs to develop to achieve transformation, successfully ensure the acquisition of North Manchester General Hospital (NMGH) and sustain high performance in the future. It is a key enabler for implementing the new organisational form and operating mode

Patient experience

MFTs development and implementation of a patient experience strategy- What matters to me is a positive progression of their work to ensure they capture and act on all patient experience.

This includes feedback from the friends and family test, national patient surveys, capturing real time feed- back from patients, focused work with different patient groups and their families. We look forward to seeing this work further develop in 2018/19.

Patient safety
MFT continues to report high numbers of patient safety incidents per 1000 bed days. This indicates a willingness to report and learn (an assumption supported by the staff survey results). Over 99% of these incidents reported are low level harm or no harm incidents. The CQC described a culture of reporting and learning from incidents within MFT as having a strong focus on patient safety and an open culture for reporting incidents. MFT have also maintained above 95% harm free care.

Mortality

MFT continue to be as expected for the national risk adjusted mortality measures the Hospital Standardised Mortality Ratio (HSMR) and the Summary Hospital Mortality Indicator (SHMI). MFT are introducing a Mortality Review Oversight Group that will meet twice-yearly to provide a level of assurance around working processes for each Hospital site. There will be more emphasis on local scrutiny; main hospital sites will each have a mortality review group and feedback on an exception and thematic review basis at the hospital oversight meetings. MFT is also compliant with the requirements as set out in the Learning from Deaths Review (March 2017).

Urgent care
This year, significant planning and system resilience funding was put in place in order to support the system, to test new models of working such as discharge to assess, and provide additional resource such as staffing and winter beds. However 4 Hour performance across our three acute hospitals has been challenging, particularly during the winter period. Collectively lessons learned from Christmas/New Year planning were applied for Easter planning and we reported a much improved picture over this holiday period.

The Operational Pressures Escalation Levels (OPEL) Framework was established with our system partners and ensured a co-ordinated and robust approach to surge and escalation and appropriate support from organisations during times of pressure.

Improvement action plans for delayed transfer of care (DTOC) patients has resulted in the 3.3% target being met at periods of time, at all sites, particularly during March 2018. We have also reported a notable reduction in 12 hour trolley breaches particularly notable at NMGH, with both MRI and Wythenshawe sites reporting no breaches in 2017/18.

Improvements in reducing delayed transfers of care
During 2017/18 there has been an increased collaboration between MFT and MHCC, this has resulted in improvements in Delayed Transfer of Care performance. There has been considerable joint investment by MHCC and MFT to ensure the integrated discharge team have facilities and managerial support to deliver safe and timely discharges of patients.

These changes and additional support will ensure continued improvement for patients and reduce the barriers of cross organisational working.

7 day working
MFT have successfully continued to have a 7 Day hospital services focus, this has been strengthened by the merger in 2017/18. The continued senior clinical support has allowed performance against all standards to improve. There has been continued reflection by directorates to learn from the published survey results and focus improvement work with MHCC and NHS Improvement.

Cancer waits
MFT have demonstrated improvements in various cancer pathways to reduce the wait times for cancer patients during 2017/18. With the merger allowing new innovation and service development to be possible. The newly refurbished Endoscopy Unit at MRI will allow increased capacity and better facilities for patient, while changes to the rapid lung cancer pathway should reduce the time for patients to receive results.

Referral to Treatment (Incomplete)
The Referral to Treatment (RTT) Incomplete indicator has proved particularly challenging in 2017 / 18 for Manchester University Foundation Trust (MFT). The former University Hospital South Manchester (UHSM) has failed to meet the target on 9 out of 12 months and the former Central Manchester University Hospital (CMFT) has consistently been just below target since October 2017. A deep dive has highlighted that there are several specialities that are failing the target at both MFT on a regular basis. However, in order to address these issues, MFT is working on an RTT sustainability plan for the organisation with specific focus on fragile services.

Royal Manchester Children's Hospital
RMCH has a clear focus on clinical leadership and has a nationally acknowledged record of standards and performance. These services were rated as 'Good' by the Care Quality Commission (CQC) in June 2016.

RMCH has come under scrutiny this year specifically around the culture within the hospital and access to surgery. MHCC and MFT have worked closely together to understand the pressures both at hospital and specialty level in relation to access to services and improvement plans are progressing at pace. To better understand the culture within the hospital MHCC has undertaken quality walk rounds and this alongside the results of the national staff survey and MFT local surveys do not support the assertion that there is a culture of bullying and intimidation. In fact, these results support MFT's well held reputation as an organisation that operates an open culture and is responsive to staff concerns.

Manchester Local Care Organisation
Manchester Local Care Organisation went live on 1 April 18. During Phase 1 (2018/19), the objectives of MLCO will be commissioned through existing contracts supported by an 'umbrella' Partnering Agreement'. This is a positive step forward in establishing more integrated, proactive care delivered in neighbourhoods in the City.

Conclusion

As commissioners, we have worked closely with MFT over the course of 2017/18, meeting with the Trust regularly to review the organisations' progress in implementing its quality improvement initiatives and merging from two organisations into one. As the delivery of health care continues to evolve and as we move closer toward a single hospital provider we are committed to engaging with the Trust in an inclusive and innovative manner to support continuous improvement in the health and care of the people of Manchester.

We to continue to build on our relation with the Trust as we move forward into 2018/19.

MHCC is not responsible for verifying data contained within the Quality Account; that is not part of these contractual or performance monitoring processes.

Ian Williamson,
Chief Accountable Officer, Manchester Health and Care Commissioning
May 2018.

Statement of Directors' responsibilities for the Quality Report

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations to prepare Quality Accounts for each financial year.

NHS Improvement has issued guidance to NHS foundation trust boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that NHS foundation trust boards should put in place to support the data quality for the preparation of the quality report.

In preparing the Quality Report, directors are required to take steps to satisfy themselves that:

- the content of the Quality Report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2017/18 and supporting guidance
- the content of the Quality Report is not inconsistent with internal and external sources of information including:
  - board minutes and papers for the period October 2017 to May 2018
  - papers relating to quality reported to the board over the period October 2017 to May 2018
  - feedback from commissioners dated May 2018
  - feedback from Governors dated 16/5/2018
  - feedback from Healthwatch Trafford dated 26/5/2018 (Trafford)
  - feedback from Overview and Scrutiny Committee dated 11/5/2018
  - the latest national staff survey (conducted in September 2017)
  - the Head of Internal Audit's annual opinion of the Trust's control environment dated April 2018.

- the Quality Report presents a balanced picture of MFT's performance over the period covered
- the performance information reported in the Quality Report is reliable and accurate
- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice
- the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review, and
- the Quality Report has been prepared in accordance with NHS Improvement's annual reporting manual and supporting guidance (which incorporates the Quality Accounts regulations) as well as the standards to support data quality for the preparation of the Quality Report.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the Quality Report.

By order of the Board

Kathy Cowell OBE DL
Chairman

23rd May 2018

Sir Michael Deegan CBE
Chief Executive

23rd May 2018

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

We have been engaged by the Council of Governors of Manchester University NHS Foundation Trust to perform an independent assurance engagement in respect of Manchester University NHS Foundation Trust's quality report for the year ended 31 March 2018 (the 'quality report') and certain performance indicators contained therein.

This report, including the conclusion, has been prepared solely for the Council of Governors of Manchester University NHS Foundation Trust as a body, to assist the Council of Governors in reporting Manchester University NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2018, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the council of governors as a body and Manchester University NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

Scope and subject matter

The indicators for the year ended 31 March 2018 subject to limited assurance consist of the national priority indicators as mandated by NHS Improvement:

- Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period; and
- Percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge.

We refer to these national priority indicators collectively as the 'indicators'.

Respective responsibilities of the directors and auditors

The directors are responsible for the content and the preparation of the quality report in accordance with the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual' issued by NHS Improvement.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the quality report is not prepared in all material respects in line with the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual' and supporting guidance;
- the quality report is not consistent in all material respects with the sources specified in section 2.1 of the NHS Improvement 2017/18 Detailed guidance for external assurance on quality reports; and
- the indicators in the quality report identified as having been the subject of limited assurance in the quality report are not reasonably stated in all material respects in accordance with the 'NHS Foundation Trust Annual Reporting Manual' and the six dimensions of data quality set out in the 'Detailed guidance for external assurance on quality reports'.

We read the quality report and consider whether it addresses the content requirements of the 'NHS Foundation Trust Annual Reporting Manual' and supporting guidance*,* and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the quality report and consider whether it is materially inconsistent with:

- board minutes for the period October 2017 to May 2018;
- papers relating to quality reported to the board over the period October 2017 to May 2018;
- feedback from Commissioners, dated May 2018;
- feedback from governors, dated 16 May 2018;
- feedback from local Healthwatch organisations, dated May 2018;
- feedback from Overview and Scrutiny Committee, dated 11 May 2018;
- the latest national staff survey, dated March 2018; and
- the Head of Internal Audit's annual opinion over the trust's control environment, dated April 2018.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively the 'documents'). Our responsibilities do not extend to any other information.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

Assurance work performed

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicators;
- making enquiries of management;
- testing key management controls;
- limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;
- comparing the content requirements of the 'NHS foundation trust annual reporting manual' to the categories reported in the quality report; and
- reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Limitations
Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the quality report in the context of the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual'.

The scope of our assurance work has not included testing of indicators other than the two selected mandated indicators, or consideration of quality governance.

Basis for Qualified Conclusion

Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period

Our testing in 2017/18 has identified a number of findings in relation to this indicator.

