Stockport
NHS Foundation Trust

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Annual Report and Accounts 2021-2022

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Chair's introduction

This annual report marks a full year since I had the pleasure of taking on the role of Chair of Stockport NHS Foundation Trust. It has been an interesting and challenging 12 months for me, but more importantly, for all my colleagues working across the Trust. The report sets out some of the challenges we and the broader health and care system have faced over the last year. It also notes the work we have done addressing those challenges, as well as some of our exciting plans for 2022-23 and beyond. Throughout this report you will find many examples of the great work by our clinical and professional support teams during what has been one of the most difficult periods in the life of the NHS.

It is a privilege to be the Chair of an organisation with more than 5,000 colleagues dedicated to providing the best possible care to local people. Over the last 12 months I have had the opportunity of meeting with many of them. From clinicians providing hands on care to the some of the most vulnerable people in our local communities, to some of the "behind the scenes" teams, such as catering, patient experience, porters, hospital radio, and the mortuary. They all play a vital role in the life of our organisation.

Whichever team or service I have visited over the last year I have always learned something new, and I am extremely proud of the different approaches many of our colleagues are taking to improving the services we provide to our patients, their families and the communities they come from.

Our teams could not deliver the best possible care in isolation, and we work collaboratively and have strong partnerships with other health and care organisations. These include ambulance, GP and mental health services; local authorities, nursing/care homes, as well as many third sector organisations, such as Age UK, the Alzheimer's Society and Macmillan.

To play a part in strengthening some of those important partnerships has been a key focus for me over the last year, and partnerships will be increasingly important in 2022-23 as we fully embrace the opportunities that will come from the recently enacted Health and Care Act (2022).

Greater Manchester has long been at the forefront of the health and care integration agenda. Our neighbours at Tameside & Glossop Integrated Care NHS Foundation Trust (T&G) have been long time local innovators in developing integrated services under the leadership of our Chief Executive, Karen James. That was one of the reasons I was so pleased that this year, Karen was appointed to continue on a permanent basis as the Chief Executive of both Stockport NHS Foundation Trust and T&G.

Learning from her experiences in T&G will not only benefit our integration agenda but ultimately the health and care services we deliver for the people of Stockport and surrounding areas.

Already we are able to clearly see the benefits of working more closely together. Over the last year we have further strengthened that working relationship with a number of joint appointments to our Boards, including Amanda Bromley as Director of People and Organisational Development and Jonathan O'Brien as Director of Strategy and Partnerships. They have both been welcome additions to Stockport's executive directors' team and Board of Directors.

Prior to my joining the Trust there had been several changes made to its senior leadership team. On taking up the role of Chair I was conscious of the need for a period of stability and development of the Board, both to create an effective team but also to help us collectively focus our efforts on leading the strategic development of the organisation.

With help of a newly appointed Trust Secretary, who has strengthened the support to the Board and our approach to corporate governance, we have developed a robust Board development programme. Meeting on at least a bi-monthly basis we have worked together on a number of areas, including organisational vision and strategy, understanding how each of us work and what drives us, aspects of the Care Quality Commission's (CQC) Well Led framework, transformation and innovation, health and wellbeing, equality and diversity and developing civility agenda. I look forward to us continuing to develop as a cohesive Board team during 2022-23.

It is inevitable that we will see further change to membership of the Board as Non-Executive Directors reach the end of their tenure, and during 2022 we will be saying goodbye to Catherine Anderson, who has been our Senior Independent Director, and Catherine Barber-Brown, who has chaired our People Performance Committee. I want to take this opportunity to thank them for their commitment and contribution to our improvement journey over the last six years.

Appointing Non-Executive Directors is the role of the Council of Governors, which delegates the duties to a Nominations Committee made up of governors. The committee is currently leading a process to recruit two new Non-Executive Directors, and in response to the Trust's key challenges of workforce and integration we are seeking potential candidates with backgrounds in people and partnership working.

Understanding the challenges and risks that face the organisation and wider system and developing strategies to address those challenges is a key role for the Board. Over the last 18 months a significant amount of work has gone into further developing our Board Assurance Framework (BAF) and approach to identifying and managing risk. The BAF is now an effective tool to help guide the work of the Board and its assurance committees.

I am not only Chair of the Board of Directors but also Chair of the Council of Governors, which holds the Board to account via the Non-Executive Directors for delivery of the organisation's objectives. More information on this can be found in the Council of Governors & Membership section.

It has been a great pleasure to get to know the many members of our Council of Governors, who give so much of their free time to their roles. Over the past 2 years our meetings have been virtual due to ongoing Covid-19 related infection prevention guidance. However, we continue to meet regularly in both formal Council of Governor meetings and informal monthly catch up sessions where we can share news and views. I look forward to the opportunity to do more of those meetings face-to-face in the coming year.

It is the nature of Council of Governors that individual members also come and go as new governors are elected and others reach the end of their tenure. One of our most recent leavers was Roy Greenwood, who was an excellent lead governor for the Trust, and I would like to take this opportunity to thank him and all our governors who left us during 2021-22. Roy handed over the role of lead governor to Sue Alting, and I look forward to continuing to work with her on shaping the Council's agendas and areas of focus during 2022-23.

The review of the year section of this annual report provides just a snapshot of all the great work our colleagues have delivered over the last 12 months. I want to fully acknowledge the hard work that has led to so many services developments, innovations and awards. All of which have been achieved despite teams having to continue to respond to the ongoing pandemic. That's a real commitment to making a difference every day.

When we produced the annual report for 2021-22 few of us would have thought we would still be seeing Covid-19 infections in our local communities. While the hugely successful immunisation programme now helps protect us from the worst effects of the virus, its' continued impact on health and care services is profound.

I hope that at some point in the future colleagues will be able to look back on the last two years with pride for the way they responded to what I hope is a once in a lifetime pandemic. However, it will take us a long time to deal with the effects of the pandemic on our services, and the personal impact colleagues who went through so much to care for local people.

I hope that we are starting to see the end of Covid-19 as a devastating virus so the next year can be focused on recovery and collaboration. Recovery is both for our services, but also for our colleague's health and wellbeing, and we continue to work hard in supporting both. We will capitalise on the opportunities the new Health and Social Care Act bring to work more closely and collaboratively with an array of local partners. Together we will work to tackle the current challenges for the local health

and care system, as well as addressing the long-term inequalities that drive so much of the ill health in our local communities.

The NHS is a people organisation. It is about people who care for others when they are not able to do so for themselves. This annual report demonstrates that the people who make up Stockport NHS Foundation Trust have achieved much to be proud of during 2021-22, and lots to be excited and optimistic about for the coming year.

Prof. Tony Warne
Chair
21st June 2022

Review of the Year - Service Improvements

Our teams and colleagues are consistently striving to provide the best possible care for the people of Stockport and surrounding areas. Here are just a few examples of the improvements they have made over the last year and you will find more in the news and events section of our website www.stockport.nhs.uk

New hospital bid

In September 2021 we announced our intention to bid to be one of the 40 new hospitals to be built as part of a £3.7 billion Government programme. The New Hospitals Programme aims to build the new hospitals by 2030 and had already announced 32 new build projects. It was looking for a further eight projects, and Stockport submitted a bid to be one of them.

Stepping Hill Hospital has served the people of Stockport and surrounding areas since it opened in 1905, but all hospital buildings reach the end of their useful lives and Stepping Hill is now an ageing hospital that was not designed to deliver modern acute services.

We are also facing a £95m maintenance bill. But even if we had the funds available to carry out all the work needed, it still would not provide the modern hospital environment patients and staff deserve.

With no room on the existing site to build a new hospital we have worked with Stockport Metropolitan Borough Council to identify possible alternative sites as part of their shared priority of improving the health of Stockport residents, and we are currently looking at an area of the town centre that incorporates the Heaton Lane multi-storey car park and former Debenhams store.

As part of the ambitious plans, we will work with the local council to ensure that there will be a number of services based in the community, including some at Stepping Hill Hospital to ensure health care is accessible for all Stockport residents.

If we are not successful in our New Hospitals Fund bid then that will not be the end of our ambition. A new hospital is very much part of our medium to long term strategy for the future of local health and care in Stockport and surrounding areas, and we will look for other sources of funding, and in the meantime we will continue to invest what funds we have available to maintain Stepping Hill Hospital so it can continue to provide safe care for local people.

This includes continuing to develop a new emergency care campus on the site. Over the last year we have carried out detailed work on an outline business case to secure the £31.6m the Government has committed to the scheme and following national feedback we have now approved a full business case for the development.

Expanding our endoscopy unit
Part of our ongoing commitment to the Stepping Hill Hospital site is the expansion of our endoscopy unit.

In October 2021 we welcomed a major step forward for the project when planning permission was formally approved following a period of consultation. We also appointed building contractors to construct the new building that will provide two new assessment rooms, a new procedure room, a redesigned recovery zone and new state-of-the- art equipment.

The new facilities will help the endoscopy team carry out many more routine and emergency procedures at a time when demand for endoscopies is continuing to grow. In 2015 the service carried out 10,000 procedures, but it is expected to do more than 13,000 by 2023. The expanded unit is scheduled to be complete by mid-2022.

New specialist ultrasound clinic
A new state-of-the-art specialist ultrasound clinic service at Stepping Hill Hospital is helping to improve the diagnosis of a condition which can cause blindness and save the sight of many more people.

The hospital's rheumatology team have set up a new 'fast track pathway' using ultrasound techniques to diagnose 'Giant Cell Arteritis.' (GCA). This is the first consultant-led clinic of its type in Greater Manchester.

GCA is the most common form of vasculitis, usually affecting adults over age 50. It is estimated that every year in the UK, around 3000 people lose some or all of their sight due to GCA. This is usually irreversible, so rapid diagnosis is crucial.

With the new fast track service, patients can be referred from their GP or a hospital specialist within one working day and be seen as an outpatient rather than an inpatient. The ultrasound is also less invasive, safer, and more comfortable for the patient than traditional tests for the condition.

£5m for more nursing staff
Investing in our service is not just about new buildings and equipment, it is also about ensuring we have enough staff with the right skills to provide high quality care. Over the last year we committed more than £5m to recruitment 142 more nurses & care assistants for hospital wards at Stepping Hill Hospital using money we were already spending on bank and agency staff.

We also recruited more than 50 nurses from overseas, and also welcomed over 80 new nursing healthcare assistants and associates, making a real impact in reducing vacancy levels as part of our ongoing drive to improve the quality and safety of local services.

Continuity of care for future mums
More mothers-to-be than ever before are receiving continuous support both during and after their pregnancy from the same midwives, thanks to the expansion of a scheme from our maternity department.

The 'continuity of carer' scheme ensures an expectant mother receives the support of a principle named midwife who together with a 'buddy' works within a dedicated small team and coordinates care throughout pregnancy, birth and during the postnatal period.

The scheme follows a national review which showed that mothers got a consistently better experience from continuity of carers. They were 16% less likely to lose their baby, 19% less likely to lose their baby before 24 weeks, and 24% less likely to experience pre-term birth. The supported approach also produced better outcomes for mothers from black, Asian and minority ethnic or deprived communities, who have traditionally had poorer outcomes in pregnancy.

Stockport research supports development of Covid-19 vaccines
Our research and innovation team have played a key role in the research and development of Covid-19 vaccines.

They have recruited 148 volunteers from Trust staff and patients to take part in a clinical trial of the third booster dose of the vaccine as part of the world-wide Cov-Boost study, which informed the decision to roll out the booster programme.

The team also recruited some of the 1,600 volunteers from across Greater Manchester (GM) who took part in trials that resulted in the Novavax Covid-19 vaccine being authorised for use in the UK. GM was the highest recruiting region for the largest ever trials of their kind undertaken in the UK.

Improved endocrinology care
A new specialist investigation unit at Stepping Hill Hospital is helping patients with potential endocrinology conditions get faster and more accurate assessments.

Endocrinology is the study and management of hormone related disorders which are often complex including some rare conditions that are difficult to diagnose. Previously patients often had to wait a few months for specialist tests carried out during a hospital stay.

The new clinic – one of only two of its type in GM – enables patients to receive their diagnosis as outpatients, without the need for an inpatient stay, cutting the average waiting time for tests. The sooner the tests can be carried out, the faster a patient can be treated. The clinic is benefitting around 300 patients a year.

ChatHealth supports young people
Health advice for young people in Stockport is now just a text away thanks to a new service launched by our local school nursing team.

'ChatHealth' is a confidential new text messaging service that enables children and young people aged 11-19 to contact the Stockport school nursing team about any health queries or concerns they may have. A school nurse will then contact the young person to offer health advice and support.

Designed to make it easier for young people to talk about what worries they have without embarrassment, the service is confidential and the nursing team will not pass any details on to parents, carers or teachers unless there is a direct concern about safety. ChatHealth can be contacted by text on 07480635227.

Long Covid clinic
We have set up a specialist community clinic to support patients with ongoing symptoms associated with COVID-19.

The clinic based at Romiley Health Centre provides both face-to-face and virtual assessment and support from clinical professionals who specialise in treating a wide variety of symptoms associated with Long Covid, such as respiratory problems and fatigue.

Support staff with terminal illness
Supporting our staff so they can deliver the best possible care is a key priority for us, so we were delighted to pledge our commitment to a national initiative aimed at providing support for employees with a terminal illness.

The Dying to Work Charter was set up by the Trade Union Congress to ensure employers respond to the needs of employees with a terminal illness, including those who want to continue working.

It aims to provide people with security of work, peace of mind, and the right to choose the best course of action for themselves, and we were pleased to sign the charter as a public symbol of our support.

Support for smokers to quit
Our CURE team has helped patients save almost £500,000 since the team was launched to help people give up smoking.

To mark No Smoking Day the team based at Stepping Hill Hospital calculated that since it was launched in September 2020, they have helped patients save on average £1,560 each, as well as benefiting from the huge health gains that come from stopping smoking.

The CURE team is part of a Greater Manchester project providing comprehensive secondary care treatment for smokers admitted to hospital. Every smoker admitted to the hospital is offered specialist support to quit while they are in hospital, and to stay smoke free after discharge too.

Review of the Year - Awards

We are proud that the great work of our teams and colleagues is regularly recognised locally, regionally and nationally, and here are just a few examples from the last year:

VTE exemplar site
Stepping Hill Hospital was chosen as an example site for others to follow due to its success in preventing blood clots.

Following assessment and inspection by a team from King's College, London, the hospital has been named as an NHS Exemplar site in the prevention and care of Venous Thromboembolism (VTE), which is a type of blood clot.

It joins other VTE exemplar centres across the country as part a network of hospitals with a track record of excellence in VTE prevention and care. Run by King's College, the network offers practical support and advice to other centres by sharing their resources, and collaboration on clinical research into VTE prevention.

We have a specialist nurse led VTE clinic at Stepping Hill Hospital, which is skilled in counselling patients on their diagnosis, formulating and prescribing the correct treatment for their condition, and ongoing management.

The hospital's thrombosis team was also recognised in their assessment for keeping a robust data set of signs of VTE, and the Kings College team was equally impressed with the work of our thrombosis committee in VTE root cause analysis (RCA) for patients within 90 days of discharge who re-attend hospital. This system ensures that events can be highlighted, learnt from and avoided.

HSJ Patient Safety Awards
We were delighted to have two shortlisted entries in the prestigious Health Service Journal (HSJ) Patient Safety Awards.

Our newly established **Acute Frailty Service** was shortlisted in the **Improving Care for Older People category.** The service, which aims to prevent avoidable hospital admissions and reduce length of stay in hospital for the most vulnerable people, was shortlisted for its ambition, visionary spirit and the demonstrable positive impact it has had on patient and staff experiences.

It enables older people to be rapidly assessed, diagnosed, treated and supported in the most appropriate care setting. Where safe to do so, patients return home the same day (with support in place as needed).

The Discharge 2 Assess Team was shortlisted in the changing culture category for its innovative approach to helping patients get home from hospital more quickly to aid their recovery.

The team is made up of staff from the Trust, Stockport Metropolitan Borough Council and Stockport Clinical Commissioning Group (CCG), who came together during the pandemic to design new ways of working so patients can now go home sooner with a package of social care in place.

Nursing Times Award

A partnership project to support the parents of young babies during the pandemic has been recognised was shortlisted in the public health nursing category of the national Nursing Times Awards.

Maternity nursing staff based at Stepping Hill Hospital and early years support workers working for both Stockport Metropolitan Borough Council and the Trust within the Stockport Family Service partnership work together on the ICON scheme to give parents additional support to help ensure child welfare.

ICON is a national initiative aimed at giving parents and carers additional help and guidance around babies' crying, with the ultimate aim of reducing head trauma for babies from shaking.

Midwives, maternity staff, paediatricians working in the hospital and community, along with a safeguarding nurse, safeguarding midwife, and Start Well early years support workers have worked together to provide parents with valuable advice and guidance.

Outstanding Contribution

Moira Gatley, a contract manager in our procurement department, was shortlisted for a top regional award for going above and beyond in keeping hospital and community staff well supplied throughout the tough times of the pandemic.

She was honoured in the NHS procurement outstanding contribution category of the North Excellence in Supply Awards for ensuring supplies of personal protective equipment were available to ward staff seven days a week during the pandemic.

Armed Forces Gold Award

We were delighted to receive the Employer Recognition Scheme Gold Award from the Ministry of Defence for providing the best possible support for its armed forces staff.
To receive the coveted national award we had to provide 10 extra paid days leave for reservists training and have supportive HR policies in place for veterans, reserves,

and Cadet Force adult volunteers, as well as the spouses and partners of those serving in the Armed Forces.

Employee of the Year
Charito Tantoy, one of our catering assistants, received the title of Employee of the Year at the annual awards of the North West branch of the Hospital Caterers Association.

Charito, who has worked with our hospital's catering team for over ten years, works with wards and departments to ensure the effective ordering of food for patients, ensuring their varied nutritional needs are met. She received the regional award for her commitment to patients and her work in helping to introduce a new electronic food ordering system.

Pain Symposium
Our service supporting patients experiencing pain won several national awards from the National Acute Pain Symposium in recognition of its outstanding work.

Service consultant Dr Tom Walton was named as Acute Pain Consultant of the Year' for his work in the hospital's acute pain service, and the team also won both first and third prizes for their poster presentations on areas of pain management.

Top marks for urogynaecology
Our urogynaecology team achieved accreditation for their services; and received the top marks in the country while doing so.

The urogynaecology service, based at Stepping Hill Hospital, received its independent assessment from the British Society of Urogynaecology (BSUG), which inspects and accredits NHS services across the country.

Examining all aspects of care, treatment and aftercare, the assessors gave the unit a score of 95%; the highest achieved by a unit in the country to date. The service is now one of just 38 urogynaecology departments accredited across the country.

The assessors highlight the excellent team work within the service and the strong collaboration between physiotherapy, urology, radiology and colorectal surgical colleagues.

They also applauded the high standards of clinical governance and the strong emphasis on research, and the innovative provision of sexual dysfunction management.

Presidential Award
Tracey Stockwell, our head of procurement, received the top honour from the association which represents healthcare supply professionals across the country.

She was presented with the President's Award from the Health Care Supply Association (HCSA) during a surprise visit to her work by Simon Walsh, a HCSA trustee. Tracey was honoured for the way she led her team to ensure hospital and community staff had the equipment they needed during the pandemic. This challenge was even harder for Tracey as she was undergoing chemotherapy treatment for cancer at the time.

Her achievements were also recognised when she received a personal call of congratulations from Prince William the Duke of Cambridge, and an invitation to the 73rd birthday commemoration of the NHS at St Paul's Cathedral.

Christmas casting award
Our orthopaedic technicians' Christmas display designed to cheer up waiting outpatients won a national competition.

Orthopaedic technicians Liz Halliday, Sally Mooney and Shelly Lay-Flurrie, who usually apply casts and splints to injured patients from the hospital's fracture clinic, used out of date materials to create a large fireside scene based around the classic Christmas comic-horror film, Gremlins. And their creativity was reward with the top spot in a national casting competition by the company Benecare Medical whose products they use. Liz has previously won the top national prize in 2015 and 2018 with displays inspired by The Muppet`s Christmas Carol and Tim Burton's Nightmare Before Christmas.

Stockport Health and Care Awards
We had an amazing 19 teams and individuals shortlisted in the first Stockport Health and Care Awards designed to recognise the contribution of anyone who has worked, or volunteered, for a Stockport health and care organisation during the pandemic.

Organised by Stockport Metropolitan Borough Council, NHS Stockport Clinical Commissioning Group (CCG,) and the Trust, the awards were open for nominations for anyone from the local public to show their appreciation and attracted over 300 entries.

At a celebratory event to mark everyone's efforts we carried off the awards for the Team of the Year and Learning of the Year – but it was honours all round for everyone that contributed to Stockport's response to the pandemic.

Apprentice of the Year
Jordan Booth, a nursing trainee working on a gastroenterology ward at Stepping Hill Hospital, was named as Apprentice of the Year for The School of Health and Society at the University of Salford.

Jordan Booth got the award following nominations from a number of colleagues who all praised his hard work, positive attitude, and caring professionalism. He began his two year placement as a trainee nursing associate at the hospital in March 2021

working alongside nursing colleagues on the ward to develop his skills and knowledge while helping the team provide care for patients.

Catering team shortlisted for four national awards
Our catering team has been recognised for their great service and standards by being shortlisted for four separate honours in the Public Sector Catering Awards.

Catering Manager Duncan O'Neil is nominated for the title of Catering Manager of the Year while Head Chef Nick Roberts has been nominated in the 'Hospital Catering' category, and the whole team has been shortlisted in both the Hospital Catering and Team of the Year categories.

Last year, the catering team was chosen as one of just 14 exemplar sites for demonstrating high NHS catering standards. The latest national awards will be announced at a ceremony in London next month.

Review of the year – Trust Charity

The Trust's charity plays an important role in funding equipment and support for patients and staff over and above what can be provided from NHS funding. Here are just some of our charity's news from the last year:

Psychological support
Our staff can access additional psychological support thanks to a grant from NHS Charities Together to our charity.

During the pandemic generous members of the public boosted the coffers of NHS Charities Together, an independent charity partner of the NHS, and over the last year NHS charities across the country have been bidding for funds from that pot.

Our charity was successful in securing a £121,000 grant to support staff emotional wellbeing impacted by the pandemic. It is being used to fund a clinical psychologist and mental health practitioner for 18 months.

Alongside other services like the Greater Manchester Resilience Hub, they are offering psychological support, training and signposting across our hospital and community services to promote recovery and wellbeing.

Great grandfather's cycling marathons
Derek Farndell, a 70-year-old great-grandfather, put his cycling enthusiasm to the tests with three epic sponsored rides in aid of our charity.

With three separate routes from Lincolnshire, Dorset and Scotland, he clocked up an incredible 1,200 miles on his bike riding challenges in aid of our Scopeguide fund for

additional equipment for endoscopy patients and the Laurel Suite, which cares for cancer patients.

Derek is a fundraising regular for our charity as his way of thanking hospital staff for the care they gave him five years ago, when he was severely ill in intensive care, and the ongoing support he has had for different health issues.

NHS birthday celebrations

Our charity encouraged people to raise a cuppa and buy a cake to celebrate the 73rd birthday of the NHS.

As part of the NHS Big Tea national celebrations the charity held a bake sale at Stepping Hill Hospital and the event benefitted from kind donations from local bakers and bakeries, including Crossley's Bakery, The Strawberry Spatula and Charlotte's Cakes, as well as star bakers from the hospital's own staff.

Staff from community sites also held their own bake sales as part of the campaign, and many supporters from across Stockport and the surrounding areas also took part.

Supporting hearing tests

Babies and other patients receiving audiology tests to check their quality of hearing are now receiving an improved experience thanks to our charity.

The Eclipse device, bought with almost £27,000 of charity funding, uses the latest technology to assess a patients hearing rating without the need for a patient to respond. It is mainly used for babies with possible hearing problems, but can also be used on other patients, including those with dementia, who may not be able to communicate how they are hearing.

Around 240 patients a year will benefit from the devise that provides quicker and more reliable diagnosis of hearing problems for people with communication issues.

Project Wingman

Our staff have benefited from two week-long visits to Stepping Hill Hospital by Project Wingman's Wellbee bus thanks to funding from our charity.

Project Wingman was set up by flight crew grounded by the pandemic who wanted to look after NHS staff during breaks. The initiative has taken its first class lounge experience to more than 100 hospitals and has gone mobile with the introduction of the Wellbee bus.

It provides refreshments to NHS staff as well as the chance to get away from busy clinical areas, relax and get some wellbeing and mental health support during break times – and the bus has been a big hit with our staff during their two visits to the hospital.

Stroke unit garden

Patients recovering from stroke have new garden furniture on which to relax when they're outside thanks to our charity.

Benches, tables, and new sensory planters have been purchased by the charity with the support of firms Charles Taylor and the Toolstation.

For more information on the charity including how to make a donation visit the charity's pages on the Trust's website www.stockport.nhs.uk

PERFORMANCE REPORT

Performance Overview

The purpose of the overview is to provide a summary of Stockport NHS Foundation Trust, its purpose, the key risks to achievement of its objectives, and how the organisation has performed during the year.

Chief Executive's statement

As the Chair highlights in his introduction to this annual report, few of us could have predicted that we would still have been feeling the effects of the Covid-19 pandemic in 2022.

But Covid-19 has continued to be a real pressure on our services over the last year. While outside the NHS the lifting of many pandemic restrictions saw people return to normal life, inside our hospital and community services we continued to maintain rigorous infection prevention and control (IPC) measures to help stop the spread of the virus to non-Covid-19 patients, many of whom are extremely vulnerable.

The need to provide separate inpatient facilities for patients with the virus has put real pressure on the number of hospital beds we had available, but more importantly our colleagues were also hit by the virus so there were times over the last year when staffing to meet service demand has been challenging. This had a real impact on our ability to provide planned tests and procedure.

We worked hard with colleagues across Greater Manchester (GM) and the surrounding area to bring down the waiting lists that had grown because of the pandemic. Thanks to an external partnership and investment in our own facilities we saw real progress in reducing the number of people waiting for planned diagnostic procedures.

But Covid-19 was not the only challenge that impacted on our performance over the last 12 months. The usual demand for our services not only returned but for many services it was higher than pre-pandemic levels. Emergency care was just one of those areas. Prior to Covid-19 we rarely cared for more than 300 patients a day via our A&E department at Stepping Hill Hospital, but now it is common to care for that number and more.

Bed availability is a key factor in being able to achieve the four hour A&E treatment standard. Nationally very few NHS organisations achieved this standard, and while during the year we were amongst the best performing A&E teams in GM, no-one wants to see patients waiting for long periods of time in our emergency departments.

Bed availability is not just limited by IPC restrictions, staff sickness and high levels of emergency hospital admissions, but we also have significant numbers of people in hospital who no longer need acute care. Often, they are waiting for discharge home

with a package of care, or to move to an alternative facility to continue their rehabilitation.

We have seen month on month increases in the number of patients in this position, and it is not unusual for more than 100 hospital beds to be taken up in this way, often with people who have been with us for ten or more days after they no longer needed acute care.

We have continued to work very closely with colleagues in local authorities and nursing and care homes to try to improve the discharge position, but our partners also faced their own workforce challenges caused by staff sickness and the inability to recruit to all vacancies.

We are not alone in facing these multiple challenges, but Stockport's comparatively high population of elderly people makes it a particular issue for our local health and care system. It is also something that has an impact on not only those people anxious to leave hospital, but also those waiting to be admitted for emergency care, and many people waiting for planned procedures, such as surgery.

Many of the people waiting for planned care will have waited for long periods of time due to the pandemic. To reduce waiting times, we continue to work with neighbouring NHS organisations to offer alternative places for local people to have their planned procedures, but we know that truly recovering all our services impacted by the pandemic will take the NHS a considerable period of time due to limitations around workforce, equipment and capacity.

I am hugely impressed by the way our clinical teams, and those working in support services, have dealt with these competing and difficult challenges, maintaining a constant focus on providing the best care possible for local people.

The pandemic has undoubtedly had a huge personal impact on our colleagues. With the support of the Trust's charity, we are continuing to invest in a range of health and well being support, including a new psychology service, to help our teams take care of themselves so they can continue to take care of the people who need our services.

We are also taking every opportunity to celebrate the achievements of our teams and thank them for their efforts. The national NHS staff survey is a true indicator of what an impact the pandemic has had on people, so I was delighted by the latest results (*see Staff report)* that demonstrated that Stockport NHS Foundation Trust was one of just a handful of organisations across the country to maintain colleagues' positive views of the trust as a place to work. The survey highlights many areas where we still have lots of work to do to improve the working lives of colleagues, but we have a great foundation to build on during 2022-23.

Having enough people to run our services was highlighted by colleagues who responded to the survey, and it has been a real focus of the organisation over the last

year. We have invested over £5m in recruiting extra nurses, including more than 100 overseas nurses who have joined the many international professionals who have made Stockport NHS Foundation Trust their work home in recent years.

Across the country health and care organisations are struggling to recruit to many vacancies, even to those roles that traditionally have had a strong supply of candidates, such as health care assistants. We have a good track record of appointing to often difficult to recruit posts, such as consultants in many specialities, and that has continued over the last 12 months. We have also recently recruited more than 70 healthcare assistants at a major event in Manchester, and increasingly we are working with partners to try to address workforce issues.

During the height of the pandemic the benefit of collaboration was put under the spotlight as we worked closer than ever before with neighbouring organisations to manage the demand on our services.

Taking on the dual substantive role of Chief Executive of both Stockport and T&G has helped to foster greater collaborative across the two organisations, including joint senior leadership posts as highlighted in the Chair's introduction, but also more opportunities for teams and services to learn from each other, sharing learning and experiences.

The Health and Care Act (2022) has now been enacted, and from 1 July 2022 we expect it will result in the formal creation of integrated care systems and Place-based systems across the country. This new architecture is being built to support greater collaboration across organisations to enable health and care systems, including statutory and third sector partners, to work together to address the needs of their local communities.

I am excited about the opportunities this collaborative working could bring in the future for the Stockport Place, and we have firm foundations to build on thanks to the strong relationships we have developed with Stockport Metropolitan Borough Council, Stockport Clinical Commissioning Group, Pennine Care NHS Foundation Trust, and many other statutory and third sector organisations.

I can also see great opportunities for us to do more work together across GM and the South Sector of GM. As well as the close links with T&G, we are also strengthening our relationship with East Cheshire NHS Trust through the on-going development of a joint clinical strategy.

We have worked together on the development of a case for change for a number of our services that are facing a range of challenges, including increased demand, workforce gaps, and estates issues. During 2022-23 we expect to be actively involving patients, carers, colleagues, the public, and partners in developing a range of possible options to address those issues. If any of those proposals could result in changes to services then we will consult widely on them, in line with legislation.

The work we are doing with partners is all focused on sustaining and, where possible, improving the quality of care we provide to patients. The commitment to doing the best for patients is something that was obvious from my first day in Stockport NHS Foundation Trust. Over the last year ensuring a consistent quality of care across all our services has been a real area of focus under the leadership of our Chief Nurse and Medical Director.