As testing has been performed separately between the predecessor sites, the below results are an indication of the results if reported separately, in relation to 1 October 2017 – 31 March 2018 only:

<u>UHSM</u>

A total of 6 errors have been identified at the legacy UHSM site, 3 of which are deemed material to the indicator reporting. The errors impacting the indicator are due to:

- In 1 case, the stop date was added retrospectively to PAS, and therefore the breach was over reported for 3 months due to the omission of a timely stop date being recorded.
- In 1 case, the stop date was not added to PAS until 1 month later than the stop date as per the patient notes, and therefore the breach was reported for 1 month longer than required.
- In 1 case, a baby birth was incorrectly registered as a referral due to admin error. In addition, an end date was input as opposed to removing the original referral.

<u>CMFT</u>

A total of 2 errors have been identified at the legacy CMFT site, both of which are deemed material to the indicator reporting. The errors impacting the indicator are noted below:

- In 1 case, a duplicate pathway was created and remained open past the patient's stop date, resulting in being reported for 6 months longer than necessary.
- In 1 case, the patient was incorrectly recorded as an RTT pathway as opposed to a follow-up from an A&E admission. The record then remained open and was reported as a breach for 4 months longer than required.

Summary

In summary, a total of 5 material findings have been identified, which resulted in us modifying our opinion in regards to this indicator.
In addition a further 3 findings were identified, however these did not have a material impact on the indicator:

- In all 3 cases, incorrect start and/or stop dates reported did not correspond to dates on the patient records. This did not impact the number of breaches reported in the indicator.

Qualified Conclusion

Based on the results of our procedures, except for the effect of the matters set out in the basis for qualified conclusion section in our audit report, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2018:

- the quality report is not prepared in all material respects in line with the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual';
- the quality report is not consistent in all material respects with the sources specified in NHS Improvement 2017/18 Detailed guidance for external assurance on quality reports; and
- the indicators in the quality report subject to limited assurance have not been reasonably stated in all material respects in accordance with the 'NHS Foundation Trust Annual Reporting Manual' and supporting guidance.

Deloitte LLP
Leeds
25 May 2018

4. Auditors' Reports

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Manchester University Foundation Trust (the 'Foundation Trust') and its subsidiaries (the 'Group'):

- **give a true and fair view of the state of the Group's and Foundation Trust's affairs as at 31 March 2018 and of the Group's and Foundation Trust's income and expenditure for the 6 month period then ended;**
- **have been properly prepared in accordance with the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts; and**
- **have been prepared in accordance with the requirements of the National Health Service Act 2006.**

We have audited the financial statements which comprise:

- the Group and Foundation Trust statements of comprehensive income;
- the Group and Foundation Trust statements of financial position;
- the Group and Foundation Trust statements of cash flows;
- the Group and Foundation Trust statements of changes in taxpayers' and other equity;
- the statement of accounting policies; and
- the related notes 1 to 34.

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

Basis for opinion

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

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

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • NHS revenue recognition and recoverability of NHS receivables • Property valuations
Materiality	The materiality that we used for the group financial statements was £9.9m which was determined on the basis of 1.2% of operating income.
Scoping	All testing of the Group, Foundation Trust and Charity was performed by the main audit engagement team at the Trust's central Manchester and Wythenshawe sites, led by the audit partner.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

NHS revenue recognition and recoverability of NHS receivables

Key audit matter description 	There are significant judgements in recognition of revenue from care of NHS patients /service users and in provisioning for disputes with commissioners due to: • the complexity of the Payment by Results regime, in particular in determining the level of over-performance and Commissioning for Quality and Innovation (CQUIN) income to recognise; and • the judgemental nature of provisions for disputes. Details of the Group's income, including £683m of Commissioner Requested Services, are shown in note 2.1 to the financial statements. There is £13.0m of CQUIN income, £38.7m of over-performance income, (£3.2m) of under-performance income and £30.5m of Sustainability and Transformation Funding income. NHS receivables of £62.0m and non-NHS receivables of £6.7m are shown in note 14 to the financial statements, alongside the bad debt provision of £5.8m. The Group earns revenue from a wide range of commissioners, predominantly NHS England and NHS Manchester CCGs, increasing the complexity of agreeing a final year-end position.
How the scope of our audit responded to the key audit matter 	We evaluated the design and implementation of controls over recognition of Payment by Results income. Our IT specialists performed testing of system of controls at the Wythenshawe site and updated our knowledge of controls at the Central Manchester site. We performed detailed substantive testing on a sample basis of the recoverability of over-performance income and adequacy of provision for underperformance through the year. We performed detailed substantive testing on a sample basis of the recoverability of CQUIN income. We performed detailed substantive testing on a sample basis of recoverability of Sustainability and Transformation Fund income. For NHS receivables we evaluated the results of the agreement of balances exercise and cash received after year end. We challenged key judgements around specific areas of dispute and actual or potential challenge from commissioners and the rationale for the accounting treatments adopted. In doing so, we considered the historical accuracy of provisions for disputes and reviewed correspondence with commissioners.
Key observations 	We consider the CQUIN income and over-performance income recognised within Income from Clinical Commissioning Groups and NHS England to be appropriate based on the group's patient activity and performance activity against the operational targets agreed with Commissioners. We also consider the

	receivables balance recognised and the associated bad debt recorded on the group's Statement of Financial Position at 31 March 2018 to be appropriate. We consider Sustainability and Transformation Fund income recognised to be appropriate based upon the Group's achievement of its financial control total in quarters 3 and 4 of 2017/18.
Property valuation	
Key audit matter description 	As described in note 1.11, Property, Plant and Equipment within Accounting Policies and note 1.6, Critical Accounting Judgements and Key Sources of Estimation Uncertainty, there are significant judgements in applying a modern equivalent asset method of valuation for an optimised building and alternate site with regards to land. The Group holds property assets within Property, Plant and Equipment at a modern equivalent use valuation of £525m as shown in note 10.1. Following the revaluation as at 31 March 2018 a net impairments of £21.7m was recorded as shown in note 3. Valuations are by nature significant estimates which are based on specialist and management assumptions. These assumptions include the floor areas for a Modern Equivalent Asset, the basis for calculating build costs and the amount of land required.
How the scope of our audit responded to the key audit matter 	We evaluated the design and implementation of controls over property valuations, and tested the accuracy and completeness of data provided by the Group to the valuer. We used Deloitte internal valuation specialists to review and challenge the appropriateness of the key assumptions used in the valuation of the Group's properties at 31 March 2018. We assessed the appropriateness of the reduced floor areas the Group has used in calculating a Modern Equivalent Asset valuation by considering the detailed justification of the differences from the current estate. We have considered the rationale for retaining two theoritical sites because no common location was identified that was capable of serving the population covered by the Foundation Trust. We assessed whether the valuation and the accounting treatment of the impairment was compliant with the relevant accounting standards, and in particular whether impairments should be recognised in the Income Statement or in Other Comprehensive Income.

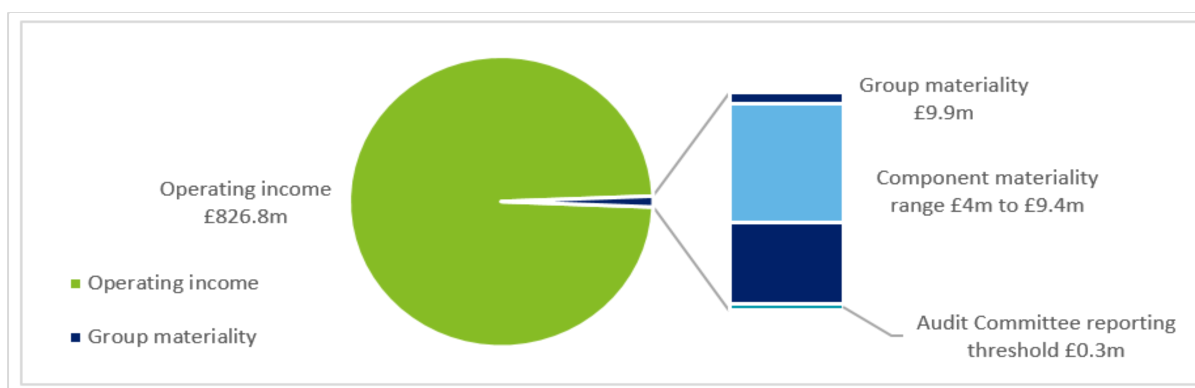
Key observations	We consider the valuation of land and buildings on an alternate site Modern Equivalent Asset Valuation basis recorded in the group's Statement of Financial Position to be appropriate. We also consider the associated impairment recognised in the Statement of Comprehensive Income in the period to be appropriate to the group's position and performance.

Our application of materiality

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

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

	Group financial statements	Foundation trust financial statements
Materiality	£9,920,000	£9,424,000
Basis for determining materiality	1.2% of operating income	1.2% of operating income
Rationale for the benchmark applied	Revenue was chosen as a benchmark as the foundation trust is a non-profit organisation, and operating income is a key measure of financial performance for users of the group financial statements.	Revenue was chosen as a benchmark as the foundation trust is a non-profit organisation, and operating income is a key measure of financial performance for users of the group financial statements.



We agreed with the Audit Committee that we would report to the Committee all audit

differences in excess of £0.3m, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

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

The main focus of our audit work was on the Foundation trust. Our audit work for the foundation trust was executed at a materiality level of £9.4m, which was lower than group materiality.