We have seen the successful roll out of a new ward accreditation scheme, which has now expanded to include our community services; and investment in many services that support our focus on quality services, including expanding the infection prevention and control, and health and safety teams. Through our Quality Committee, which is a sub-group of the Board, there has been a keen focus on learning from when things do not go as planned and receiving robust assurances that our services are addressing areas for improvement.

In November 2022 the CQC made an unannounced two day visit to our emergency department to check what progress we had made since inspectors last visited us in August 2020 and then rated the service overall as “inadequate”.

The CQC increased the overall service rating to “good” and this was testament to all the hard work of the A&E team, as well the support they received from teams across the Trust and partner organisation. Inspectors praised staff for the good care and treatment they provided to patients, who they treated with compassion and kindness, and also highlighted that the organisation ensured there were enough staff to run the services, leaders ran the department well, and team members felt respected, supported and value.

This was a huge boost not only to the A&E team but to the whole organisation, as colleagues have worked tirelessly since the 2020 CQC inspection to deliver our improvement plan. Progress against the plan was regularly monitored by meetings of Stockport System Improvement Board set up by NHSE/I to bring together local health and care partners to work collaboratively on issues that impacted on all partners. As a result of the latest CQC inspection and progress in delivering the improvement plan, NHSE/I decided to stand down the regular Board meetings.

Despite the many challenges that our teams have faced over the last year in maintaining and restoring services and delivering the best possible care, it is really pleasing that their efforts are recognised not only by the CQC and our partners but also by our patients, who consistently highly rate our services via the national Friends and Family tests and the Patient Opinion website.

During the pandemic the NHS funding regime was changed and, as you’ll see in the financial section of this report, in line with national expectations we achieved a break even financial position for 2021-22 and generated a small surplus largely due to a re-evaluation of the value of our estate. A new financial regime is being introduced for

2022-23 based on funding for the integrated care system, and at the time of writing this report we were still to agree our financial position for the year.

Looking back over the last year we have benefitted from greater investment, and we have spent more than £27m on capital developments, many of which are detailed in the service development section of this report. During 2022-23 we plan to spend around £43m, including drawing down national funds for enabling schemes for our new emergency and urgent care campus. We will also complete our plans to expand our endoscopy capacity and make some improvements to our ageing ward environment at Stepping Hill Hospital.

The ageing hospital estate means that it is important that we continue to invest in the backlog of maintenance so patients can be cared for in safe environments. However, we know that the hospital will never meet the requirements of modern health services, so over the last year we have continued to work on our exciting medium to long term plans for the development of a new hospital alongside the creation of community hubs. We have submitted our bid to be one of the Government's eight remaining projects to receive New Hospitals Programme funding. The competition for the fund is tough, but we believe our plan for a digitally enabled hospital in the heart of Stockport is unique and will support the national levelling up agenda, as well as make a significant contribution to the regeneration of the town.

Stockport NHS Foundation Trust is no different to many other NHS organisations across the country in the challenges it has faced over the last year and continues to face in 2022-23. However, this annual report demonstrates how we are taking robust action to address those challenges, often in partnership with others, to ensure that local people can continue to receive good care from our hospital and community services.

Karen James
Chief Executive
21st June 2022

The Trust

Stockport NHS Foundation Trust was formed on 1 April 2004, pursuant to Section 6 of the Health and Social Care (Community Health and Standards) Act 2003. As one of the first NHS Foundation Trusts in England, the organisation provides:

- acute hospital services from Stepping Hill Hospital in Stockport predominately for the population of Stockport and the High Peak area of Derbyshire,
- community services for the people of Stockport.

From 2011-12 the Trust provided community services for the populations of Tameside and Glossop, but on 31 March 2016 those services transferred to Tameside & Glossop Integrated Care NHS Foundation Trust.

We employ around 5,500 staff, working in our hospital and in our community services to support people in their own homes. Our main sites are:

- Stepping Hill Hospital,
- The Meadows,
- Bluebell,
- Swanbourne Gardens,
- The Devonshire Centre

We are licensed to provide the following mandatory services:

Anaesthetics	Neurosurgery
Community services	Obstetrics
Emergency and urgent care	Ophthalmology
Ear, nose and throat	Oral surgery
General medicine	Orthodontics
General surgery	Paediatrics
Genito-urinary medicine	Rehabilitation medicine
Gynaecology	Rheumatology
Haemotology	Trauma & orthopaedics
Medical oncology	Urology
Neurology	

We deliver these services via four divisions, each led by a triumvirate made up of an Divisional Director, Associate Medical Director (AMD), and an Associate Director of Nursing (ADN):

- Integrated Care
- Medicine, Clinical Support and Emergency Care
- Surgery, Gastroenterology, and Endoscopy
- Women, Children’s and Diagnostics.

However, further change is planned during 2022-23 with the creation of a fifth division for clinical support services. Each of the divisions are supported by a number of corporate services, including:

- Corporate nursing,
- Communications,
- Estates and facilities,
- Finance,
- Information Management & Technology,
- Procurement,
- Strategy & planning,
- Workforce & organisational development,
- Learning & development.

During 2019-20 we completed a major refresh of our strategy, which sets out our vision for our medium-term future as well as our aims and aspiration to support the development of the local and regional health and care system.

Our strategic priorities and objectives were developed and informed through engagement and listening exercises with our staff and stakeholders. They underpin the annual corporate objectives that were agreed by the Board of Directors in April 2021, taking into account the changing health and social care environment, and the opportunities that will come from the new Health and Social Care Act.

Our strategic objectives are:

- To be a great place to work
- Always learning, continually improving
- Helping people to live their best lives
- Investing for the future by using our resources well,
- Working with others for our patients and communities.

Our corporate objectives for 2021-2022 were:

- To deliver safe, accessible and personalised services for those we care for
- Support the health and well-being of our communities and staff
- To work with partners to co-design and provide integrated service models within the locality and across acute providers
- Drive service improvement, through high quality research, innovation and transformation
- Develop a diverse, capable and motivated workforce to meet future service and user needs
- To utilise our resources in an efficient and effective manner
- Develop our Estate and IM&T infrastructure that is fit for purpose and meets service and user needs

The Trust values and behaviours, developed via a major programme of engagement

with our staff, underpin the successful delivery of our strategy. Our values are – We Care, We Respect, We Listen.

Key risks to delivering our objectives

The Board identifies its corporate objectives and associated principal risks in a Board Assurance Framework (BAF). The Board Assurance Framework (BAF) is a key tool through which strategic risk to the achievement of the corporate objectives, that have been agreed by the Board, are managed and mitigated.

Principal risks to the delivery of the Trust's corporate objectives 2021-22 were approved by the Board of Directors and considered throughout the year, including consideration of the key controls and assurances in relation to each, any gaps and progression of mitigating actions. In addition, the Trust's significant risk register was considered to ensure triangulation between operational and principal risks.

During 2021-22, the Board identified its significant principal risks as those relating to:

Managing capacity and demand
Specifically, the effectiveness of patient flow plans to support Emergency & Urgent Care performance and inclusive restoration plans to address the elective backlog. Continuing Covid-19 pressures and increasing demand for Emergency & Urgent Care services throughout 2021-22 put significant pressure on patient flow across the hospital and impacted the Trust's ability to restore elective services. A system wide Urgent Care Board was in place with oversight of patient flow management plans and patient streaming out of the Emergency Department was established. The system wide response will continue to develop during 2022-23. To ensure the safety of patients waiting for elective services, a clinical prioritisation group was established, alongside a clinical harm review process.

Recruitment, training and retention of staff to meet service needs
Ensuring there are sufficient staff with the right skills and experience is an ongoing challenge for many NHS organisations, and it is one that continued to concern the Board of Directors during 2021-22.

The Trust has taken positive steps forward in recruiting to some traditionally difficult to fill consultant roles, and we have continued to invest in the recruitment of nurses, health care assistants, and nurse associate roles. That investment in our workforce will continue into 2022-23. Safe staffing levels are monitored closely and regularly reported to the Board of Directors.

Delivery of the agreed 2021-22 financial position and development of a multi-year

financial recovery plan to secure financial sustainability
The Board of Directors established and comprehensively monitored delivery of the annual financial plan throughout 2021-22, including revenue, capital and cash annual plans and delivery of the cost improvement programme. Continued forecasting took place in light of high level of non-recurrent monies for revenue and capital received in-year. With respect to the development of a multi-year financial recovery plan, the Board of Directors has initiated review of the key data sources impacting financial sustainability and will continue this work during 2022-23, alongside continued engagement with the Greater Manchester Integrated Care System (ICS) regarding system financial planning.

An ageing estate and identified of funding mechanism to support strategic regeneration of the hospital campus
During 2021-22 we spent over £27m on capital investments to make changes to some of our estate in response to the pandemic, as well as upgrade parts of Stepping Hill Hospital to standards expected of a modern hospital.

The Board of Directors approved the outline business case for the new £30.6m emergency and urgent care campus, with the full business case approved in early 2022-23. Work is anticipated to start on site in August 2022, with a number of enabling schemes in progress to support the build. Furthermore, the Trust submitted an expression of interest in the government's £3.7b New Hospitals Programme, with the proposal for a clinically designed, digitally enabled new hospital sited in the heart of Stockport. We await the outcome of the submission. With support from the Director of Estates and Facilities at Tameside & Glossop Integrated Care NHS Foundation Trust, the Trust we are now developing an estates strategy for the hospital.

Materially improving environmental sustainability
The NHS has committed to being Net Zero by 2045 with interim targets. In February 2022, the Board of Directors approved the Trust's Green Plan, created in line with statutory obligations, and beginning our formalised sustainability journey. The Green Plan and the supporting governance process provides the road map to managing the statutory obligations and realising the Trust's ambition for a sustainable future.

Going concern
Stockport NHS Foundation Trust has prepared its Annual Accounts on a going concern basis.

After making enquiries, the Directors have a reasonable expectation that the services provided by the NHS Foundation Trust will continue to be provided by the public sector for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the accounts, following the definition of going concern in the public sector adopted by HM Treasury's Financial Reporting Manual.

Performance analysis

The Board of Directors approves a set of key outcome measures to monitor performance and ensure delivery of its annual corporate objectives. These measures include those set by the Trust, as well as regional and national standards. Data detailing performance against the metrics is consolidated into a comprehensive Integrated Performance Report (IPR), which is reviewed on a bimonthly basis by the Board of Directors. The IPR is grouped under the following domains:

- operational performance
- quality performance
- people performance
- financial performance

The format and content of the IPR is regularly reviewed to ensure that the metrics accurately reflect our priorities. Whilst facing the challenges the pandemic has posed, the Trust has continued to develop performance reporting more broadly, with committee dashboards and data packs supporting the Trust's governance and assurance processes and the approach of 'measurement for improvement'. The IPR is supplemented by a suite of assurance reports, alongside progress with respect to key strategic developments.

Operational performance

Metric	Standard	Q1	Q2	Q3	Q4	Year
Referral to Treatment: Incomplete Pathways	**92%**	59.3%	55.7%	51.8%	53.0%	–
Referral to Treatment: Waiting List Size	–	34,203	36,466	37,281	39,676	–
Referral toTreatment:Patients waiting more than 52 weeks	–	3,819	3,745	3,772	3,421	–
Cancer 62 day: Referral to Treatment	**85%**	78.0%	76.4%	73.9%	70.5%	74.5%
Diagnostics: Maximum 6 Week Wait	**1%**	45.8%	43.5%	34.3%	28.6%	–
A&E 4hr standard: Arrival to treatment	**95%**	91.0%	74.7%	66.3%	74.2%	76.0%
Outpatient – Patient Initiated Follow Up	**5%**	1.4%	1.6%	1.9%	2.3%	1.8%
Outpatients – % delivered by telephone/video	**25%**	34.1%	27.7%	24.3%	23.7%	27.5%

Coronavirus (COVID-19) pandemic

The Covid-19 pandemic has continued to have an effect on our elective and non-elective services in 2021/22; Greater Manchester (GM) has had several surges with new variants contributing to times when we have had to escalate to our highest level of Covid-19 inpatient beds. Since the start of 2021 most of the impact of covid-19 infection has been on general & acute bed capacity rather than on critical care, affecting our flow out of the Emergency Department as well as our elective surgical

bed base. The infection rate has also directly affected our community capacity, both in terms of discharge care home beds but also provision from community providers.

Additionally, processes put in place to protect patients coming in for planned/elective procedures have reduced our theatre footprint and required more extensive pre-op arrangements. Surgical bed capacity has been heavily affected by the pandemic with a direct impact of increasing covid-19 bed capacity being on losing elective beds.

In line with national guidance, we have been working closely with independent sector providers, our Greater Manchester (GM) neighbouring Trusts and specialist Trusts like the Christie, to ensure our patients who are urgent or on Cancer pathways are prioritised.

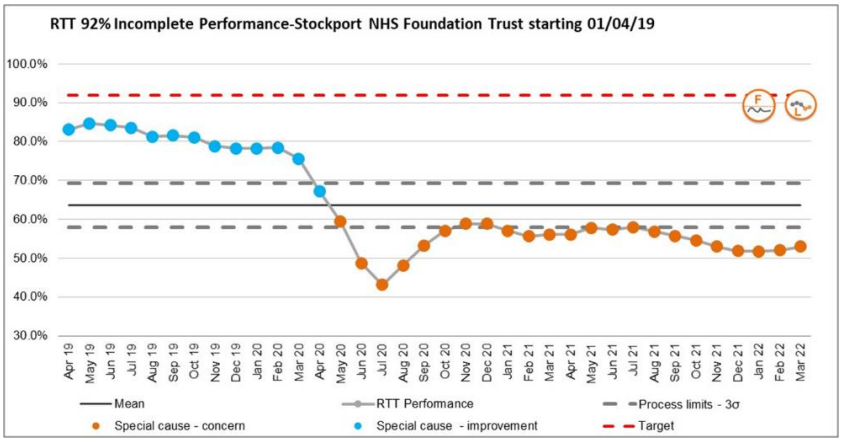
To ensure the safety of patients whose treatment has been delayed by the pandemic, the Trust ensured compliance with national guidance on the regular review with patients and prioritisation for treatment in line with the Federation of Surgical Specialty Associations. In line with national guidance, we are focusing on those patients who are likely to breach 104+ week waits by the end of June 2022 – the Trust is on trajectory to reduce this number to zero.

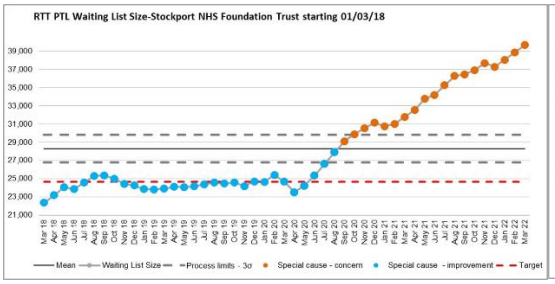
During 2021/22 we have engaged in ward refurbishments and have commissioned the transformation of M6 to a new surgical trauma ward due to open mid May 2022.

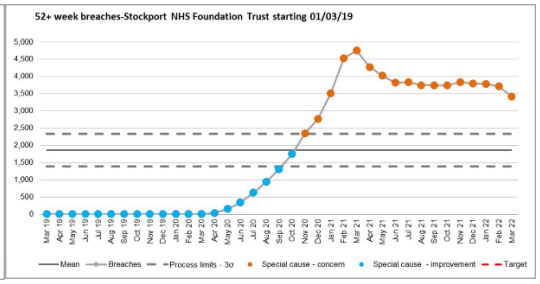
Referral to Treatment

The Trust last achieved the national referral to treatment incomplete standard in April 2019 and pre-Covid-19 had been on an improvement trajectory which had been developed and agreed with NHS England/Improvement (NHSEI).

The pandemic and the curtailment of the vast majority of elective activity had a significant impact on the performance and number of people waiting for treatment, defined by the waiting list size.





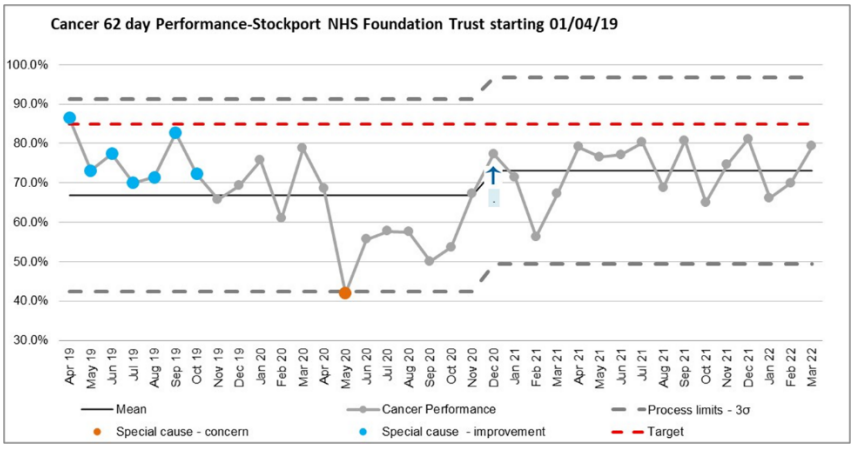


Whilst the pandemic initially resulted in a significant reduction in GP referrals that had a positive impact on the waiting list size that was very short lived and we continue to see increases in referrals across all specialities. During 2021-22 we have seen surges of demand that follow the Covid-19 infection spikes in the community.

Cancer Performance

The Trust performance against the 62-day cancer target was a challenge pre-Covid-19 and deteriorated further as a result of the pandemic. This being a similar position regionally across GM and nationally.

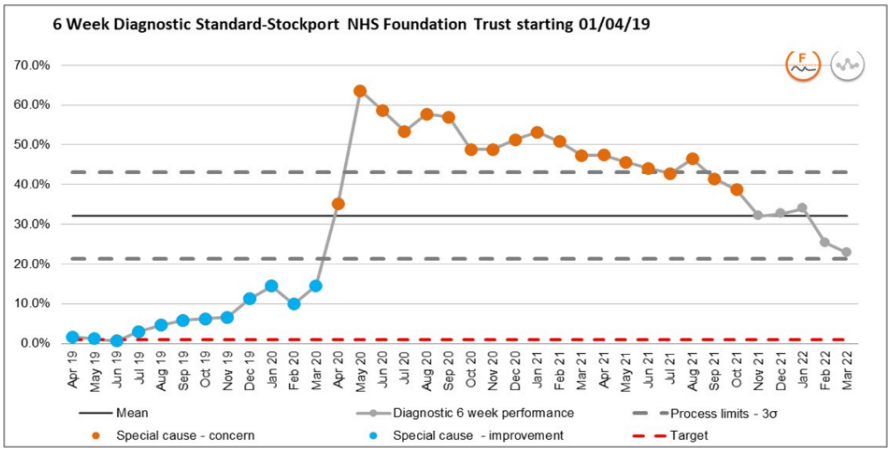
In responding to clinical urgency, the Trust has worked collaboratively across GM to ensure patients received timely treatment and ensure no unintended consequences or incidents of harm due to delayed treatment. This has been monitored via the Quality Committee established by the Board.



After each wave of Covid-19 variant we saw an increase in 2 week wait referrals – this has been most challenging in Spring 2022 and is impacting on our Out-Patient, diagnostic and elective recovery position. The Trust expects that the 62-day cancer pathway to remain challenging in 2022-23.

Diagnostic Performance

The Trust performance against the 6 week diagnostic standard has improved in 2021-22 as is shown in the chart below, but there are still areas where demand is outstripping capacity.



In recovering the diagnostic position the Trust has invested in additional capacity for key diagnostics and accessed capacity across Greater Manchester.

To address the capacity issues in endoscopy we saw significant investment in the service and the 4th Endoscopy room building project is well under way with a September 2022 delivery date. We have worked with independent sector providers to address the endoscopy backlog with positive results and have a recovery plan that includes additional gastroenterologists and a nurse endoscopist who joins the team in May 2022.

Increased demand from cancer referrals and emergency patients led the Trust to invest in a new CT scanning suite with 2 new scanners operationalised in May 2021. We accepted the delivery of a modular CT scanner as part of the Covid-19 National support in late 2020 – this has provided us with ongoing out-patient capacity and avoided patients having to come into the hospital during the height of the pandemic. This investment in both the building and the two new scanners increased the capacity available as well as the quality of our CT imaging and reporting.

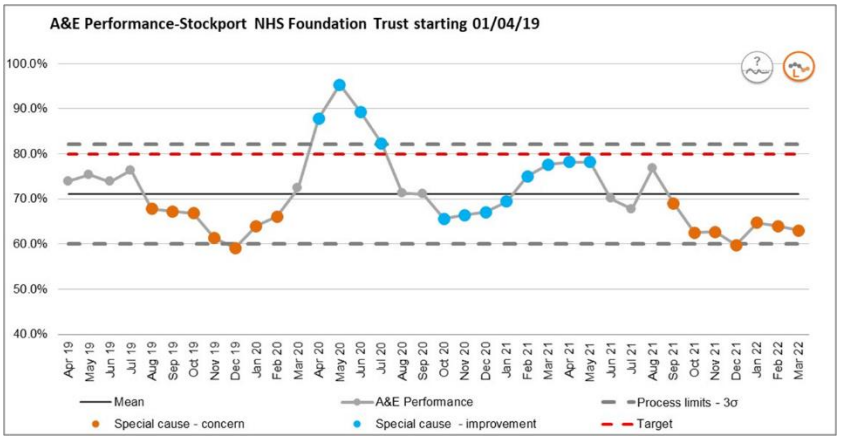
The increase in cancer referrals put significant demand upon our MR scanning and ultrasound capacity, both in terms of physical imaging space but also workforce availability. In 2021/22 we started work on planning our Community Diagnostic Centre and are considering all imaging and diagnostic services within this project.

4 Hour Emergency Department Standard

In March 2020, as a result of the Covid-19 pandemic, the Trust saw significant improvements to the flow of patients through the hospital as we worked closely with commissioners, primary care and local authorities to ensure rapid hospital discharge, with the majority of patients returning home or moving to alternative care settings within two hours of being identified as no longer needing acute hospital care. Attendances fell during the first wave of the pandemic but since the summer of 2020 we have seen an overall rise in daily attendances that shows no signs of abating.

Performance against this standard has continued to be monitored - along with actions for our partners to improve the local health and care system - by Stockport System

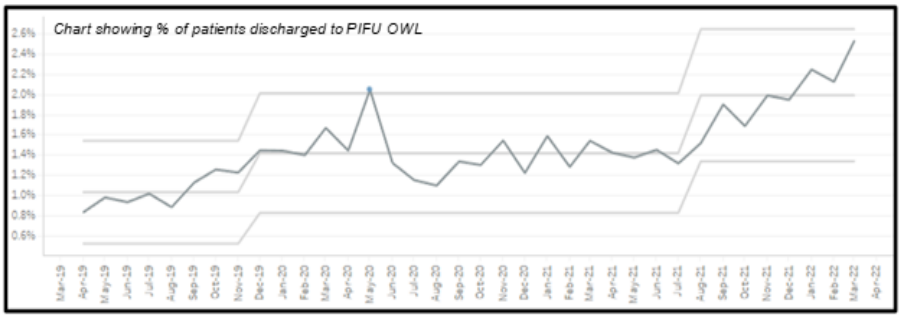
Improvement Board and our Board of Directors. The Trust continues to seek to improve the performance and generally is not seen as an outlier in GM for our 4 hour standard in comparison to other providers.



We continue to work closely with system partners to ensure good flow out of the hospital but also on schemes that avoid attendance and admission to the hospital. Provision of Same Day Emergency Care (SDEC) in both medicine, surgery and frailty have been established over this winter to provide a route other than Emergency Department or admission to patients who do not need to stay in hospital. Plans to improve our Clinical Decision Unit (CDU), co-located with the Emergency Department, have resulted in this unit re-opening this Spring and providing a better pathway for patients who need short term observation rather than admission.

Patients Discharged to Patient Initiated Follow-Up (PIFU)

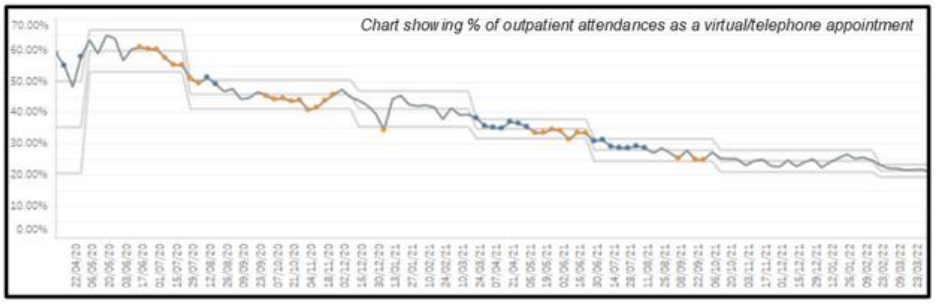
We have seen an overall improvement in PIFU as demonstrated by the below chart. This has been rolled out as an option to all specialities and we are continuing to increase uptake and spread where appropriate.



Outpatient Attendance as a Virtual /Telephone Appointment

We saw a significant rise with the start of the pandemic in the availability and utilisation of the virtual clinic options as an alternative to face to face appointments. Since the end of the first wave this has been a reducing percentage (as shown below) with speciality specific preferences and suitability coming into play. We are currently slightly

below the nationally set target of 25% but many services continue to use this alongside face to face appointments as an option for their patients.



Community Services

In 2021-22, national guidance stipulated that community health services' crisis capacity should be enhanced and strengthened so that people receive appropriate and timely care in their own homes or usual place of residence within two hours when they are in crisis. The Trust has provided a Crisis Response service for a number of years, operating between 8.00am – 8.00pm, seven days a week. To fully realise the NHS ambition to provide a multidisciplinary and integrated approach to crisis care within the community, thereby preventing avoidable hospital admissions and accelerating the treatment of people's urgent care needs, close working with other local unplanned urgent care services such as NHS111, Same Day Emergency Care (SDEC), Urgent Treatment Centres (UTC) and neighbourhood teams will continue throughout 2022-23.

Over the past year, community services have been working to align staff to the seven Stockport Primary Care Networks (PCNs), moving away from the footprint of eight geographical teams which were previously in place. This re-alignment was made easier for our District Nursing service which has been using a capacity and demand tool to deploy staff to ensure that patients get the right care at the right time, in the right place and which underpinned the decisions to allocate the appropriate workforce to the new way of working.

The last year has seen an expansion of our Single Point of Access team which now provides a valuable "go to" contact for patients and professionals needing to access community services with plans to encompass all adult services in the near future.

We have also seen changes to the way in which we provide care to frail patients who present in our Emergency Department. Patients, over 65 years old, are now screened for frailty and those identified as appropriate are rapidly assessed, diagnosed, and supported by a multi-disciplinary team on our Acute Frailty Unit (AFU). When clinically safe, patients can go home the same day with the support of the neighbourhood / community services as required. This change to the clinical model demonstrated positive effect on patient experience. The next steps are to scope the opportunity for direct referrals avoiding the need for patients to attend the Emergency Department and extend the service to operate 70 hours a week to meet national guidance.

Quality performance

We aim to demonstrate that the care and treatment delivered by all our staff is of the best quality possible. The Quality Strategy 2021-2024, approved by Board of Directors in 2021, sets out the Trust's trajectory to go from 'Requires Improvement' to 'Good' and with the aspiration of being an 'Outstanding' Trust. The Quality Strategy sets out our three-year approach to achieve our goals:

- Start well – Improve the first 1,000 days of life
- Live well – Reduce avoidable harm
- Age well – Reduce avoidable harm
- Die well with dignity – Improve the last 1,000 days of life

A targeted portfolio of projects, which we believe will have a significant impact on quality across the Trust, have now commenced which are helping staff make changes to provide high quality, safe and effective personal care to every patient, every time.

Tissue Viability
During 2021-22 the aims set out in the tissue viability strategy were achieved. This included increasing the service provision of the Tissue Viability team, increased tissue viability training and enhanced provision and access to pressure relieving equipment. As an integrated Trust, it is important to recognise the positive steps that have been made in reducing pressure ulcers across the hospital and community settings with significant improvements.

Falls
Falls prevention improvement work during 2021-22 included the development of a Falls Action Plan for each directorate, with a Quality Matron joining the team to lead on this work. Our 'Falls Sensors' programme recommenced, and all areas have slipper socks for patients. The Fall Safety board's display information regarding falls with wards presented with a certificate if they have had zero falls in a month. Bay nursing has been launched, and a multidisciplinary Falls Review Panel meets to discuss all falls and any learning from them.

Infection Prevention & Control
Covid-19 continued to dominate and affect every part of the Trust during 2021-22. Good infection prevention and control practice required the hard work and diligence of all staff, both clinical and non-clinical, to ensure people who used the Trusts services received safe care.

The Trust closely reviewed a suite of infection prevention & control measures during the year, including Clostridium difficile (C.diff) MRSA, MSSA and E.coli. Our ambitious internal targets for IPC were not achieved, with concern regarding the increase in C.diff across the Trust since December 2021 which appears to correlate with the

antimicrobial changes seen during the pandemic. Action plans are in place for 2022-23 to support improvements.

Sepsis

We have made significant progress with regards to our compliance and consistent delivery of sepsis screening and timely antibiotic administration for those patients who meet the criteria for sepsis screening. This has been enabled by successful implementation of the electronic nurse sepsis screening tool. The pandemic challenged screening compliance due to the high acuity of patients in the hospital, however the compliance has recovered to 90%. The antibiotic compliance standard, though significantly improved from previous years, is still challenged with some variability and average of 80% compliance. We have also embedded audit processes to assess sepsis compliance for paediatric and maternity patients in the last year. Our incident reporting and review process for sepsis compliance breaches has been put in place and learning cascaded throughout the organisation.

In 2022-23 the key focus will be to develop a fully electronic adult sepsis pathway supported by a sepsis dashboard facilitating dynamic data collection to support any required improvement measures.

Mortality

As a Trust we strive to improve mortality. The Summary Hospital-level Mortality Indicator (SHMI) is a score that reports on mortality rates at trust-level across the NHS in England, using a standard methodology. It is a ratio between the actual number of patients who die following hospitalisation at the trust and the number that would be expected to die on the basis of England average figures and the characteristics of the patients treated here. Trusts are categorised into bandings indicating whether a Trust's SHMI is 'higher than expected', 'as expected' or 'lower than expected'. This year, the Trust's SHMI has improved to 'as expected' for the first time in a number of years.

The Hospital Standardised Mortality Ratio (HSMR) shows the ratio of the observed to the expected number of in-hospital deaths at the end of a continuous inpatient (CIP) spell. Since March 2021, there was a consistent improvement in performance with average mortality rate below the expected level in year. Following a change in our reporting tool, our calculated mortality ratios have risen to slightly over the expected values at the end of the year. Thematic analysis taking place to understand the variation, which continues to be reported by the Board of Directors.

Maternity Services

Throughout the year, the Trust has continued to make improvements to maternity services to address the priorities from the CQC inspection in 2020 and embed national initiatives. A Maternity Improvement Plan was developed following several strategic priorities for the service. The aim of the plan was to provide assurance of the work undertaken within the service to meet actions under the following workstreams:

- CQC 'must' and 'should' do actions.
- National Maternity Programmes

- Continuity of Carer
- Maternity Safety Support Programme

Following close monitoring and improvements over the course of the year, the Maternity Safety Support Programme recommended the maternity unit was formally exited from the improvement programme, and transition to a sustainability plan. This is to be signed off through local, regional and national boards. The Trust will continually monitor and review our maternity services in line with the sustainability plan, with assurance to the Board of Directors.