We performed limited audit procedures on the Foundation trust's subsidiary, Manchester University Hospitals NHS Foundation Trust Charity. Our audit work for the Charity's investments, income and expenditure was executed at a materiality level of £4.0m, which was lower than group materiality.

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

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

All testing of the Group, Foundation trust and Charity was performed by the main audit engagement team performed at the Foundation Trust's head offices in Manchester, as well as out at Wythenshawe, led by the audit partner.

Other information

We have nothing to report in respect of these matters.

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or

our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of accounting officer

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

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

In our opinion:

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

Matters on which we are required to report by exception

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

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

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

We have nothing to report in respect of these matters.

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

Reports in the public interest or to the regulator

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

- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit; or
- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the foundation trust, or a director or officer of the foundation trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a

We have nothing to report in respect of these matters.

loss or deficiency.

Certificate

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

Use of our report

This report is made solely to the Council of Governors and Board of Directors ("the Boards") of Manchester University NHS Foundation Trust, as a body, in accordance with paragraph 4 of Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Boards those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the foundation trust and the Boards as a body, for our audit work, for this report, or for the opinions we have formed.

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

5. Foreword to the accounts

These Accounts for the period 1st October 2017 to 31st March 2018 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.

After making enquiries, the Directors have a reasonable expectation that the Trust and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the Accounts.

Signed

Date: 23rd May 2018

6. Annual Accounts

Manchester University NHS Foundation Trust - accounts for the six months to 31 March 2018

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2018

	NOTE	Six months to 31 March 2018 Trust £000	Six months to 31 March 2018 Group £000
Operating Income from Continuing Operations	2	826,834	830,123
Operating Expenses of Continuing Operations	3	(789,325)	(790,676)
Operating Surplus before finance costs		**37,509**	**39,447**
Finance Costs:			
Finance Income	6	211	509
Finance Expense - Financial Liabilities	7	(19,903)	(19,903)
Public Dividend Capital Dividends Payable	1.28	(854)	(854)
Net Finance Costs		**(20,546)**	**(20,248)**
Surplus for the period prior to transfers by absorption		**16,963**	**19,199**
Net assets transferred to MFT upon transfers by absorption		192,673	210,686
Net assets transferred from Wythenshawe Hospital Charity to MFT Charity		0	5,617
Surplus for the period		**209,636**	**235,502**
Other Comprehensive Income			
Amounts that will not be reclassified subsequently to income:			
Impairments	22	(73)	(73)
Revaluations	22	7,148	7,148
Other Reserve Movements	SOCTE	0	(49)
Amounts that will subsequently be reclassified to income and expenditure:			
Other Reserve Movements	SOCTE	0	(429)
Total Other Comprehensive Income		**7,075**	**6,597**
Total Comprehensive Income for the Period		**216,711**	**242,099**

Six months to March 2018

The Trust's reported surplus after impairments was £16.9m. The Trust made a trading surplus of £37.7m, inclusive of £30.5m of Sustainability and Transformation Funding, before taking account of donated and granted asset income/depreciation (£1m) and impairments (£21.7m).

On 1 October 2017 Manchester University NHS Foundation Trust (MFT) was formed from the merger of Central Manchester University NHS Foundation Trust (CMFT) and University Hospital of South Manchester NHS Foundation Trust (UHSM). The assets and liabilities of the predecessor Trusts transferred to MFT at that date, with the corresponding entry on transfer being included above in the Statement of Comprehensive Income. Public Dividend Capital equal to the net assets has been issued to MFT, with the associated balances relating to the Revaluation Reserve, Income and Expenditure reserve and Charitable Funds reserve also being transferred at this date. These Accounts cover the six month period from the date of the merger to the 31 March 2018. Opening balances for the Statement of Financial Position and associated notes at 1 October 2017 have been included, but no comparative income and expenditure figures are required.

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

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	NOTE	31 March 2018 Trust £000	31 March 2018 Group £000	1 October 2017 Trust £000	1 October 2017 Group £000
Non-Current Assets					
Intangible Assets	9	4,397	4,397	4,470	4,470
Property, Plant and Equipment	10	617,672	617,767	604,385	604,485
Investment Property	11	0	3	0	3
Investments	11	866	19,873	866	14,633
Trade and Other Receivables	14	5,591	5,841	5,836	6,086
Total Non-Current Assets		628,526	647,881	615,557	629,677
Current Assets					
Inventories	13	17,026	17,026	17,939	17,939
Trade and Other Receivables	14	132,368	132,999	109,327	110,485
Non-Current Assets Held for Sale	12	210	210	210	210
Cash and Cash Equivalents	16	119,896	125,688	117,656	120,853
Total Current Assets		269,500	275,923	245,132	249,487
Current Liabilities					
Trade and Other Payables	17	(163,762)	(164,152)	(152,773)	(153,235)
Borrowings	18	(22,286)	(22,286)	(19,607)	(19,607)
Other liabilities	19	(22,635)	(22,635)	(25,928)	(25,928)
Provisions	20	(23,052)	(23,052)	(20,176)	(20,176)
Total Current Liabilities		(231,735)	(232,125)	(218,484)	(218,946)
Total Assets less Current Liabilities		666,291	691,679	642,205	660,218
Non-Current Liabilities					
Trade and Other Payables	17	(2,601)	(2,601)	(3,575)	(3,575)
Borrowings	18	(423,858)	(423,858)	(435,086)	(435,086)
Other liabilities	19	(5,252)	(5,252)	(3,454)	(3,454)
Provisions	20	(7,251)	(7,251)	(7,417)	(7,417)
Total Non-Current Liabilities		(438,962)	(438,962)	(449,532)	(449,532)
Total Assets Employed		227,329	252,717	192,673	210,686
Financed by Taxpayers' and Others' Equity					
Public Dividend Capital	SOCTE	203,291	203,291	192,673	192,673
Revaluation Reserve	22	45,408	45,408	38,333	38,333
Income and Expenditure Reserve	SOCTE	(21,371)	(21,371)	(38,333)	(38,333)
Charitable Fund Reserves	SOCTE	0	25,388	0	18,013
Total Taxpayers' and Others' Equity		227,329	252,717	192,673	210,686

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

Signed:

Date: 23 May 2018

STATEMENT OF CHANGES IN TAXPAYERS AND OTHERS EQUITY

Six months to 31 March 2018		**Public Dividend Capital**	**Revaluation Reserve**	**Income and Expenditure Reserve**	**Charity Reserve**	**Total**
	NOTE	**Trust £000**	**Trust £000**	**Trust £000**	**Charity £000**	**Group £000**
Opening transfers by absorption on 1 October 2017		**0**	**0**	**210,686**	**0**	**210,686**
Transfers by absorption: transfers between reserves		**192,673**	**38,333**	**(249,019)**	**18,013**	**0**
Taxpayers' and Others' Equity at 1 October 2017		**192,673**	**38,333**	**(38,333)**	**18,013**	**210,686**
Surplus/(deficit) for the year (excluding opening transfer by absorption)	**SOCI**	0	0	16,963	7,853	24,816
Fair Value loss on Available-for-Sale Financial Investments	**33**	0	0	0	(429)	(429)
Total Comprehensive Income	**SOCI**	**0**	**0**	**16,963**	**7,424**	**24,387**
Revaluations	**10.1**	0	7,148	0	0	7,148
Net impairments	**10.1**	0	(73)	0	0	(73)
Public Dividend Capital (PDC) received	**31.1**	10,618	0	0	0	10,618
Other Reserve	**33**	0	0	0	(49)	(49)
Taxpayers' and Others' Equity at 31 March 2018		**203,291**	**45,408**	**(21,371)**	**25,388**	**252,717**

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 has been received from the Department of Health and Social Care comprising £9.182m to fund works to Wythenshawe Hospital Accident and Emergency department and £1.436m for IT Schemes.

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2018

	NOTES	Six months to 31 March 2018 Trust £000	Six months to 31 March 2018 Group £000
Cash Flows From Operating Activities			
Operating Surplus from Continuing Operations	SOCI	37,509	39,447
Operating Surplus		37,509	39,447
Non-Cash Income and Expense			
Depreciation and Amortisation	3	14,335	14,340
Net Impairments	3	21,725	21,725
Non-Cash Donations/Grants Credited to Income	2.1	(1,477)	(1,477)
Increase in Trade and Other Receivables	14	(28,494)	(28,494)
Decrease in Inventories	13	913	913
Increase in Trade and Other Payables	17	7,450	7,450
Decrease in Other Liabilities	21	(1,495)	(1,495)
Increase in Provisions	20	2,702	2,702
Movements in charitable fund working capital		0	403
NHS Charitable funds - other movements in operating cash flows		0	152
Other movements in operating cash flows		(74)	(74)
Net Cash Generated From Operations		53,094	55,592
Cash Flows From Investing Activities			
Interest Received		211	211
Purchase of Intangible Assets		(405)	(405)
Purchase of Property, Plant and Equipment		(39,859)	(39,859)
Receipt of Cash Donations to Purchase Capital Assets		1,478	1,478
NHS Charitable funds - net cash flows from investing activities		0	97
Net Cash Used In Investing Activities		(33,550)	(33,453)
Cash Flows From Financing Activities			
Public Dividend Capital Received	SOCTE	10,618	10,618
Movement in loans from the Department of Health and Social Care	18	(2,738)	(2,738)
Movement in other loans	18	(552)	(552)
Capital Element of Private Finance Initiative Obligations	18	(5,257)	(5,257)
Interest Paid		(1,572)	(1,572)
Interest Element of Private Finance Initiative Obligations		(18,345)	(18,345)
Public Dividend Capital Dividend Received	SOCI	542	542
Net Cash Used In Financing Activities		(17,304)	(17,304)
Increase in Cash and Cash Equivalents	16	2,240	4,835
Cash and Cash Equivalents at Start of Financial Period (1 October)	16	117,656	120,853
Cash and Cash Equivalents at End of Financial Period (31 March)	16	119,896	125,688

Notes to the Accounts - 1. Accounting Policies

1.1 Accounting Policies and Other Information

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

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 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.