Stockport Accreditation & Recognition Scheme

The Stockport Accreditation & Recognition Scheme (StARs) was established in 2021-22 to provide a clear line of sight from Ward to Board for key care metrics.

StARS is designed to measure the quality of care provided by individuals and teams throughout the Trust. It incorporates key clinical indicators and supports the standards in providing evidence for the Care Quality Commission's Fundamental Standards. The framework covers 14 standards with each standard subdivided into 3 categories: Environment, Care and Leadership.

There have been 65 assessments of 28 inpatient areas completed from April 2021 to the end of March 2022. Due to Covid pressures in January 2022, the programme was suspended. However, the Quality Team has met the target to complete all of the remaining inpatient areas that were scheduled to be assessed before the end of the year. Areas of good practice included:

- Overall, patients were satisfied with the standards of care they received and were very complimentary about the staff
- End of Life care is generally of a high standard and staff demonstrate compassionate care
- Patient feedback shows that their pain is managed well and generally report timely administration of analgesia.

The top themes for improvement included, communication/documentation, medicines management and environmental safety. The first Paediatrics StARS accreditation was undertaken in March 2022 and our target for 2022-23 is to roll out to all other areas including the community, paediatrics, theatres, outpatients and maternity.

Care Quality Commission

We are fully registered with the Care Quality Commission (CQC) for all our services.
In January 2020 the CQC carried out unannounced inspections of the following core services:

- urgent and emergency care,
- medical care (including older people's care),
- maternity,
- services for children and young people.

CQC inspectors carried out a further unannounced inspection in February 2020, and the Use of Resources review and Well Led inspection were also undertaken in February 2020.

During the inspections in early 2020 we received a section 31 letter and a subsequent 29a warning notice to inform us that the CQC had formed a view that the quality of health care provided by us required 'significant improvement' in relation to safe staffing in the emergency department, and the governance systems to monitor quality, safety and risk across the department. The inspection report, which was published in May 2020, reflected the concerns in both regulatory notices, and identified 25 breaches overall against regulations.

Overall, the organisation's rating remained as "requires improvement" however the ratings beneath this showed deterioration based on the 2018 inspection across 13 domains. This was comparable to the inspection ratings in 2017, which led to challenged provider status and regulatory action, including licence conditions. The key issues were the range of deteriorating ratings and the inadequate ratings for urgent and emergency care.

Ratings for Stepping Hill Hospital

	Safe	Effective	Caring	Responsive	Well-led	Overall
Urgent and emergency services	Inadequate ↓ 2020	Requires improvement →← 2020	Requires improvement ↓ 2020	Inadequate ↓ 2020	Inadequate ↓↓ 2020	Inadequate ↓ 2020
Medical care (including older people's care)	Requires improvement →← 2020	Good ↑ 2020	Good →← 2020	Requires improvement ↓ 2020	Requires improvement ↓ 2020	Requires improvement →← 2020
Surgery	Good Oct 2016	Good Oct 2016	Good Oct 2016	Good Oct 2016	Good Oct 2016	Good Oct 2016
Critical care	Good Oct 2016	Good Oct 2016	Good Oct 2016	Requires improvement Oct 2016	Good Oct 2016	Good Oct 2016
Maternity	Requires improvement →← 2020	Good →← 2020	Good →← 2020	Requires improvement ↓ 2020	Requires improvement ↓ 2020	Requires improvement ↓ 2020
Services for children and young people	Requires improvement →← 2020	Requires improvement ↓ 2020	Good ↓ 2020	Good →← 2020	Requires improvement ↓ 2020	Requires improvement ↓ 2020
End of life care	Good Oct 2016	Good Oct 2016	Good Oct 2016	Good Oct 2016	Good Oct 2016	Good Oct 2016
Outpatients	Good Oct 2016	Not rated	Good Oct 2016	Good Oct 2016	Good Oct 2016	Good Oct 2016
Overall*	Requires improvement →← 2020	Requires improvement →← 2020	Good →← 2020	Requires improvement →← 2020	Requires improvement ↓ 2020	Requires improvement 2020

Some of the care the CQC inspectors saw when they visited us in early 2020 was not of the standard we want for our patients, and we publicly apologised for that.

We took immediate action to address the issues and in August 2020 CQC inspectors returned to Stepping Hill Hospital and acknowledged the improvements we had made

to the emergency department, specifically regarding improvements in flow, effective governance, and safe staffing.

The CQC confirmed that we had met all the requirements set out in the section 29a notice and noted that the momentum of change needed to be maintained and embedded in the department so that change was sustainable in the medium and long term, particularly at times of additional pressure during winter.

To achieve and sustain these improvements we developed a robust improvement plan, which has been monitored through our Quality Committee on a monthly basis.

In November 2021, the CQC carried out an unannounced inspection of our urgent and emergency care service at Stepping Hill hospital. The inspection covered the domains of safe, effective, caring, responsive and well led. The inspection report published in January 2022 showed improvement across every domain, with an improvement in the overall rating of the service from 'Inadequate' to 'Good'. The improvements made across each domain are as follows:

We are exceptionally proud to have made these improvements during a period of significant pressure for NHS services and will continue to make improvements to all services wherever possible. The Trust has developed a comprehensive action plan focused upon the 1 must do action and 8 should do actions which were identified within the inspection report. This action plan is monitored via the Quality Committee, established by the Board of Directors, to assure that all actions are completed as required.

There have been no other CQC inspection of our services within 2021-22 and the Trust's overall rating remains 'Requires Improvement'. The Trust are committed to continuous improvement within all domains. Action plans related to previous inspections in 2020 have all be completed and approved for closure. The Trust

continues to assess its services across the CQC Key Lines of Enquiry (KLOEs) in order to identify opportunities for improvement.

Equality of service delivery

As a publicly funded organisation we are conscious of, and committed, to our duty to provide equality of access to all patients who need our services. Any proposed changes to modify any of our services are subject to thorough quality and equality assessments, overseen by our Chief Nurse and Medical Director.

Equality of access and service delivery was something that we were particularly aware of as the pandemic continued throughout 2021-22. To safeguard our patients and staff by limiting the risk of infection, many of our out-patients appointments moved from face-to-face to virtual. This approach was rolled out across several our services and was welcomed by many of our patients. But we were aware that some patients would need to continue to be seen face-to-face due to the nature of their condition, or because they did not have the technology to enable virtual appointments. Therefore, we undertook face-to-face appointments on a risk assessed individual basis to meet the needs of our patients.

We have in place our award winning Veteran's Passport to Health and Social Care, designed to support former service people to smoothly navigate our services without having to repeatedly recall possible distressing past experiences, alongside a passport for people with learning disabilities. We also completed a significant amount of work to meet the requirements of the Accessible Information Standard

The CQC inspection conducted in 2019 highlighted concerns about the care of patients with mental health issues in our Emergency Department. Since then, the Trust has worked closely with colleagues at Pennine Care NHS Foundation Trust and with other partners in Stockport to address concerns, and we are pleased that the improvements made to support people with mental health problems were recognised in the recent CQC inspection of urgent and emergency care services. The established mental health partnership board will continue to meet to further improve services for people with mental health problems, as well as strengthening mental health training for our staff.

For more information about our approach to equality, please see the Staff report.

People performance

Further information regarding our people performance can be found in the Staff report.

Financial performance

The Group accounts include the consolidated financial results of Stockport NHS Foundation Trust, its associated Charity General Fund, and the Trust's wholly owned subsidiary, Stepping Hill Healthcare Enterprises Ltd (trading as the Pharmacy Shop).

The Group accounts reflect an outturn of £3.14million surplus for 2021-22 which includes the Trust surplus of £3.04 million in 2021-22 and subsidiaries' profit for £184k for Stepping Hill Enterprises Ltd. The Trust's Charity had a net outflow of funds of -£87k in 2021-22. The figures quoted in the following section relate solely to the Trust, as the other components are considered immaterial for the purposes of the Group accounts.

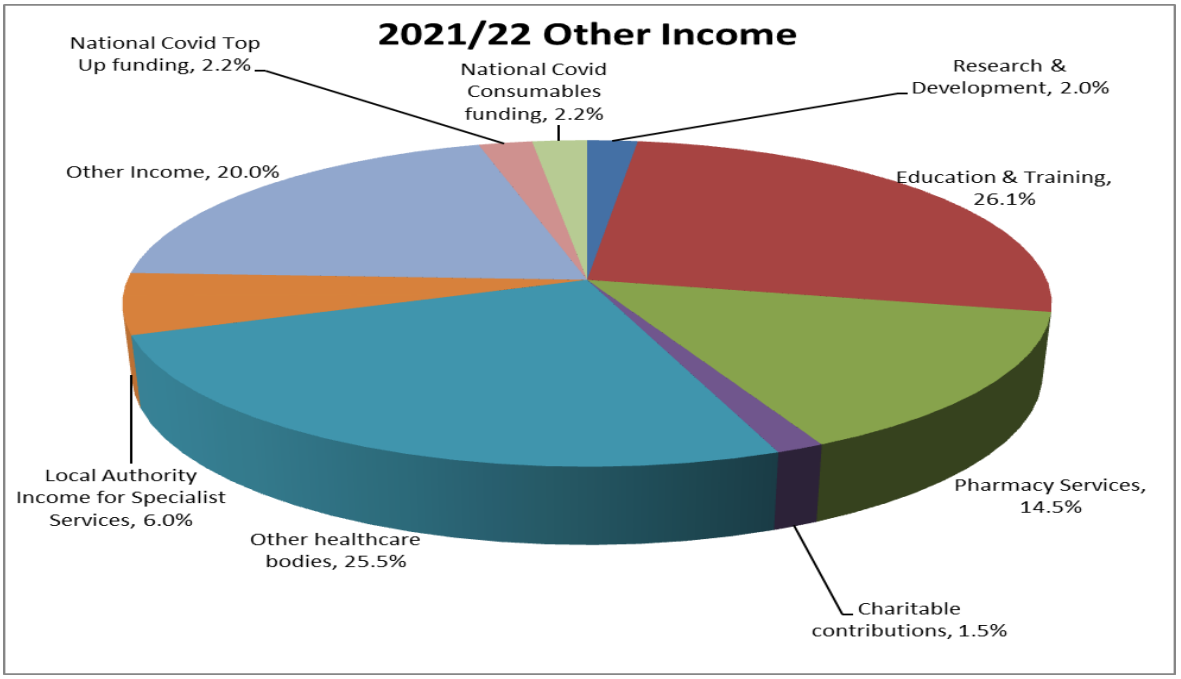
In 2021-22 the Trust continued to operate under a financial regime with simplified transaction flows where payment by results continued to be suspended. Income was received through block contracts with CCGs or system funding envelope top ups. These top ups were for lost income (for example car parking) and reimbursement to meet Covid costs. With continued focus on restoration and recovery of services, the Trust was able to deliver increased elective activity during the first half of 2021-22 and was reimbursed for this activity through the Elective Recovery Fund (ERF).

With the backdrop of the Covid-19 pandemic, we have however continued to invest in improving services for patients, both in terms of the quality and safety of services and investing in buildings and equipment. Total investment through the capital programme in 2021-22 was £27.9m, which included £7.5m on equipment, £4.1m on buildings and dwellings, £13.5m on assets under construction and £4.6m on on IT investments, including upgrades of infrastructure and key clinical systems. This level of investment also included key developments such as the Healthier Together Endoscopy 4th room extension and M6 new surgical ward, upgrade of the Trust's defibrillators and the reconfiguration of the Clinical Decisions Unit.

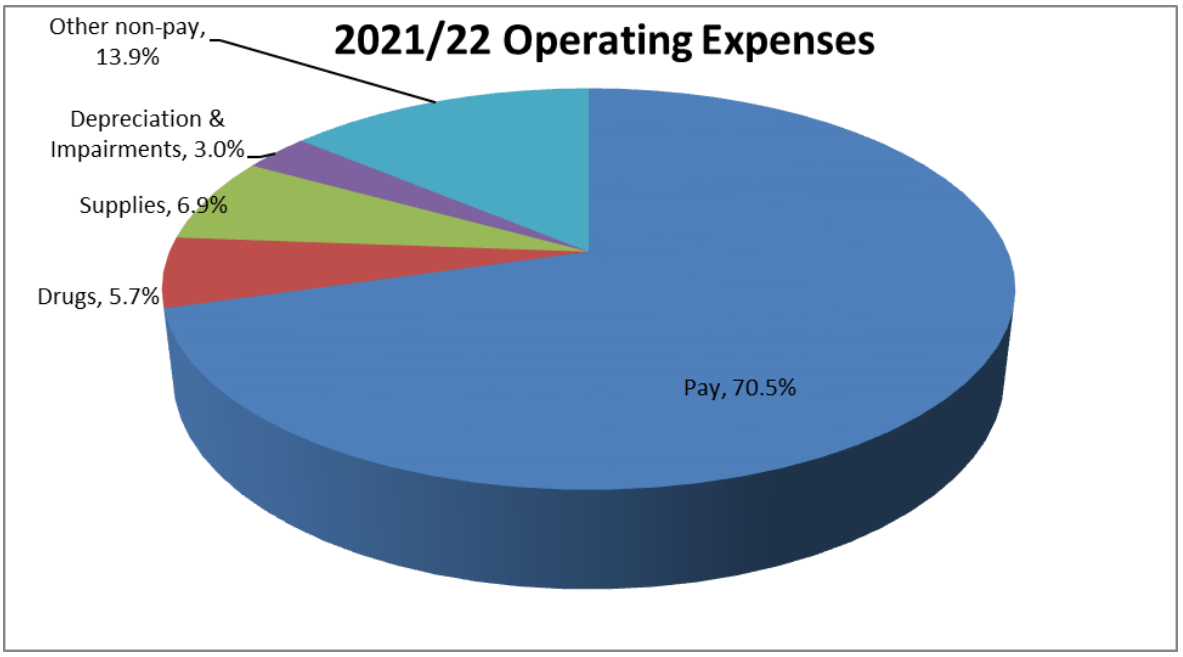
Income and expenditure

In 2021-22 our overall income was £416.3m (£383.4m in 2020-21). Income from provision of health services was greater than that from provision of goods and services for any other purpose. We did not receive or make any political donations in 2021-22. Our income in 2021-22 is an increase of £32.9m from 2020-21, reflecting the continued additional funding received under the Covid financial regime.