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

The MFT Charity's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard 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.

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 2018 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 objects of the Charity.

The MFT Charity is the Trust's sole subsidiary. Its financial performance is detailed in notes 33 and 34 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 and discontinued operations during the six month period to 31 March 2018.

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 have provided advice on valuations, as at 31 March 2018, 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 valuation and the carrying amounts of the Trust's Land and Buildings is included in note 10.

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 1.22.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.7 Income

Income, including that for research and training, is accounted for applying the accruals convention. Therefore income in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of income for the Trust and the Group is from NHS Commissioners, for healthcare services. Those partially completed patient care spells that are counted at 31 March annually, are valued at average specialty cost for the specialty of admission.

Where income is received for a specific activity which is to be delivered in future years, that income will be deferred. This is recognised as a liability detailed in note 19.

Income from the sale of Non-Current Assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

The Trust and the Group receive income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, e.g. by an insurer. The Trust and the Group recognise the income when notification is received from the Department of Work and Pensions' Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

1.8 Employee Benefits

1.8.1 Short-Term Employee Benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from the employee.

1.8.2 Pension Costs

Past and present employees are covered by the provisions of 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 website at:-

www.nhsbsa.nhs.uk/pensions and https://www.nestpensions.org.uk.

Notes to the Accounts - 1. Accounting Policies (Continued)

Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting Valuation - NHS Pension Scheme

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2018, is based on valuation data as at 31 March 2017, updated to 31 March 2018 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full Actuarial (Funding) Valuation - NHS Pension Scheme

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The updated actuarial valuation is currently being carried out based on 31 March 2016 data. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

c) Scheme Provisions - All Schemes

Employer's pension cost contributions for all schemes are charged to operating expenses as and when they become due. In 2017/18 these contributions amounted to £39.6m, as detailed in note 4. The estimated level of contributions for the full financial year 2018/19 equate to £79.2k.

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 Exceptional items

Material items of income or expenditure which derive from events or transactions that fall outside of normal business operations are classed as exceptional items. A calculation is included within the Statement of Comprehensive Income to show the surplus/(deficit) for the year before exceptional items and this represents the Trust's normalised, underlying position. Examples of exceptional items will include:

● Impairment losses or gains relating to property, plant and equipment assets;

● Restructuring costs including expenditure incurred on implementation of financial turnaround plans;

● Material impact on Statement of Comprehensive Income of any significant refinancing transactions.

1.11 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 are measured subsequently at Fair Value.

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 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.

Non operational buildings are tested for impairment to ensure the carrying value does not exceed the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

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

Equipment assets are carried at Depreciated Historic Cost, as this is not considered to be materially different from Fair Value.

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)

1.12 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 1.11). 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.

1.13 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.

1.14 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.

1.15 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.

1.16 Surplus Non-Current Assets - Held for Sale or to be Scrapped or Demolished

A Non-Current Asset which is surplus, with no plan to bring it back into use, is valued at Fair Value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

In general, the following conditions must be met 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.

1.17 Leases

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 inception 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. In applying IFRIC 4 - determining whether an arrangement contains a Lease, collectively significant rental arrangements that do not have the legal status of a lease but convey the right to use an asset for payment are accounted for under the Trust’s lease policy, where fulfilment of the arrangement is dependent on the use of specific assets.

Leases of Land and Buildings

Where a lease is for land and buildings, the land component is separated from the building component, and the classification for each is assessed separately. Leases of land are treated as Operating Leases.

1.18 Private Finance Initiative (PFI) Transactions

The Treasury has determined that public bodies shall account for infrastructure PFI schemes, where the public body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement, as service concession arrangements, following the principles and requirements of IFRIC 12. Therefore, in accordance with IAS 17, the Trust and the Group recognise their PFI asset as an item of Property, Plant and Equipment, together with a corresponding finance lease liability to pay for it.

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

a) Payment for the fair value of services received - recognised in operating expenses;

b) Payment for the PFI asset, including finance costs (charged to the Statement of Comprehensive Income) and, if applicable, prepayments for assets not yet in operational use; and

c) Payment for the replacement of components of the asset during the contract, known as "lifecycle

Services Received

The fair value of services received in the year is recorded under the relevant expenditure headings within operating expenses.

PFI Assets

The Trust's PFI assets are recognised as Property, Plant and Equipment when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust’s and the Group's approach for each relevant class of asset, in accordance with the principles of IAS 16.

PFI Liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets, and is subsequently measured as a Finance Lease Liability in accordance with IAS 17.

The element of the annual Unitary Payment which is allocated as a Finance Lease Rental is applied to meet the annual finance cost, and to repay the lease liability over the contract term.

An 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.

1.19 Inventories

Inventories (Stocks) are valued at the lower of cost and net realisable value, with the exception of both Pharmacy inventories, which are valued at average cost, and Inventories recorded and controlled via the Materials Management System, which are valued at current cost. This is considered to be a reasonable approximation to net realisable value due to the high turnover of stocks. The following methods are used to measure the different types of inventories:-

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using either the first in, first out (FIFO) method or the weighted average cost method where inventory systems support that approach.

1.20 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.

1.21 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.

1.22 Provisions

The Trust and the Group provide for legal or constructive obligations which are of uncertain timing or amount at the Statement of Financial Position date, on the basis of the best possible reliable estimate of the expenditure and when it is considered probable that there will be a future outflow of resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using one or more of the Discount Rates published and mandated by the Treasury.

In 2017/18 the only such Discount Rate applicable to the Trust or the Group was 0.24% for Post Employment Benefits - specifically the costs of Pensions and Injury Benefits, for which the Trust and the Group are obliged to pay.

Notes to the Accounts - 1. Accounting Policies (Continued)

NHS Resolution (NHSR) (the new operating name for NHS Litigation Authority) 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.

1.23 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.

1.24 Financial Instruments: Financial Assets and Financial Liabilities

Recognition

Financial Assets and Liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust and the Group's normal purchase, sale or usage arrangements, are recognised when, and to the extent that, performance occurs, i.e. when receipt or delivery of the goods or services is made. The Trust and the Group do not (in common with most Public Bodies) generally hold any Financial Assets or Liabilities, the exceptions being those listed below, all of which are recognised when the Trust and the Group become parties to any contractual provisions of the instruments.

Classification and Measurement

Financial assets are categorised as ‘Fair Value through Income and Expenditure’, Loans and receivables or ‘Available-for-sale financial assets’. The carrying amounts are estimated to be equal to

Financial liabilities are classified as ‘Fair value through Income and Expenditure’ or as ‘Other Financial liabilities’.

Financial Assets and Financial Liabilities at "Fair Value Through Income and Expenditure"

Financial assets and liabilities in this category are those held for trading. A financial asset or liability is classified in this category if acquired principally for the purpose of selling in the short-term.

Loans and Receivables

Loans and Receivables are non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market. They are included in Current Assets, except for amounts receivable more than 12 months after the Statement of Financial Position date, which are classified as Non-Current Assets.

The Trust’s and the Group's Loans and Receivables comprise: Cash and Cash Equivalents; Trade and Other Receivables (not including Prepayments); and Investments held both by the Trust and the Charity.

Loans and Receivables are recognised initially at Fair Value, net of transaction costs, and are measured subsequently at amortised cost, using the Effective Interest Method. The Effective Interest Rate is the rate which discounts exactly the estimated future cash receipts through the expected life of the Financial Asset or, when appropriate, a shorter period, to the net carrying amount of the Financial Asset.

Interest on Loans and Receivables is calculated using the Effective Interest Method and credited to the Statement of Comprehensive Income

Notes to the Accounts - 1. Accounting Policies (Continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets which are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the Trust intends to dispose of them within 12 months of the Statement of Financial Position date.

Available-for-sale financial assets are recognised initially at fair value, including transaction costs, and measured subsequently at fair value, with gains or losses recognised in reserves and reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'. When items classified as 'available-for-sale' are sold or impaired, the accumulated fair value adjustments recognised are transferred from reserves and recognised in 'Finance Costs' in the Statement of Comprehensive Income.

Financial Liabilities

All Financial Liabilities are recognised initially at Fair Value, net of transaction costs incurred, and measured subsequently at amortised cost using the Effective Interest Method. The Effective Interest Rate is the rate which discounts exactly the estimated future cash payments through the expected life of the Financial Liability or, when appropriate, a shorter period, to the net carrying amount of the Financial Liability. .

Financial Liabilities are included in Current Liabilities, except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as Non-Current Liabilities.

Interest on Financial Liabilities carried at amortised cost is calculated using the Effective Interest Method and charged to Finance Costs. Interest on Financial Liabilities taken out to finance Property, Plant and Equipment or Intangible Assets is not capitalised as part of the cost of those assets. Loans from the Department of Health and Social Care are not held for trading, and are measured at historic cost, with any unpaid interest accrued

Impairment of Financial Assets

At the end of each reporting period, the Trust and the Group assess whether any Financial Assets, other than those held at "Fair Value Through Income and Expenditure", are impaired. Financial Assets are impaired and impairment losses are recognised only if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset, and which has/have an impact on the estimated future cashflows of the asset.

For Financial Assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income, and the carrying amount of the asset is reduced directly.

Derecognition of Financial Assets and Liabilities

All Financial Assets are derecognised when the rights to receive cash flows from the assets have expired, or the Trust and the Group have transferred substantially all of the risks and rewards of ownership. Financial Liabilities are derecognised when the obligation is discharged or cancelled, or it expires.

1.25 Value Added Tax

Most of the activities of the Trust and the Group are outside the scope of VAT and, in general, output tax does not apply, and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category, or included in the capitalised purchase cost of Non-Current Assets. Where output tax is charged or input tax is recoverable, the transactions in question are recorded net of VAT in these financial statements and this applies to assets and liabilities as well as expenses.

1.26 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.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.27 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).

1.28 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.

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 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 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.

1.29 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.

1.30 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)

1.31 Accounting Standards Which Have Been Issued But Have Not Been Adopted

There are no Accounting Standards issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC), which are applicable to the Trust and/or the Group which have been adopted by the GAM, but which have not been adopted within these Accounts. However, the following Standards have been issued or amended by the IASB or IFRIC up to the date of publication of the GAM, but have not yet been adopted by the GAM, and therefore also not yet adopted by the Trust and/or the Group:-

Change Published	Financial Year for Which the Change First Applies	Impact
IFRS 9 - Financial Instruments	Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the Financial Reporting Manual (FReM): early adoption is not therefore permitted	The anticipated impact only relates the level of disclosure and no impact on the financial results of the organisation.
IFRS 14 – Regulatory Deferral Accounts	Not yet EU-endorsed. Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable to DH Group bodies.	Not applicable to the Trust therefore no impact. The Trust adopted IFRS prior to 1st January 2016.
IFRS 15 – Revenue from Contracts with Customers	Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted.	It is not expected that IFRS 15 will significantly impact revenue recognition.
IFRS 16 - Leases	Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.	The Trust holds a number of leases (as disclosed in note 5.1). Each lease will have to be assessed under the new standard and appropriate accounting treatment will be applied. Any changes to accounting treatment as a result of the adoption will have to be applied to prior periods.
IFRIC 22 - Foreign Transactions	Foreign Currency Transactions and Advance Consideration - Application required for accounting periods beginning on or after 1st January 2018.	IFRS 22 is not expected to have any significantly impact as the Trust has minimal foreign transactions.

1.32 Accounting Standards Issued Which Have Been Adopted Early

No Accounting Standards issued have been adopted early by the Trust or the Group.

1.33 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 33 and 34 to these financial statements, and these statements meet the IFRS 8 requirements for operating segment disclosures.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.34 Transfers of Functions to and From Other NHS Bodies: Transfers by Absorption

On 1 October 2017 Manchester University NHS Foundation Trust (MFT) was formed through a merger between Central Manchester University Hospitals NHS Foundation Trust (CMFT) and University Hospital of South Manchester NHS Foundation Trust (UHSM). At this date all functions transferred to MFT. Due to this being a transfer within the NHS this has been accounted for as a transfer by absorption.

For functions which have been transferred to the Trust and/or the Group from another NHS body, the assets and liabilities transferred are recognised in these financial statements as at the date of transfer. The assets and liabilities are not adjusted to Fair Value prior to recognition. The net gain or loss arising, corresponding to the net assets or liabilities transferred, is normally recognised within the Statement of Comprehensive Income under "Gain/(Loss) From Transfers by Absorption". Any adjustments required to align acquired assets or liabilities to the Trust's and the Group's Accounting Policies will be applied after initial recognition, and taken directly to Taxpayers'

For Non-Current Assets transferred to the Trust and the Group from other NHS bodies, the cost and accumulated depreciation/amortisation balances, from the transferring entity's financial statements, are preserved on recognition in the Trust's and the Group's statements. Where the transferring body recognised Revaluation Reserve balances attributable to the assets in question, the Trust and the Group make a transfer from their Income and Expenditure Reserve, to the Revaluation Reserve, to maintain transparency within Public Sector Accounts.

For functions which the Trust or the Group has transferred to another NHS body, the assets and liabilities transferred are derecognised from the financial statements as at the date of transfer. The net loss or gain, corresponding to the net assets or liabilities transferred, is recognised as Non-Operating Expenses or Income, and as above is titled a Gain or Loss from Transfer by Absorption, in the Statement of Comprehensive Income. Any Revaluation Reserve balances attributable to assets derecognised are transferred to the Income and Expenditure

2 Operating Income

2.1 Operating Income (by Type)

	Six months to 31 March 2018	Six months to 31 March 2018
	Trust	Group
	£000	£000
Income from Activities		
Elective Income	102,674	102,674
Non-Elective Income	130,927	130,927
First Outpatient Income	36,628	36,628
Follow up Outpatient Income	49,317	49,317
A&E Income	21,974	21,974
High cost drugs income from commissioners	65,764	65,764
Other NHS Clinical Income	233,206	233,206
Community services income	43,006	43,006
Sustainability and Transformation Fund income*	30,546	30,546
Private Patient Income	1,130	1,130
Other Clinical Income	4,044	4,044
Total Income from Activities	719,216	719,216
Other Operating Income		
Education and Training	36,819	36,819
Research and Development	21,456	21,456
Non-Patient Care Services to Other Bodies	17,906	17,906
Income in respect of employee benefits accounted on a gross basis	3,786	3,786
Receipt of capital grants and donations	1,477	1,477
Charitable and Other Contributions to Expenditure	413	413
Rental revenue from operating leases	754	754
Other Income **	25,008	25,008
Other - Charity	0	3,289
Total Other Operating Income	107,618	110,907
Total Operating Income	826,834	830,123

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 2017/18 amounted to £683m or 95% of Income from Activities. CRS is arrived at by excluding Sustainability and Transformation Funding, Private Patient income and Other Clinical Income from total income received from activities.

* The Trust has been notified that it has been awarded £30.5m of Sustainability and Transformation Funding in the six months to March 2018. The Trust received £6.4m in cash during the six month reporting period, with the remaining £24.1m due in 2018/19.

** Within Other Operating Income the following items are included in Other Income:

	Six months to 31 March 2018	Six months to 31 March 2018
	Trust	Group
Other Income	£000	£000
Other Income	14,693	14,693
Clinical Excellence Awards	2,595	2,595
Car Parking	3,415	3,415
Property Rentals	1,565	1,565
Staff accommodation rental	38	38
Crèche Services	480	480
Clinical Tests	645	645
Staff contributions to employee benefit schemes	586	586
Estates Recharges	499	499
Catering	304	304
Pharmacy Sales	188	188
Total Other Income	25,008	25,008

2.2 Operating Lease Income

	Six months to 31 March 2018
	Trust and Group
	£000
Rents recognised as income during the period	754
Contingent rents recognised as income during the period	0
Total	754
Future minimum lease payments due	
not later than one year	1,671
later than one year and not later than five years	6,497
later than five years	5,718
Total	13,886

2.3 Operating Income (by Source)

	Six months to 31 March 2018	Six months to 31 March 2018
	Trust	Group
	£000	£000
Income From Activities		
Clinical Commissioning Groups	361,930	361,930
NHS England	300,465	300,465
Foundation Trusts	1,271	1,271
Department of Health and Social Care	56	56
NHS Trusts	254	254
NHS other (including Public Health England)	1,652	1,652
Local Authorities	14,636	14,636
Sustainability and Transformation Fund income	30,546	30,546
Private Patients	1,136	1,136
Overseas Patients (Non-Reciprocal)	383	383
NHS Injury Costs Recovery Scheme	3,903	3,903
Non-NHS Other	2,984	2,984
Total Income From Activities	719,216	719,216

2.4 Overseas Visitors Income (Patients Charged Directly by the Trust)

	Six months to 31 March 2018
	Trust and Group
	£000
Income Recognised in the Year	
Relating to invoices raised in current and earlier years	383
Cash Received in the Year	134
Amount Added to Provision for Impairment of Receivables	58
*Amounts Written Off in the Year	2,718

* A write off has been undertaken following internal review of activity since the introduction of the overseas tariff guidance whereby CCGs underwrite 50% of the invoice value (75% of standard tariff).

3 Operating Expenses

	Six months to 31 March 2018 Trust	Six months to 31 March 2018 Group
	£000	£000
Purchase of healthcare from NHS and DH bodies	3,847	3,847
Purchase of healthcare from non-NHS and non-DH bodies	4,573	4,573
Staff and executive directors costs *	436,714	437,375
Remuneration of non-executive directors	127	127
Supplies and services - clinical (excluding drugs costs)	99,280	99,280
Supplies and services - general	4,999	4,999
Drug costs	77,698	77,698
Consultancy costs	1,910	1,910
Establishment	6,387	6,387
Premises - business rates collected by local authorities	5,373	5,373
Premises	23,681	23,681
Transport (including patient travel)	2,610	2,610
Depreciation on property, plant and equipment	13,857	13,862
Amortisation on intangible assets	478	478
Net impairments	21,725	21,725
(Decrease) in provision for impairment of receivables	(192)	(192)
Change in provisions discount rate(s)	211	211
Audit fees payable to the external auditor:-		
i) audit services- statutory audit	134	138
ii) other auditor remuneration (external auditor only) **	14	14
Internal audit costs	169	169
Clinical negligence	17,214	17,214
Legal fees	398	398
Insurance	375	375
Research and development - non staff costs	9,968	9,968
Research and development - staff costs *	9,247	9,247
Education and training - non staff costs	4,763	4,763
Education and training - staff costs *	2,664	2,664
Rentals under operating leases ***	5,313	5,313
Redundancy	1,608	1,608
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT) on IFRS basis	32,350	32,350
Car parking & security	1,105	1,105
Hospitality	151	151
Losses, ex gratia & special payments ****	62	62
Other NHS charitable fund resources expended	0	681
Other	512	512
Total	789,325	790,676

* These pay costs have further details 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	**Six months to 31 March 2018 Trust**	**Six months to 31 March 2018 Group**
	£000	**£000**
Salaries and wages	342,820	342,820
Social security costs	30,288	30,288
Apprenticeship levy	1,490	1,490
Employer's contributions to NHS pensions	39,575	39,575
Pension cost - other	30	30
Temporary staff (including agency)	36,112	36,112
NHS charitable funds staff	0	661
Total staff costs	450,315	450,976
Of which		
Costs capitalised as part of assets	1,690	1,690
Net staff costs	448,625	449,286

This note does not include the remuneration for non-executive directors.