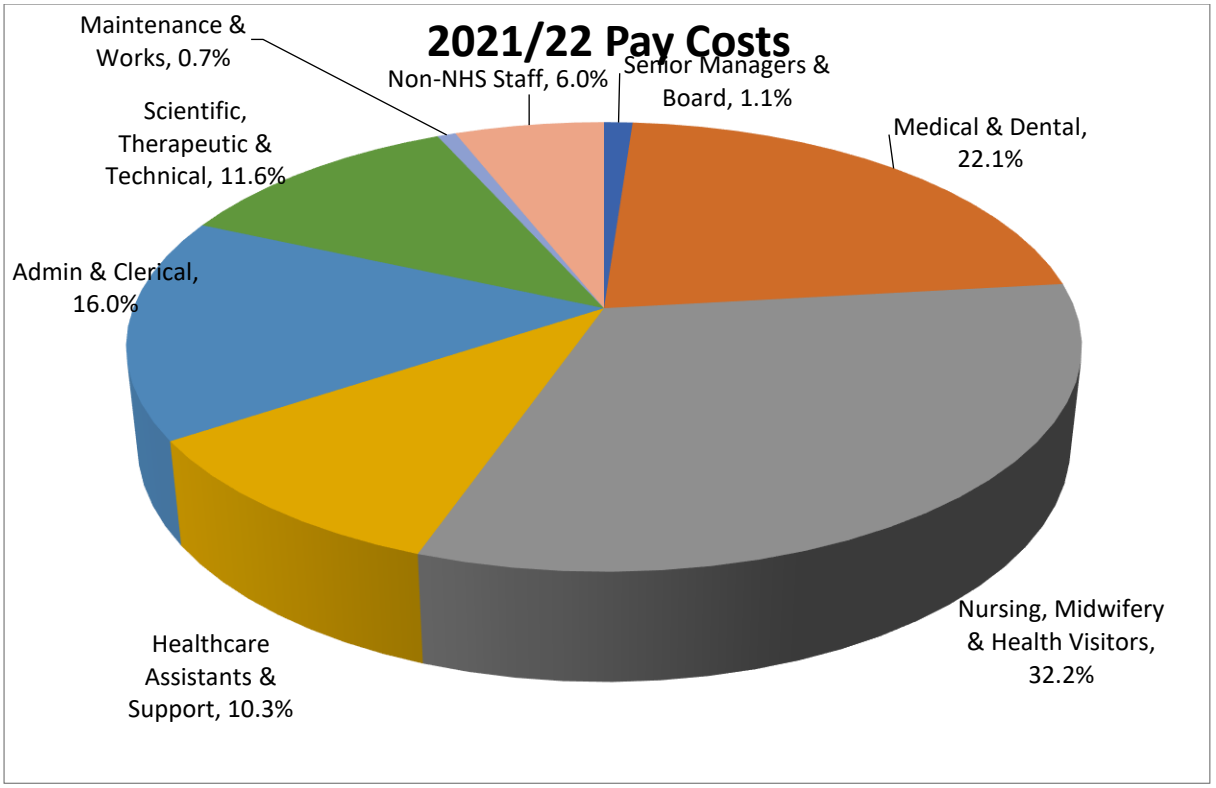
We have earned income from a number of different sources and a breakdown of the £40.8m 'Other Income' is provided in the following chart:



The Trust has disclosed the fees and charges (income generation) associated with the Stockport Pharmaceutical trading activity at note 5.5 in the Accounts. Operating expenditure was £410.8m in 2021-22 (£386.9.m in 2020-21). Our costs are divided into the following areas:

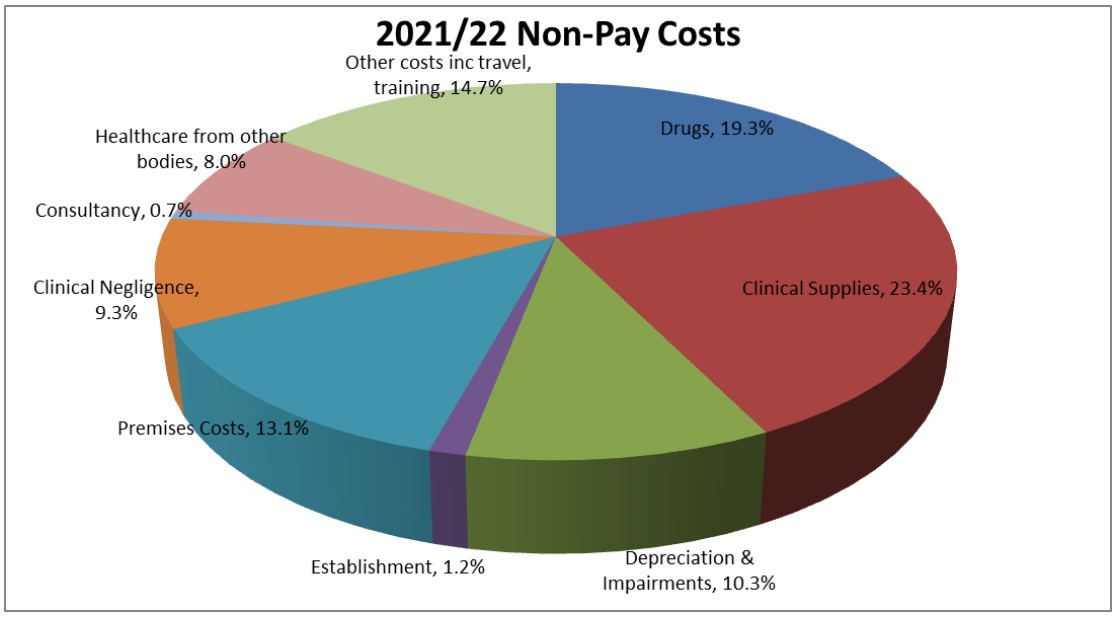


Pay costs account for 71% of our operating expenses, and our pay spend is split over the following categories:



Pay costs in 2021-22 were £290.0m (£276.1m in 2020-21) and the percentage split by staff group as shown in the above chart is in line with previous financial years.

We have continued with investment recruitment and retention programmes to ensure that we minimise our medical and nursing vacancies, including international recruitment. Although we have continued to rely upon premium rate bank and agency staffing in our response to the Covid-19 pandemic, agency costs have decreased slightly from £17.9 m in 2020-21 to £17.3 m in 2021-22:



Non-pay costs increased by £9.8m during 2021-22, which includes increased drug costs (£2.4m), purchase of healthcare from non-NHS bodies (£5.8m), additional depreciation and amortisation following increased capital investment in 2021-22 (£2.2m), and increased clinical negligence costs for the organisation (increasing by £0.9m to £11.1m).

Balance sheet

The Trust has £162m of net assets at the year end, an increase of £26m from 2020-21. Material movements include increased capital spending as a result of additional investment secured for 2021-22, increased non-current assets, and additional cash compared to plan.

The regulations relating to the calculation of the Public Dividend Capital (PDC) and current commercial interest rates mean that it is more beneficial for us to keep bank balances in the Government bank account.

Our year-end cash balance was £50.5m compared to an opening cash position of £32.5m. In 2021- 22 we are operating under the interim financial regime for cash, with block income payments and system top ups being received.

Charitable funds

The Board of Directors acts as Corporate Trustee in respect of its charitable funds. The primary statements in our Accounts show the consolidated or group position, including the charitable funds and the unconsolidated trust position. Copies of the separate Annual Report and Accounts for these charitable funds (Registered Charity Number 1048661) are available on request from the Director of Finance, via the Trust's website, or The Charity Commission's website.

Our Charitable Funds Committee overseas the management of the charitable funds, and the policy remains one of annual spending in line with the continuing levels of bequests and donations received in year. This is consistent with the aims and objectives approved by The Charity Commission for NHS charities in general.

In 2021-22 charitable funds income was £378,000 and we are extremely grateful for donations of £57,000, grants (including NHS Charities Together) of £121,000, legacies of £129,000, and fundraising income of £24,000. The charity also received £47,000 investment income. Expenditure in 2021-22 was £599,000, including £162,000 on purchases for patient welfare, £204,000 on supporting staff welfare and training activities, and £152,000 on equipment. Expenditure included:

- £36,100 for Ear, Nose and Throat Specialist Balancing equipment
- £35,500 for Speech and Language Fibreoptic Endoscopic equipment for Older People
- £27,809 for Audiology ASSR equipment,
- £24,100 for Children's Speech and Language diagnostic tool software
- £23,700 in the Community to provide National Early Warning System (NEWS)

equipment

- £18,600 upgrade to the Maternity Education Room for staff
- £17,500 upgrade to staff facilities in the Maternity department
- £16,000 upgrade to staff room facilities in community settings
- £11,600 for Gastroscopy Capsule Endoscopy Data Recorders
- £9,700 for Children's Speech and Language therapy equipment
- £9,000 on the Project Wingman Staff Wellbeing bus service,
- £12,000 for physiotherapy equipment for intensive care patients.

Financial outlook

Financial arrangements for 2022-23 will be a system based approach to planning and delivery with a one year allocation for revenue and three year allocation for capital. The Greater Manchester system (formally GM Integrated Care System (ICS) from the 1st July 2022) will act as a single unit for key financial decisions to support greater collaboration and collective responsibility for financial performance.

The national picture is for Trust's to return to pre-COVID expenditure levels and to increase productivity particularly on patients with long waits. There is also an expectation that the benefits gained during the pandemic for revised working methods continue to be embraced in order to improve patient care.

The system for funding nationally has therefore reduced to reflect the convergence to pre-COVID levels and therefore there is an expectation that cost efficiency plans will be required to deliver financial plans. The Trust draft submission for 2022-23 is for a deficit plan and at the time of the annual report discussions continue as to how the plans can be delivered within the system resource.

There is still the requirement for efficiency savings to make the NHS affordable, and for us to maintain the highest standards of financial governance. We will continue to review our clinical services efficiency programme to ensure that all best practice and benchmarking data through mediums such as the Model Hospital and Getting It Right First Time (GIRFT) are considered to identify opportunities for greater efficiency via different ways of working and adoption of best practice.

Capital planning 2022-23

We are planning capital expenditure of £43.9m in 2022-23, dependent on the final Greater Manchester Integrated Care System (ICS) agreed capital allocation and the release of external capital funding in relation to Healthier Together, Targeted Investment Funds, Community Diagnostic Centre and the Emergency and Urgent Care Campus.

A summary of planned investments is as follows:

Capital Description	£m
Estates	21,027
Equipment	1,604
IMT	3,137
IFRS 16 Lease Implications	2,262
Emergency and Urgent Care Campus	15,904
	43.934

Our key priorities are:

- B6 Ward Refurbishment
- Relocation of Pacing Suite
- MRI Development
- Healthier Together Theatre
- X Ray Room Upgrades
- Development/rollout of Wireless and Clinical Communication Systems

There are a number of schemes in the information management and technology development programme, including key patient systems and IT infrastructure across the hospital and community services.

The equipment programme focuses on the on-going asset replacement programme across all divisions with the largest proportion of planned spend being in diagnostics and theatres.

We are committed to the development and delivery of our estates strategy, and delivery of our capital priorities.

Key strategic developments

Clinical Strategy in partnership with East Cheshire

Significant work across East Cheshire NHS Trust (ECT) and Stockport NHS Foundation Trust (SFT) continued during 2021-22 to develop the Boards' joint intention to "support clinical teams to continue working together to develop a joint clinical strategy that sets out new, single clinical pathways, as well as innovative solutions to best meet the growing care needs of our local populations".

Formal programme arrangements have been established which confirms the relationship with commissioners and regulators and respective roles in supporting implementation and / or assurance.

The programme purpose has been set as:

- To design and implement high quality, safe and sustainable hospital services for the people served by ECT and SFT.

- To ensure these hospital services will form a key part of an integrated service offer spanning primary, community, social and hospital care.
- This will be achieved through joint working between:
  - ECT and SFT clinical teams,
  - Hospital and primary / community / third sector and social care services in each area; and
  - In partnership with patients, carers, and local people.

This is a programme of clinical change and is not a programme focused on organisational change. The services in scope are:

- Obstetrics and Gynaecology
- Paediatrics and Neonatology
- General Surgery
- Critical Care and Anaesthetics
- Trauma and Orthopaedics
- Endoscopy
- Cardiology
- Gastroenterology
- Diabetes and Endocrinology
- Imaging

The focus of the programme in the latter part of the year has been to produce a service change proposal and Clinical Case for Change, validated by each clinical workstream. Commissioners initiated a high-level public engagement exercise to draw out local communities' general views regarding services in scope, with the results informing the Clinical Case for Change.

Both Trust Boards have endorsed the draft Clinical Case for Change, which will be reviewed by CCG Governing Bodies prior to an anticipated gateway review by NHS England/Improvement.

Integrated Care System (ICS) Development

The Trust has worked alongside partners in GM to develop the ICS framework. This has been via participation in the GM network of professional groups (e.g. Directors of Strategy, Chief Operating Officers, Medical Directors, Chief Nurses & Directors of Workforce) as well as considering the developing arrangements through our Board of Directors.

Likewise, health and social care leaders in Stockport including those from the Trust, Stockport Clinical Commissioning Group (CCG) and Local Authority have collaboratively led the design work to develop proposed locality governance arrangements to prepare for the introduction of the new Health & Social Care bill.

Workshops were held with colleagues from key partner organisations to inform the design and function of a place-based partnership (PBP) in Stockport. The workshops sought to reach consensus on:

- our core principles
- what the place-based partnership will do
- how it will work; and
- the associated governance required to bring this together

The formal arrangements for the PBP are due to be introduced this summer.

Digital

The Trust's new Digital Strategy 2021-2026 was developed and approved during the year, setting out our digital & informatics ambitions. This includes a comprehensive electronic patient record system for our acute services. We were also successful in securing £10 million in digital capital investment, which will support the delivery of a range of solutions over the forthcoming years, including:

- Procurement of a new Laboratory system to replace our current outdated Telepath solution which will support pathology services across Greater Manchester (GM)
- Replacement and enhanced wireless solution for Stepping Hill site to improve coverage and enable an advanced clinical communications solution
- Additional mobile devices to support our community staff accessing patient records whilst in patient homes
- Extended functionality for our maternity system to support clinical pathways and digital records for pregnant women (a national requirement in 2024)

Throughout the year, we continued to optimise, develop and upgrade our clinical systems, whilst investing in cyber security solutions to ensure our systems are robust against cyber-attacks and compliant with national standards e.g. Data Protection & Security Toolkit. We saw the successful go live of the GM Picture Archiving and Communication System (PACS) solution to enable radiology imaging sharing across GM and ensured a variety of data feeds into the GM Care Record to support patient movements across the conurbation.

Estates & Facilities

Whilst continuing to navigate the pandemic, the Trust has successfully continued to develop its estate and facilities to improve services and the experience of patients, visitors, and colleagues.

Multiple capital schemes were delivered or progressed to support clinical delivery and expansion. This included expansion of Endoscopy, the provision of an additional six Level 1 critical care beds, four segregation pods in the Critical Care Unit and the reconfiguration of our Emergency & Urgent Care facilities to create a Clinical Decisions Unit and Rapid Assessment and Treatment Service. In addition, a number of schemes have been delivered to reduce the Trust's critical infrastructure risk and reduce our backlog maintenance position. These include an additional Vacuum Insulated

Evaporator (VIE) which significantly bolsters oxygen delivery capabilities, an enhanced door access system, bed head upgrade program, main steam pipework replacement and provision of emergency lighting to name but a few. The delivery of the above schemes has been complimented by an increased focus on compliance, with a Compliance Team now in place to ensure continued focus on site wide safety and service continuity.

The Trust's Catering Department has recently been selected as one of only 14 exemplar patient food sites; this is a fantastic achievement and reflective of the long-term commitment to patient dining improvements at Stockport NHS Foundation Trust. Other improvements include investment in the Porter service in an electronic task allocation system which has yielded enhanced efficiency and data capture, both of which will enhance patient experience as the service is now best placed to respond to the demands of the site. Alongside Infection Prevention Control, Domestic services are currently preparing for the launch of revised cleaning standards in 2022.

A two day Health & Safety Executive inspection took place in November 2021 as part of a national programme of inspection and focused on manual handling, Covid-19 precautions and violence and aggression. The inspectors noted positive changes since their previous visit in December 2020, with no enforcement action taken.

Furthermore, the Estates and Facilities department welcomed two brand new posts into the department during 2021-22, an Estates & Facilities Matron, and a Sustainability Manager. Both roles have already proved to be hugely successful and a welcomed addition to the Trust.

Sustainability

As an NHS organisation and a spender of public funds, we have an obligation to work in a way that has a positive effect on the communities we serve.

Sustainability means:

- spending public money well,
- the smart and efficient use of natural resources, and
- building healthy, resilient communities.