4.1 Early Retirements Due to Ill-Health

During the six months to 31 March 2018 there were no early retirements from the Trust (and the Group) agreed on the grounds of ill-health. There are therefore no estimated additional pension liabilities although the costs of these ill-health retirements would be borne by the NHS Business Services Authority - Pensions Division.

5 Operating Lease Expenditure

	Six months to 31 March 2018
	Trust and Group
	£000
Minimum lease payments	5,313
Contingent rents	0
Less sublease payments received	0
	5,313

5.1 Arrangements Containing an Operating Lease

	Six months to 31 March 2018
	Trust and Group
	£000
Future Minimum Lease Payments Due:	
Not later than one year	10,773
Later than one year and not later than five years	43,554
Later than five years	38,858
Total	93,185

The future minimum lease payments are in respect of 51 operating leases, of varying contract values and terms.

5.2 Auditor's Liability

There is no specified clause in the Trust's or the Group's contract with the External Auditors, Deloitte LLP, which provides for any limitation of the Auditor's liability in the six months to 31 March 2018.

5.3 Other Audit Remuneration

In 2017/18, there were no services provided by our external auditors, Deloitte LLP, other than the statutory audit for the Trust's Accounts and Report, Charity Accounts and the Quality Account. 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. The fee relating to the audit of the Quality Account in the six months to 31 March 2018 was £14k.

6 Finance Income

	Six months to 31 March 2018	Six months to 31 March 2018
	Trust	Group
	£000	£000
Interest on bank accounts	211	211
NHS charitable fund investment income	0	298
	211	509

7 Finance Costs

	Six months to 31 March 2018 Trust and Group
	£000
Interest on Loans from the Foundation Trust Financing Facility	1,499
Interest on bank loans	51
Total interest costs	1,550
Unwinding of discount on provisions	8
Interest on Obligations under PFI Contracts:	
- Main Finance Cost	10,474
- Contingent Finance Cost	7,871
Total interest on Obligations under PFI	18,345
Total Finance Costs	19,903

8 Impairment of Assets (Property, Plant & Equipment and Intangibles)

	Six months to 31 March 2018 Trust and Group
Net impairments charged to operating surplus resulting from:	£000
Obsolescence	4,793
Changes in market price	16,932
Total impairments charged to operating surplus	21,725
Total net impairments charged to revaluation reserve	73
Total impairments and reversals	21,798

9 Intangible Assets

9.1 Intangible Assets

31 March 2018	Software Licences - Purchased	Intangible Assets under Construction	Development Expenditure (Internally Generated)	Total
	Trust and Group	Trust and Group	Trust and Group	
	£000	£000	£000	£000
Gross Cost at 1 October 2017	**0**	**0**	**0**	**0**
Transfers by absorption	**19,758**	**0**	**1,361**	21,119
Additions - Purchased	0	405	0	405
Gross Cost at 31 March 2018	**19,758**	**405**	**1,361**	**21,524**
Amortisation at 1 October 2017				**0**
Transfers by absorption	**15,288**	**0**	**1,361**	16,649
Provided During the Period	478	0	0	478
Amortisation at 31 March 2018	**15,766**	**0**	**1,361**	**17,127**
Net book value as at 31st March 2018	3,992	405	0	4,397
Net book value as at 1st October 2017	4,470	0	0	4,470

10 Property, Plant and Equipment

10.1 Property, Plant and Equipment

31 March 2018	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 £000	Trust £000	Trust £000	Trust £000	Trust £000	Trust £000	Trust £000	Trust £000	Trust £000	Charity £000	Trust and Group £000
Cost or Valuation at 1 October 2017	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfers by absorption	17,040	575,256	529	37,675	223,076	607	47,095	19,850	**921,128**	127	**921,255**
Additions	0	5,938	0	31,159	1,783	0	1,436	0	**40,316**	0	**40,316**
Additions donated	0	506	0	833	139	0	0	0	**1,478**	0	**1,478**
Reversal of impairments credited to operating expenditure	2,485	2,265	0	0	0	0	0	0	**4,750**	0	**4,750**
Impairments charged to operating expenses	(4,889)	(97,631)	0	0	0	0	0	0	**(102,520)**	0	**(102,520)**
Impairments charged to the revaluation reserve	0	(73)	0	0	0	0	0	0	**(73)**	0	**(73)**
Revaluations	(113)	7,261	0	0	0	0	0	0	**7,148**	0	**7,148**
Reclassifications	0	17,421	0	(20,275)	2,854	0	0	0	**0**	0	**0**
Cost or Valuation at 31 March 2018	**14,523**	**510,943**	**529**	**49,392**	**227,852**	**607**	**48,531**	**19,850**	**872,227**	**127**	**872,354**
Accumulated Depreciation as at 1 October 2017	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfers by absorption	0	67,775	529	0	199,487	606	30,255	18,091	**316,743**	27	**316,770**
Provided During the Period	0	8,270	0	0	3,204	0	2,105	278	**13,857**	5	**13,862**
Impairments	0	(70,305)	0	0	0	0	0	0	**(70,305)**	0	**(70,305)**
Reversal of impairments credited to operating expenditure	0	(5,740)	0	0	0	0	0	0	**(5,740)**	0	**(5,740)**
Depreciation at 31 March 2018	**0**	**0**	**529**	**0**	**202,691**	**606**	**32,360**	**18,369**	**254,555**	**32**	**254,587**
Net book value as at 31st March 2018	**14,523**	**510,943**	**0**	**49,392**	**25,161**	**1**	**16,171**	**1,481**	**617,672**	**95**	**617,767**
Net book value as at 1st October 2017	17,040	507,481	0	37,675	23,589	1	16,840	1,759	**604,385**	100	**604,485**

The Land and Buildings have been revalued by the District Valuer. The above figures are as per the valuation dated 31 March 2018.

10.2 Property, Plant and Equipment Financi	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		Trust and Group
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net Book Value - 31 March 2018											
Owned	14,446	199,656	0	37,055	23,314	1	16,168	1,283	**291,923**	95	**292,018**
On-balance sheet PFI contracts and other service concession arrangements	0	300,764	0	8,215	0	0	0	0	**308,979**	0	**308,979**
Government Granted	0	1,470	0	3,135	0	0	0	0	**4,605**	0	**4,605**
Donated	77	9,053	0	987	1,847	0	3	198	**12,165**	0	**12,165**
NBV Total at 31 March 2018	**14,523**	**510,943**	**0**	**49,392**	**25,161**	**1**	**16,171**	**1,481**	**617,672**	**95**	**617,767**

10.3 Economic Life of Non-Current Assets	Minimum Life Years Trust and Group	Maximum Life Years Trust and Group
Purchased, Donated or Granted		
Software	5	7
Development expenditure	5	7
Buildings (Excluding Dwellings)	1	90
Plant and Machinery	1	15
Transport Equipment	1	10
Information Technology	1	10
Furniture and Fittings	1	10

The above asset lives relate to both intangible and tangible assets.

11 Investments

31 March 2018	Trust	Charity	Group
	£000	£000	£000
Carrying Value as at 1 October 2017	**0**	**0**	**0**
Transfers by absorption	**866**	**13,770**	**14,636**
Fair value gains (including transfer in from Wythenshawe Charity)	**0**	**5,669**	**5,669**
Movement in Fair Value	**0**	**(429)**	**(429)**
Carrying Value as at 31 March 2018	**866**	**19,010**	**19,876**

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 2018 the Trust and the Group held one Non-Current Asset for sale, valued at £210k. This consists of both land and buildings situated in Manchester. (£210k at 1 October 2017).

The Trust holds no surplus assets which meet the criteria as defined in IFRS 13.

13 Inventories

31 March 2018	Drugs Trust and Group	Consumables Trust and Group	Energy Trust and Group	Total Trust and Group
	£000	£000	£000	£000
Carrying Value as at 1 October 2017	**0**	**0**	**0**	**0**
Transfers by absorption	**5,414**	**12,172**	**353**	**17,939**
Additions	**99,396**	**30,821**	**601**	**130,818**
Inventories Consumed (Recognised in Expenses)	**(98,937)**	**(32,185)**	**(609)**	**(131,731)**
Total	**5,873**	**10,808**	**345**	**17,026**

14 Trade and Other Receivables

Current	31 March 2018		1 October 2017	
	Trust	Group	Trust	Group
	£000	£000	£000	£000
Trade Receivables - NHS	62,018	62,018	53,960	53,960
Trade Receivables - other	6,736	6,736	0	0
Capital Receivables	0	0	5,156	5,156
Accrued Income	41,763	41,763	17,050	17,050
Provision for the Impairment of Receivables	(5,757)	(5,757)	(6,041)	(6,041)
Prepayments	9,802	9,802	15,400	15,400
PDC Dividend Receivable	0	0	542	542
VAT Receivable	4,383	4,383	3,594	3,594
Other Receivables	13,423	13,423	19,666	19,666
NHS charitable funds: trade and other receivables	0	631	0	1,158
Total Current Trade and Other Receivables	132,368	132,999	109,327	110,485

Non-Current	31 March 2018		1 October 2017	
	Trust	Group	Trust	Trust and Group
	£000	£000	£000	£000
Provision for the Impairment of Receivables	(136)	(136)	(44)	(44)
Accrued Income	5,199	5,199	5,353	5,353
Finance lease receivables	528	528	527	527
NHS charitable funds: trade and other receivables	0	250	0	250
Total Non-Current Trade and Other Receivables	5,591	5,841	5,836	6,086

The Finance lease receivable in the analysis above relates to the amount due in relation to the Former Royal Eye Hospital land and building.

15 Provision for Impairment of Receivables (Bad Debt Provision)

	31 March 2018 Trust and Group
	£000
At 1 October 2017	0
Transfer by absorption	(6,085)
Increase in Provision	192
At 31 March 2018	(5,893)

15.1 Analysis of Impaired and Non-Impaired Receivables

	31 March 2018 Trust and Group
Ageing of Impaired Trade Receivables (Bad Debt Provision):-	£000
0 - 30 Days	89
30 - 60 Days	42
60 - 90 Days	57
90 - 180 Days	312
Over 180 Days	3,451
Total	3,951

The value of impaired trade receivables as at 31st March 2018 excludes amounts impaired relating to the Injury Cost Recovery debtor, £1,942k.

	31 March 2018
Ageing of Non-Impaired Trade Receivables Past Their Due Date:-	£000
0 - 30 Days	13,555
30 - 60 Days	4,593
60 - 90 Days	3,181
90 - 180 Days	3,200
Over 180 Days	3,448
Total	27,977

16 Cash and Cash Equivalents

31 March 2018	Trust	Charity	Group
	£000	**£000**	**£000**
Balance at 1 October 2017	**0**		**0**
Transfers by absorption	**117,656**	**3,197**	**120,853**
Net Change in the Period	**2,240**	**2,595**	**4,835**
Balance at 31 March 2018	**119,896**	**5,792**	**125,688**
Comprising:-			
Commercial Banks and Cash in Hand	**132**	**5,792**	**5,924**
Cash With the Government Banking Service	**119,764**	**0**	**119,764**
Cash and Cash Equivalents as per Statement of Financial Position	**119,896**	**5,792**	**125,688**

Third Party Assets of £12k held by the Trust as at 31 March 2018 are excluded from the Trust's Cash and Cash Equivalents figures, as disclosed in Note 16 above. Third party assets of £29k were held by the Trust on 1 October 2017.

17 Trade and Other Payables

Current	**31 March 2018**		1 October 2017	
	Trust	**Group**	Trust	Group
	£000	**£000**	£000	£000
Trade payables	43,977	43,977	41,770	41,770
Capital payables	9,497	9,497	8,296	8,296
Accruals	72,850	72,850	67,035	67,035
Social security and other taxes payable	24,027	24,027	16,110	16,110
VAT payables	240	240	0	0
PDC dividend payable	854	854	0	0
Accrued interest on loans	722	722	0	0
Other payables	11,595	11,595	19,562	19,562
NHS charitable funds: trade and other payables	0	390	0	462
Total Current Trade and Other Payables	**163,762**	**164,152**	152,773	153,235

Non-Current	**31 March 2018**	1 October 2017
	Trust and Group	Trust and Group
	£000	£000
Receipts in Advance	**2,601**	3,575
Total Non-Current Trade and Other Payables	**2,601**	3,575

18 Borrowings

	31 March 2018 Trust and Group £000	1 October 2017 Trust and Group £000
Current		
Loans from Foundation Trust Financing Facility	**10,333**	7,999
Loans from other entities	**753**	711
Obligations Under Private Finance Initiative Contracts	**11,200**	10,897
Total	**22,286**	19,607

	31 March 2018 Trust and Group £000	1 October 2017 Trust and Group £000
Non-Current		
Loans from Foundation Trust Financing Facility	**96,966**	102,038
Loans from other entities	**2,688**	3,281
Obligations Under Private Finance Initiative Contracts	**324,204**	329,767
Total	**423,858**	435,086

19 Other liabilities

	31 March 2018 Trust and Group £000	1 October 2017 Trust and Group £000
Current		
Other Deferred Income	**22,635**	25,928
Total	**22,635**	25,928
Non-Current		
Other Deferred Income	**5,252**	3,454
Total	**5,252**	3,454

20 Provisions for Liabilities and Charges

	Current	Non-Current	Current	Non-Current
	31 March 2018	31 March 2018	1 October 2017	1 October 2017
	Trust and Group	Trust and Group	Trust and Group	Trust and Group
	£000	£000	£000	£000
Pensions- Early departure costs	**708**	**4,652**	529	5,106
Other Legal Claims	**862**	**0**	852	242
Restructurings	**1,860**	**430**	484	0
Other	**19,622**	**2,169**	18,311	2,069
Totals	**23,052**	**7,251**	20,176	7,417

20.1 Provisions for Liabilities and Charges Analysis

	Pensions- Early departure costs	Other Legal Claims	Restructurings	Other	Totals
	Trust and Group	Trust and Group	Trust and Group	Trust and Group	Trust and Group
	£000	£000	£000	£000	£000
As at 1 October 2017	**0**	**0**	**0**	**0**	**0**
Transfer by absorption	**5,635**	**852**	**484**	**20,622**	**27,593**
Change in Discount Rate	191	0	0	20	211
Arising During the Period	7	89	1,879	5,921	7,896
Utilised During the Period	(314)	0	(23)	(1,986)	(2,323)
Reversed Unused	(165)	(79)	(50)	(2,788)	(3,082)
Unwinding of Discount	6	0	0	2	8
At 31 March 2018	**5,360**	**862**	**2,290**	**21,791**	**30,303**
Expected Timing of Cashflows:					
- Not Later Than 1 Year	708	862	1,860	19,622	23,052
- Later Than 1 Year and Not Later Than 5 Years	2,553	0	430	2,169	5,152
- Later Than 5 Years	2,099	0	0	0	2,099
Total	**5,360**	**862**	**2,290**	**21,791**	**30,303**

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

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 during the six months to 31 March 2018. These relate to pay-protection and redundancy costs which are anticipated to be settled within a one year period.

Other provisions are made in respect of a number of 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 and for permanent injury benefits. The expected timing of the cash flows shown above is estimated from the best information available to the Trust at this point in time, but these are uncertain.

20.2 Clinical Negligence Liabilities

Included in the provisions of the NHS Resolution at 31 March 2018 is £398,235k in respect of Clinical Negligence liabilities of the Trust and the Group.

21 Contingent Liabilities and Assets

21.1 Contingent Liabilities

In preparing these financial statements, 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. Given the significant uncertainty attached to the HMRC guidance and its applicability to the Trust's contract, the potential liability faced by the Trust may be estimated in the order of £3m greater than the amount provided for. However, management considers that a liability at that level has a significant lower probability of materialising and is taking all practical steps to minimise the Trust's exposure on this matter.

The Trust also has a contingent liability of £248k (£193k at 1 October 2017) which represents the amount notified by NHS resolution to include in our accounts as a contingent liability.

22 Revaluation Reserve

	31 March 2018 Trust and Group £000
Revaluation Reserve at the beginning of 1 October 2017	**0**
Transfer by absorption	**38,333**
Impairments	**(73)**
Revaluations	**7,148**
Revaluation Reserve at the end of the period	**45,408**

The revaluation was completed by the District Valuer with a valuation date as at 31st March 2018.

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 Executive Director is the Trust's nominated Director for Manchester Science Partnerships Ltd (formerly Manchester Science Park Ltd), which is majority owned by Bruntwood 2000 Holdings Ltd.

One Executive Director'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 period to 31 March 2018.

The Trust has entered into a number of transactions with Bruntwood 2000 Holdings Ltd., and these are all considered to be "at arm's length".

During the six month period to 31 March 2018 an Executive Director was a Governor at the Manchester Health Academy.

The Department of Health and Social Care is regarded as a related party. During the six month period 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 - North West Commissioning Hub
NHS England - Core
NHS Bolton CCG
NHS Bury CCG
NHS Eastern Cheshire CCG
NHS Heywood, Middleton And Rochdale CCG
NHS Manchester CCG
NHS Oldham CCG
NHS Salford CCG
NHS Stockport CCG
NHS Tameside And Glossop CCG
NHS Trafford CCG
NHS Wigan Borough CCG
NHSE Greater Manchester Local Office
Health Education England
NHS Resolution
Greater Manchester Mental Health NHS FT
Salford Royal NHS FT
The Christie NHS FT

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 2018 for the Trust and the Group total £17.5m, £16.8m relating to Property, Plant and Equipment and £0.7m relating to Intangible Assets.

25 Finance Lease Obligations

Neither the Trust nor the Group had any obligations under Finance Leases in the six months to 31 March 2018.