By making the most of social, environmental and economic assets we can improve health both in the immediate and long term, even in the context of the rising cost of natural resources. Demonstrating that we consider social and environmental impacts ensures we meet the legal requirements of the Public Services (Social Value) Act (2012).

To fulfill our responsibilities, we have agreed the following strategic vision statement in our newly board approved Green Plan.

"*Stockport NHS Foundation Trust is committed to providing services in a way that is sustainable and supports our corporate and social responsibilities."*

It is the Trust's ambition for the emissions we control directly - our carbon footprint - to reach net zero by 2040, with an initial 80% reduction on our 2012/13 baseline by 2032. For all other emissions that we can influence - our Carbon Footprint Plus - we aim to reach net zero by 2045, with an 80% reduction by 2039.

Key Objectives

Our key objectives for environmental and sustainability management includes:

- building on our Green Plan and ensuring a long term vision for sustainable energy management for the organisation
- ensuring that environmental protection and social issues, including prevention of pollution, are considered within our strategic planning, management and operations
- reducing our environmental impacts in the areas of water and waste, including capital planning management schemes.

Green Plan

We recognise that sustainability goes far beyond compliance with legislation, and we believe that development of sustainable practice is a fundamental corporate responsibility.

We have a Board approved Green Plan in place in accordance with the NHS Carbon Reduction Strategy 2009. This plan sets out our commitments and actions to achieve NHS-wide carbon emission reduction targets. We achieved the target of a 10% reduction by 2015 and further carbon reduction strategies and projects are in place to achieve the target of a 28% reduction in energy use and carbon emissions. The main actions that will be taken to achieve the Net Zero NHS target are summarised below:

Building Energy Use: A 30% reduction carbon related to gas and electricity use by 2025, followed by annual reductions to achieve an 80% reduction by 2032. All new buildings projects to be designed as net zero carbon.

Vehicles: Over the next five years the Trust will work towards replacing all its vehicles with ultra-low or zero emission vehicles.

Travel: Over the next three years the Trust will review business travel and aim to cut related carbon emissions by 15% per annum with a 75% reduction target by 2030

Anesthetic Gases: Where clinically possible, an aesthetic gas carbon emissions will aim to be reduced by 50% by 2030. We also aim to eliminate Desflurane use in clinical practice.

Single Use Plastics: Over the next three years the Trust will cease the use in nonclinical areas of single-use plastic cutlery, plates and food containers. Over the same time period, the Trust will seek alternatives to single use food and beverage containers in clinical areas and aim to reduce usage.

Waste Management: Over the next three to five years the Trust will in conjunction with its waste management partners, move towards zero waste to landfill and aim to cut its overall waste tonnage by 10% compared to 2020/21 levels.

Procurement: The Trust will contract to have 100% green electricity from April 2022. The Trust will revise its purchasing procedures to take account of carbon emissions and social, economic and environmental benefits for the local community.

We have carried out a significant amount of work to reduce carbon emissions and achieve wider sustainability goals. We continue to deliver significant carbon savings through design innovation:

- continue to rationalise the site and make best use of the site footprint by working closely with business groups to consider various methods of service delivery for both clinical and non-clinical departments. In addition, our commitment to agile working continues with estate development being a key objective
- increased recycling and waste reduction
- fulfilling all compliance obligations relating to environmental management
- environmental/sustainability key performance indicators reported and tracked at a local level and reported monthly as part of estates & facilities finance and performance meetings
- reducing vehicle emissions by offering staff a capped choice of low emission or electric vehicles via the NHS Car Lease Scheme
- increasing engagement with staff and the public at all levels through a range of communications channels
- embedding sustainability principles in our current processes and policies whenever possible
- capital planning processes to take into account sustainability options and to explore wider funding routes i.e. SALIX, Environmental Funders Network and CIBSE guidance
- all capital schemes will be BREEAM certified to ensure sustainability feature in our master planning, infrastructure and building developments. BREEAM standards will also be considered as part of any refurbishment plans
- voltage optimisation electrical energy saving techniques to reduce supply voltage for site equipment. This improves power quality by balancing phase voltages and reducing our electricity demand and cost
- installing cost effective duplex stainless steel plate heat exchangers to optimally improve energy efficiency and minimise waste water pollution
- reducing energy costs by replacing old or inefficient boilers with new systems designed to use 30-40% less energy

- increasing insulation of roof spaces and exposed pipe work and valves,
- reducing mechanical ventilation by improving airflow and natural ventilation through the installation of new windows
- replacing inefficient engineering plant
- continued use of green technologies such as LED lighting and heat recovery units and reviewing our supply chain management strategy
- replacing our vehicles with low emission models which use efficient technology or alternative fuels rather than diesel, reducing both running costs and the environmental impact of our vehicle fleet
- introducing an intelligent building management system to support more efficient management of heating systems
- introducing a new waste compacting plant to improve efficiency and reporting via telemetry programs.

Carbon and Energy Management

Our approach to carbon and energy management is based on:

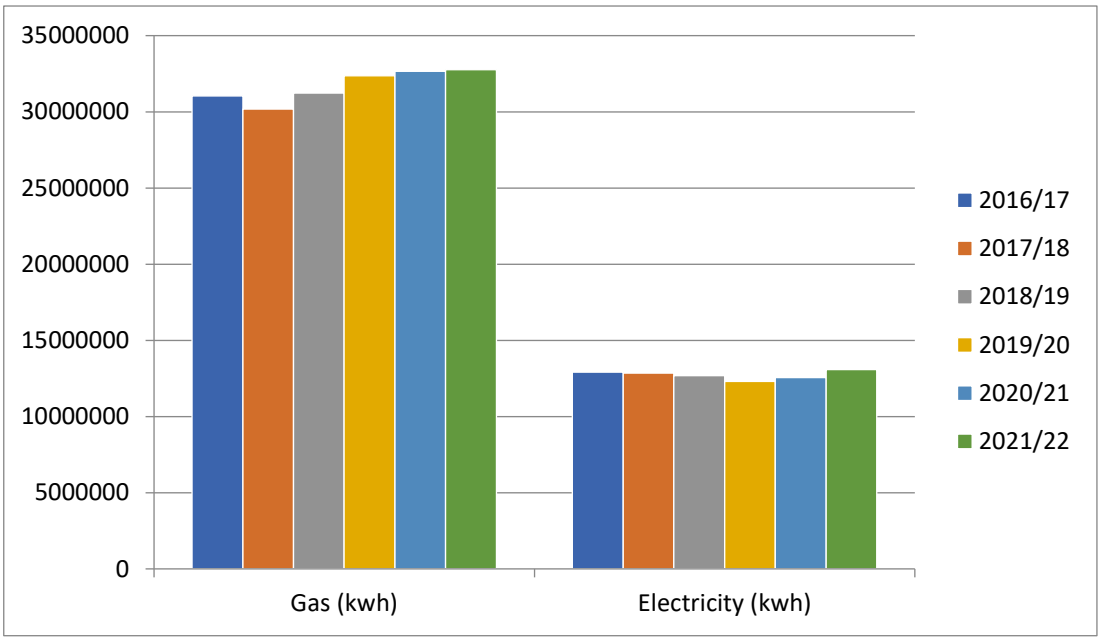
- reducing energy consumption,
- supplying energy as efficiently as possible,
- supplying required energy using low carbon and renewable sources where appropriate.

Efficient energy management necessitates close monitoring and analysis of energy consumption to enable consumption patterns and targets to be set for individual buildings across the estate. During 2020-21 a workforce review included the introduction of a dedicated Sustainability manager, who brings additional focus to this area. We will be launching our staff sustainability awareness campaign to engage and promote all areas of sustainability and encourage long-lasting sustainable behaviour.

Energy Consumption

Our consumption of energy during 2021-22 is summarised in the table below, along with comparative performance in previous years. We recorded a slight increase in consumption throughout 2021-22. However, we remain committed to reducing our overall energy usage during 2021-22. We have been able to sustain competitive priced utilities through robust procurement framework selection.

Years	Gas (kwh)	Electricity (kwh)
2016/17	31040831	12907495
2017/18	30185153	12848845
2018/19	31229742	12676387
2019/20	32358588	12311526
2020/21	32667002	12559835
2021/22	32766055	13076062



Water

Water consumption increased in 2021-22, with further investigative work required to identify reasons for this increase. Our estates team continue to actively works on minimising water consumption using water efficient technology across the estate.

Reducing consumption will continue to be an area of focus during 2022-23. We will aim to install sub-meters on site to allow us to monitor any water leaks for timely identifications and repair. However, we are conscious of the need to balance water efficiency initiatives with maintaining robust infection control regimes, and to guard against the risks of legionella contamination of water systems by regular flushing of water outlets.

Sustainable travel

We plan to conduct a staff travel survey to get better understanding our carbon impact from staff commute. We are committed to find more ways to support our staff in choosing more sustainable ways of travel.

The Trust made an application to Transport for Greater Manchester (TfGM) for funding and was awarded just under £10,000 to improve our existing cycle parking facilities. The project will involve improved cycle parking facilities for our patients and visitors.

Waste Management

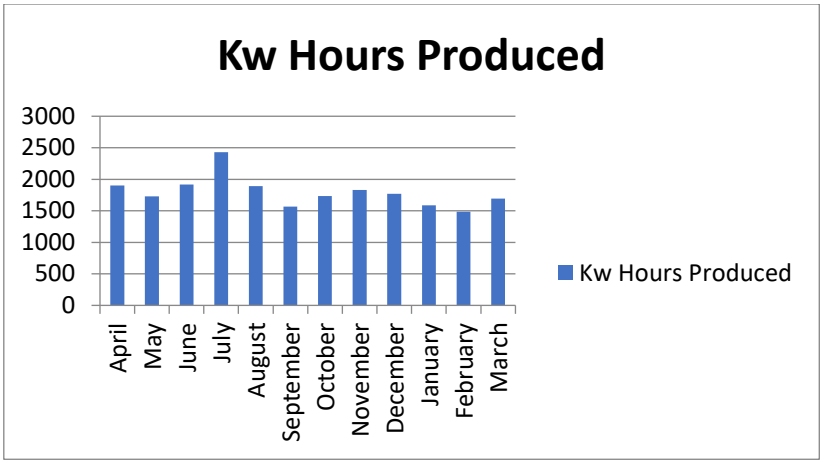
Effective waste management is one of our core principles and we are committed to reducing our carbon footprint and improving understanding of the importance of effective waste management in the NHS. To work alongside our current waste management team the Trust has appointed a Dangerous Goods Safety Advisor (DGSA) to advise on all aspects of waste.

We continue to progress with our 2020-21 waste management aims our aim to enhance the safe, compliant and sustainable management of waste and disposals across all of our sites, while maximising the volume of waste recycled. Recycling drop-off points and the segregation of cardboard, scrap metals, furniture and electrical waste, together with improvements made to waste compactors, collection bins and holding areas, contributed to improved recycling performance. In 2021 we introduced 7 seven re-cycling stations including battery re-cycling around the Stepping Hill Hospital site. The success of the re-cycling initiative means it will be reviewed in May 2022 with a view to increasing across site. Our black and brown replacement program continues at pace, it is anticipated the replacement program will be completed by winter 2022.

The Trust has recently purchased a soft compactor installation is anticipated to take place before the end of summer 2022. The soft compactor will be used for compacting and storing offensive non-infectious waste (Tiger bag waste). This allows Estates and Facilities to better manage storage and control of this waste stream on site. It also reduces the amount of times HGV's will need to visit site contributing to reduced emissions.

The Trusts general waste which includes the use of waste compactor and skips continues be 100% recycled or recovered. Compactor waste is 100% energy from waste and 100% of skip waste has been processed through the recycled material recovery facility. All food waste continues to be taken off site processed and turned in to green energy. The data below highlights energy the Trust has produced during 2021-22.

Date	Kw Hours Produced
April	1903.5
May	1728
June	1917
July	2430
August	1890
September	1566
October	1734.75
November	1829.25
December	1768.5
January	1586.25
February	1485
March	1694.25
Total	**21532.5**



Smoke-free Hospitals

We want to look after the health of everyone who uses our hospital, and we are committed to providing a clean and healthy environment for patients, visitors and staff.

A complete smoking ban has been in place on our property since 2005 and during 2020-21 we continued to strengthen the effectiveness of this policy with a direct and honest poster campaign, supplemented by security officers politely reminding people of our non-smoking policy.

Sustainable Procurement

We are committed to the principles of sustainable development to support Government and Department of Health & Social Care's commitments in this area of policy, and the improvement of the nation's health and wellbeing.

We recognise that we have an influential role to play in furthering sustainable development through the procurement of buildings, goods and services. Sustainability, environmental, and social principles are embedded in our procurement processes to ensure that a balanced consideration of social, ethical, environmental, and economic factors is undertaken as part of the procurement evaluation process.

Our procurement team has adopted a whole life cost approach by assessing the environmental impact of products from production to disposal costs. This approach will realise benefits for both our organisation and society in general, as well as minimise the impact on the environment. We also have in place a comprehensive Anti-Fraud, Bribery & Corruption Policy.

Consultation about service changes

We did not formally consult on any significant service change in 2021-22.

Overseas operations

We did not conduct any overseas operations during 2021-22.

ACCOUNTABILITY REPORT

Directors' report

The Board of Directors is responsible for setting the strategic direction of the Trust, taking into account the views of the Council of Governors. The Board is also responsible for ensuring that the day-to-day operation of the Trust is as effective, economical and efficient as possible, and that all areas of identified risk are managed effectively.

The Board of Directors takes decisions with regards to:

- strategic and development issues
- quality issues
- finance and performance
- governance

Day-to-day management of the organisation is the responsibility of the Chief Executive and the Executive Directors, who take decisions subject to levels of delegated authority set out in the Scheme of Delegation and Standing Financial Instructions, which explicitly details those decisions reserved for the Board, and those that may be determined by standing committees or delegated to managers.

The balance, completeness and appropriateness of the membership of the Board are reviewed periodically, and when vacancies arise among Executive or Non-Executive Directors.

The Board of Directors is currently comprised of a Chairman, seven Non-Executive Directors, seven Executive Directors, a non-voting Associate Non-Executive Director, and one non-voting Corporate Director. Executive Directors are appointed by the Non-Executive Directors, and their remuneration, terms and conditions are determined by the Remuneration & Appointments Committee (See Remuneration report).

The Chair and Non-Executive Directors are appointed by the Council of Governors and their remuneration, terms and conditions are determined by the Nominations Committee (See Council of Governors & Membership). The Chair and Non-Executive Directors are appointed for an initial three year term of office and then, subject to approval of the Council of Governors, they can be appointed for a further three year term. Any subsequent term of office is determined by the Council of Governors on an annual basis. The term of office for the Associate Non-Executive Director is two years.

The Board considers each of the Non-Executive Directors to be independent, and they make annual declarations to this fact, a summary of which is presented to a public meeting of the Board of Directors. In confirming independence, the Board considers the outcomes of a declaration process with respect to criteria for determining

independence, together with the content of the Board of Directors Register of Interests and observations on the independent nature of colleagues' performance.

Criteria for determining independence includes:

- being a Trust employee within the last five years,
- a material business relationship with the Trust within the last three years,
- receipt of remuneration from the Trust in addition to their Non-Executive Directors' fee,
- close family ties with any of the Trust's directors, senior employees or advisers.
- holding cross-directorships or significant links with other directors through involvement in other companies or bodies
- serving on the Board of the Trust for more than six years from the date of their first appointment
- being an appointed representative of the Trust's university, medical or dental school.