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 Private Finance Initiative contracts which have transferred to MFT.

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 under the Government's Private Finance Initiative (PFI).

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 2018 Trust and Group £000	1 October 2017 Trust and Group £000
Gross PFI Liabilities	**670,833**	685,333
Of Which Liabilities are Due:		
Not Later Than One Year	**36,817**	36,262
Later Than One Year, Not Later Than Five Years	**144,062**	142,460
Later Than Five Years	**489,953**	506,611
Less Finance Charges Allocated to Future Periods	**(335,429)**	(344,669)
Net PFI Liabilities	**335,404**	340,664
Net PFI Obligation		
Not Later Than One Year	**11,200**	10,897
Later Than One Year, Not Later Than Five Years	**49,571**	47,922
Later Than Five Years	**274,633**	281,845
	335,404	340,664

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 2018 Total Trust and Group £000
Within One Year	**116,051**
2nd to 5th Years (Inclusive)	**492,547**
Later Than 5 Years	**2,869,584**
Total	**3,478,182**

26.3 PFI - Amounts Payable to Service Concession Operator

	31 March 2018 Total Trust and Group £000
Unitary payment payable to service concession operator (total of all schemes)	
Consisting of:	
- Interest charge	**10,474**
- Repayment of finance lease liability	**5,259**
- Service element	**32,350**
- Capital lifecycle maintenance	**4,423**
- Contingent rent	**7,871**
Total	**60,377**

27 Events Following the Statement of Financial Position Date

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 Foundation Trust Financing Facility to support major capital developments. The Trust is, therefore, exposed to liquidity risks from the loan funding - however these risks are approved, and comply with NHSI's Risk Assessment Framework. For the Group, the 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 2018 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.

29 Financial Instruments

29.1 Financial Assets by Category

	Loans and Receivables	
	31 March 2018	1 October 2017
	Trust and Group	Trust and Group
	£000	£000
Trade and Other Receivables Not Including Non-Financial Assets	**95,849**	86,538
Other Investments	**866**	866
Cash and Cash Equivalents	**119,896**	117,771
Trust total	**216,611**	205,175
Charitable Fund: financial assets	6,424	13,203
Group total	223,035	218,378

	Available for sale	
	31 March 2018	1 October 2017
	Trust and Group	Trust and Group
	£000	£000
Other Investments - Charity	**19,010**	13,770
Group total	**19,010**	**13,770**

29.2 Financial Liabilities by Category

	Other Financial Liabilities	
	31 March 2018	1 October 2017
	Trust and Group	Trust and Group
	£000	£000
Borrowings Not Including Finance Leases and PFI Obligations	**110,740**	114,029
Obligations Under PFI Contracts	**335,404**	340,665
Trade and Other Payables Not Including Non-Financial Liabilities	**145,284**	129,438
Provisions Under Contract	**19,106**	26,982
Trust total	**610,534**	611,114
Charitable Fund: financial liabilities	**390**	515
Group total	**610,924**	**611,629**

29.3 Maturity of Financial Liabilities

	31 March 2018	**31 March 2018**	1 October 2017	1 October 2017
	Trust	**Group**	Trust	Group
	£000	**£000**	£000	£000
In One Year or Less	**176,808**	**177,198**	242,131	242,646
In More Than One Year But Not More Than Two Years	**19,438**	**19,438**	14,127	14,127
In More Than Two Years But Not More Than Five Years	**64,707**	**64,707**	39,537	39,537
In More Than Five Years	**349,581**	**349,581**	315,319	315,319
Total	**610,534**	**610,924**	611,114	611,629

29.4 Fair Values of Financial Assets at 31 March

Fair Values at 31 March 2018	**Book Value Trust £000**	**Book Value Group £000**
Non-Current Trade and Other Receivables Excluding Non-Financial Assets	**5,591**	**5,841**
Other Investments	**866**	**19,876**
Total at 31 March 2018	**6,457**	**25,717**

Fair Values at 1 October 2017	Book Value Trust £000	Book Value Group £000
Non-Current Trade and Other Receivables Excluding Non-Financial Assets	**5,785**	**6,035**
Other Investments	**866**	**14,636**
Total at 1 October 2017	**6,651**	**20,671**

29.5 Fair Values of Financial Liabilities at period end

Total at 31 March 2018	**Book Value Trust £000**	**Book Value Group £000**
Provisions Under Contract	**19,106**	**19,106**
Loans	**110,740**	**110,740**
PFI Obligations	**335,404**	**335,404**
Trust total	**465,250**	**465,250**
Charitable Fund: financial liabilities	**0**	**390**
Group total	465,250	465,640

Fair Values at 1 October 2017	Book Value Trust £000	Book Value Group £000
Provisions Under Contract	26,571	26,571
Loans	107,595	107,595
PFI Obligations	333,496	333,496
Trust total	467,662	467,662
Charitable Fund: financial liabilities	0	462
Group total	467,662	468,124

As allowed under IFRS 7, Current Trade Receivables and Payables have been excluded from Notes 29.4 and 29.5 above.

30 Losses and Special Payments

30.1 Losses and Special Payments Incurred

	Six months to 31 March 2018	
	Number of Cases Trust and Group Number	Value of Cases Trust and Group £000
Bad Debts and Claims Abandoned	**918**	**2,730**
Stores losses	**6**	**34**
Compensation Payments Under Legal Obligatio	**1**	**14**
Ex Gratia Payments	**36**	**52**
Totals	**961**	**2,830**

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 period the Trust has received £9.182m for the Wythenshawe Hospital Accident and Emergency Department and £1.436m for IT Schemes.

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 Analysis of balances transferred to successor organisations following merger and transfer by absorption

1 October 2017

	Amounts transferred from: Central Manchester University Hospitals NHS Foundation Trust	Amounts transferred from: University Hospital of South Manchester NHS Foundation Trust	Total Manchester University NHS Foundation Trust
	£000	£000	£000
Non-current assets	415,161	200,396	615,557
Current assets	196,009	48,839	244,848
Current liabilities	(131,874)	(86,326)	(218,200)
Non-current liabilities	(372,557)	(76,975)	(449,532)
Net assets	**106,739**	**85,934**	**192,673**

33 Consolidation of Charitable Funds - Reconciliation of Charity Accounts to Consolidation Figures - Statement of Financial Activities / Statement of Comprehensive Income

	Per Charity Accounts six months to 31 March 2018	Consolidation Adjustments six months to 31 March 2018	Figures Used in Consolidated Accounts six months to 31 March 2018
	Total Funds £000	Total Funds £000	Total Funds £000
Income From:			
Donations and Legacies	3,289	0	3,289
Investments	298	0	298
Total	3,587	0	3,587
Expenditure on:			
Raising funds	5,708		5,708
Charitable activities	814	(5,171)	(4,357)
Total	6,522	(5,171)	1,351
Net (loss)/gain on investments	(429)	0	(429)
Losses on disposals of assets	(52)	0	(52)
Net income/(expenditure)	(3,364)	5,171	1,755
Transfer to Greater Manchester Mental Health Charity	(48)	0	(48)
Transfer from Wythenshawe Charity to MFT Charity	5,669	0	5,669
Net movement in funds	(3,316)	5,171	7,376
Total Funds Brought Forward	11,675	6,337	18,012
Total Funds Carried Forward	8,359	11,508	25,388

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.

34 Consolidation of Charitable Funds - Reconciliation of Charity Accounts to Consolidation Figures - Statement of Financial Position

	Per Charity Accounts	**Consolidation Adjustments**	**Figures Used in Consolidated Accounts**	Per Charity Accounts	Consolidation Adjustments	Figures Used in Consolidated Accounts
	31 March 2018	**31 March 2018**	**31 March 2018**	1 October 2017	1 October 2017	1 October 2017
	£000	**£000**	**£000**	£000	£000	£000
Fixed Assets						
Tangible Assets	**95**	**0**	**95**	100	0	100
Investments	**19,010**	**0**	**19,010**	13,770	0	13,770
Debtors	**250**	**0**	**250**	250	0	250
Total Fixed Assets	**19,355**	**0**	**19,355**	14,120	0	14,120
Current Assets						
Debtors	**631**	**0**	**631**	1,158	0	1,158
Cash at Bank and in Hand	**5,792**	**0**	**5,792**	3,197	0	3,197
Total Current Assets	**6,423**	**0**	**6,423**	4,355	0	4,355
Current Liabilities						
Creditors Falling Due Within One Year	**(11,465)**	**11,075**	**(390)**	(3,845)	3,383	(462)
Net Current Assets	**(5,042)**	**11,075**	**6,033**	510	3,383	3,893
Total Assets less Current Liabilities	**14,313**	**11,075**	**25,388**	14,630	3,383	18,013
Non - Current Liabilities						
Provision for Liabilities and Charges	**(434)**	**434**	**0**	(429)	429	0
Total Net Assets	**13,879**	**11,509**	**25,388**	14,201	3,812	18,013
Funds of the Charity						
Restricted Income Funds	**7,905**	**11,509**	**19,414**	4,293	0	4,293
Unrestricted Income Funds	**3,972**	**0**	**3,972**	7,591	3,812	11,403
Revaluation Reserve	**2,002**	**0**	**2,002**	2,317	0	2,317
Total Charity Funds	**13,879**	**11,509**	**25,388**	14,201	3,812	18,013

Details about each of the three Funds within the Charity's Reserves are given in Note 31.4.

We would like to thank everyone who has contributed to producing this report.

For further information about the organisation, visit our website: www.mft.nhs.uk