During the year the Board of Directors met 11 times, including seven in public session. Details of individual Directors and their attendance at Board meetings is set out below:

Director	Attendance at Board Meetings
Chair & Non-Executive Directors	
Adrian Belton, Chair Appointed 1 June 2017 to 31 May 2020. Re-appointed 1 June 2020 to 31 May 2023, stepped down in May 2021. Former Chief Executive of the Construction Industry Training Board and the Food and Environment Research Agency. In August 2019 he was also appointed as Non-Executive Chair of the Ministry of Defence's Science and Technology Laboratory.	1/1
Prof. Tony Warne, Chair Appointed 1 May 2021 to 30 April 2024. A former nurse with extensive experience in clinical, nursing and management practice. The former Executive Dean of the University of Salford, where he continues to be Professor Emeritus.	10/10
Catherine Anderson, Non-Executive Director / Senior Independent Director Appointed 4 January 2016. Re-appointed 1 January 2019 to 31 December 2021. Reappointed 1 January 2021 to 31 December 2022. A consultant working with businesses to improve performance, with senior level experience in private business and universities.	10/11
Catherine Barber-Brown, Non-Executive Director Appointed 1 September 2016. Re-appointed 1 September 2019 to 31 August 2022. A consultant with senior level experience in the banking sector with a focus on strategy and change management.	11/11
Anthony Bell, Non-Executive Director	10/10

Appointed 1 May 2021 to 30 April 2024. A senior qualified accountant with significant executive experience in the private and education sectors.	
David Hopewell, Non-Executive Director / Chair of Audit Committee & Charitable Funds Committee Appointed 1 July 2018 to 30 June 2021. Re-appointed 1 July 2021 to 30 June 2024. A Fellow of the Institute of Chartered Accountants and experienced accountant having worked at a senior level in the private, public and charity sectors.	11/11
Dr Marisa Logan-Ward, Non-Executive Director / Deputy Chair Appointed 1 August 2019 to 31 July 2022. Re-appointed 1 August 2022 to 31 July 2025. A biomedical scientist with senior level experience in the health sector.	11/11
Mary Moore, Non-Executive Director Appointed 1 October 2020 to 30 September 2023. A career NHS nurse with experience of working at a senior level, both regionally and nationally.	11/11
Joanne Newton, Associate Non-Executive Director (non-voting) Appointed 1 May 2021 to 30 April 2023. A qualified accountant with significant executive experience in the NHS.	9/10
Dr Louise Sell, Non-Executive Director / Senior Independent Director *(from April 2022)* Appointed 1 October 2020 to 30 September 2023. A consultant liaison psychiatrist and a former executive medical director.	11/11
Executive Directors	
Karen James OBE, Chief Executive Appointed as interim Chief Executive, November 2020. Appointed as substantive Chief Executive, November 2021 Joint position with Tameside & Glossop Integrated Care NHS Foundation Trust. A career NHS manager.	10/11
Andy Bailey, Acting Director of Strategy Appointed as acting director January 2021 to December 2021.	5/9
Amanda Bromley, Director of People & Organisational Development Appointed November 202. Joint position with Tameside & Glossop Integrated Care NHS Foundation Trust	4/4
Emma Cain, Acting Director of Workforce & Organisational Development Appointed as acting director November 20 to August 2021.	3/5
Nic Firth, Chief Nurse Appointed November 2020. A career NHS nurse.	9/11
John Graham, Director of Finance / Deputy Chief Executive Appointed May 2020. A career NHS manager.	11/11
Dr Andrew Loughney, Medical Director Appointed January 2021. An obstetrician.	10/11
Jackie McShane, Director of Operations Appointed on secondment December 2020. Appointed as substantive Director of Operations November 2021. Employment transferred to Stockport NHS Foundation Trust, April 2022. A career manager	8/11

Paul Moore, Interim Director of Quality Governance & Risk Assurance (non-voting) Appointed May 2020. Left the organisation at the end of April 2021. A career NHS manager	1/1
Jonathan O'Brien, Director of Strategy & Partnerships Appointed January 2022 Joint position with Tameside & Glossop Integrated Care NHS Foundation Trust. A career NHS manager.	2/2
Caroline Parnell, Director of Communications & Corporate Affairs (non-voting) Appointed November 2019. Former journalist, communications consultant, and NHS manager.	7/11

The following Directors were seconded from the organisation during 2021-22 and therefore did not attend meetings of the Board of Directors.

Greg Moores, Director of Workforce & Organisation Development Appointed June 2019, seconded to Shropshire Community NHS Trust, May 2021. Employment with Stockport NHS Foundation Trust ended April 2022. A career NHS manager.
Louise Robson, Chief Executive Appointed January 2019, seconded to NHSE/I, November 2020. Employment with Stockport NHS Foundation Trust ended November 2021. A career NHS manager.
Sue Toal, Chief Operating Officer Appointed March 2017, seconded to Tameside & Glossop Integrated NHS Foundation Trust, December 2020. Employment with Stockport NHS Foundation Trust ended 31st March 2022. A nurse and career NHS manager.

More details about the background and experience of all members of the Board of Directors is available on our website, alongside information on how to contact Board members.

We keep a register of Directors' interests, and a copy is available from the Trust Secretary by emailing corporateoffice@stockport.nhs.uk or writing to Trust Headquarters, Stepping Hill Hospital, Oak House, Popular Grove, Stockport.

The Board of Directors has remained relatively stable during 2021-22, with key changes to the make-up of the Board of Directors over the last 12 months in relation to both Executive and Non-Executive Directors set out below. The Board considers that the skills and experiences of Non-Executive and Executive Directors provide a Board of Directors that is balanced and appropriate.

Executive Directors

After joining the Trust as interim Chief Executive, Karen James OBE was appointed as the substantive Chief Executive of Stockport NHS Foundation Trust in November 2021. Karen continues to maintain her Chief Accountable Officer responsibilities at Tameside & Glossop Integrated Care NHS Foundation Trust (T&G).

Amanda Bromley and Jonathan O'Brien joined the Trust as the Director of People & Organisational Development and Director of Strategy & Partnerships respectively. Both positions are joint positions with T&G, facilitating share learning and good practice between the two organisations, alongside greater partnership working within the South East sector of Greater Manchester.

Further to a successful secondment, Jackie McShane was appointed as the substantive Director of Operations.

Non-Executive Directors

Adrian Belton stepped down as Chair in April 2021 after four years in the role and Prof. Warne was appointed to the role, commencing from May 2021.

Towards the end of 2021-22, the search and selection process for two non-executive directors commenced, as the term of office for two longstanding Non-Executors, Mrs Barber-Brown and Mrs Anderson would come to an end in 2022. Following consideration of the composition of the Board, including the skills, knowledge, experience and diversity, alongside consideration of the Trust's strategy and future challenges, the Council of Governors supported the proposal to seek additional knowledge and skills/expertise in People and Partnerships (Place Based Care). It is anticipated future appointment will complement the current composition of the Board and support the ongoing transformation journey that we have begun.

Appraisals

All directors have annual appraisals, with those for Non-Executive Directors led by the Chair and those for Executive and Corporate Directors led by the Chief Executive. Appraisal of the Chairman is led by the Senior Independent Director in line with arrangements agreed with the Council of Governors and national guidance.

Feedback from the Chair's appraisal and his appraisal of Non-Executive Director colleagues is presented to the Council of Governor's Nominations Committee, while a summary of the appraisals of Executive Directors is presented to the Remuneration & Appointments Committee.

Well Led Framework

During 2021-22 the Board continued its journey to address or improve some areas of its operations in line with NHS England/Improvement (NHSE/I) Well Led Framework. This included a focused Board development session, followed by an independent Well Led mapping review, utilising the Well Led Framework, was undertaken by AQuA (Advancing Quality Alliance). The purpose of the review was to provide a high level overview of the Trust's evidence against each Well Led Key Line of Enquiry (KLOE), identify key developments and work in progress, alongside key risk areas, and to celebrate success and outstanding practice. The outcome of the review was reported to Board of Directors, supporting focus on continuous improvement. An action plan

has been developed, detailing specific actions for each KLOE. Each action is aligned to and included within the respective work plan of the Board Committees. During 2022-23, the Board will review progress and consider its Well Led approach for the year.

Board Committees

The Board of Directors has established the following statutory committees:

- Audit Committee
- Remuneration and Appointments Committee - Further information regarding the work or the Remuneration & Appointments Committee can be found in the Remuneration report.
- Charitable Funds Committee - Further information regarding the work of the Charitable Funds Committee can be found in the Trust's Charity Annual report & Accounts available on the website.

Audit Committee

We have an Audit Committee, which meets at least five times a year, comprised only of non-executive directors, with regular attendance by Trust officers, internal and external auditors.

The committee membership comprises a non-executive director, who should have recent and relevant financial experience and should be appointed Chair of the Committee by the Board, and at least three other non-executive directors, to include the Chairs of the Board's assurance committees to enable the triangulation of relevant information from each of the key committees.

The key purpose of the Audit Committee is to provide the Board of Directors with an independent and objective review of financial and organisational controls, and risk management systems and processes. In carrying out this work, the Audit Committee primarily utilises the work of internal and external audit, and established assurance committees within the governance framework of the Trust.

Details of the committee membership and attendance at meetings are below:

Membership	Attendance at Audit Committee Meetings
David Hopewell, Chair	7/7
Catherine Anderson, Non-Executive Director	6/7
Catherine Barber-Brown, Non-Executive Director	7/7
Anthony Bell, Non-Executive Director	6/7
Marisa Logan-Ward, Non-Executive Director (until February 2022)	6/7
Mary Moore, Non-Executive Director (from March 2022)	7/7

Internal Audit

Internal Audit services, which include an anti-fraud service, have been provided by

Mersey Internal Audit Agency (MIAA) since 1 April 2013. The contract for internal audit services was put to competitive tender and was re-awarded to MIAA from the start of 2019-20 for a two-year period, with the option of a twelve month extension to the 31st March 2023. Further to recommendation by Audit Committee, the Board of Directors approved the contract extension in February 2022.

The main purpose of the internal audit service is:

- to provide an independent and objective opinion to the Accountable Officer, the Board, and the Audit Committee on the degree to which risk management, control and governance support the achievement of the organisation's agreed objectives; and
- the provision of an independent and objective consultancy service specifically to assist the trust's management to improve the organisation's risk management, control and governance arrangements.

MIAA deliver a risk-assessed audit plan, which was approved at the start of the year by the Audit Committee. This was delivered by appropriately qualified and trained internal auditors, led by a nominated Audit Manager. Audit Committee received the outcomes of a number of internal audit reviews covering the following areas:

- Assurance Framework
- Serious Incidents
- Committee Effectiveness
- Business Case Planning
- Key Financial Systems
- eRostering
- Lessons Learned: Gold Command Arrangements
- IT: Software Licensing
- Data security and protection toolkit
- Payroll: Overpayments Review

Underpinned by the work conducted through the risk based internal audit plan, Audit Committee also received the Head of Internal Audit Opinion, which provided 'substantial assurance' that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.

Countering Fraud and Corruption

During 2021-22 the Trust's anti-fraud specialist and the anti-fraud service was provided by Mersey Internal Audit Agency (MIAA) following re-tendering exercise described above.

Our Anti-Fraud and Corruption Policy supports our strong anti-fraud culture and the annual work plan, agreed by the Director of Finance and approved by the Audit Committee, covered areas such as enhancing the anti-fraud culture, deterring, preventing and investigating fraud.

The anti-fraud specialist regularly attended Audit Committee meetings to provide updates on the progress of the annual work plan and investigations.

We have in place a Raising Concerns at Work Policy, which outlines how staff can raise concerns, including those that may be related to fraud. Staff are reminded of their responsibility to report such matters as part of their induction, during mandatory training, through departmental training sessions, and fraud awareness events. The policy is supplemented by our Freedom to Speak Up Guardian, which was a post introduced in response to a recommendation arising from the Francis Report, and they provide quarterly reports on activities to the People Performance Committee and six monthly reports to the Board of Directors.

During 2021-22 the anti-fraud specialist focused on:

- Raising fraud awareness across the Trust and the wider community
- Post event assurance of PPE procurement
- Detection exercises, including overtime

External Audit

Following a competitive tender process, Mazars LLP was appointed as our external audit provider by the Council of Governors with effect from 1 October 2019 for a period of three years i.e. conducting the audit for financial year 2019-20, 2020-21 and 2021-22, with an option to extend for two further years. At this time the cost of the external audit service totaled £174,900 (excluding the extension period). All figures are inclusive of VAT.

The External Auditors regularly attended Audit Committee throughout 2021-22, providing an opportunity for the committee to assess their effectiveness. The External Audit Plan 2021-22 was provided to Audit Committee in March 2022, confirming that audit would be conducted with an understanding of the key challenges and opportunities Stockport NHS Foundation Trust was facing.

To ensure that the independence of the external auditors is not compromised where work outside the scope of the Audit Code has been procured from external auditors, we have a policy which requires that no members of the team conducting the external audit may be a member of the team carrying out any additional work, and their lines of accountability must be separate.

It is the responsibility of the Audit Committee to make recommendation to the Council of Governors about the appointment or reappointment of the external auditor. As the external auditor contract approached the final year of the audit, Audit Committee reviewed the quality and value of the external auditor work, including the timeliness of reporting and fees, alongside the current external audit market. Subsequently a recommendation was presented to the Council of Governors to exercise the option to extend the contract for a further period of two years, i.e conducting the 2022-23 and

2023-24 external audit. This recommendation was approved by the Council of Governors in February 2022. The proposed fees for the two-year contract extension totaled £142,000.

Board Assurance Committees
In addition to the statutory committees, the Board of Directors has established the following committees:

- Quality Committee
- Finance & Performance Committee
- People Performance Committee

The committees receive key issues & assurance reports relevant to their terms of reference in relation to the delivery of the Trust's objectives and performance against local and national standards. Where concerns are identified, the committees seek further assurance that issues are being managed and escalate to the Board to ensure members are aware of the issues and have the opportunity to review mitigating actions.

Statutory statements required within the Directors Report
So far as the Directors are aware, there is no relevant audit information of which the auditors are unaware and the Directors have taken all of the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Auditors are aware of that information.

Directors' responsibility for preparing accounts
Our Accounting Officer (Chief Executive) delegates the responsibility for preparing the accounts to the Director of Finance. These are undertaken by the finance team, comprising qualified accountants and support staff, appropriately trained to produce professional accounts.

The Audit Committee has delegated authority from the Board of Directors to review and recommend for approval the Annual Accounts.

The Directors consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS Foundation Trust's performance, business model and strategy.

Cost Allocation & Charging Guidance
Stockport NHS Foundation Trust has complied with the cost allocation and charging mechanisms set out in HM Treasury and Office of Public Sector Information guidance.

Better Payment Practice Code
As part of measures introduced as part of the Financial Improvement Programme, the Trust is no longer in a position to comply with the Better Payment Practice Code, which

requires us to pay all valid non-NHS invoices by the due date, or within 30 days of receipt of goods or a valid invoice, whichever is later. This followed extensive dialogue with our supplier base that was broadly understanding of the change.

All suppliers' payment terms were reviewed and we continue to work with the small and medium enterprises to ensure they are not disproportionately affected by this change. We now have a policy of payment within 60 days and the performance against this for the last two financial years is as follows: (tables provided separately).

No significant interest was incurred under the Late Payments of Commercial Debts (Interest) Act 1988 in respect of any liability to pay interest, which accrued by virtue of failing to pay invoices within the 30 day period where obligated to do so. No interest was paid in discharge of any such liability.

2021/2022	NHS	Non-NHS
Total number of invoices paid within year	3,939	51,253
Total number of invoices paid within 60 days	3,123	46,180
Percentage of invoices paid within 60 days	79.28%	90.10%
Total value of invoices paid within year (£000)	12,320	194,741
Total value of invoices paid within 60 days (£000)	9,032	182,280
Percentage of invoices paid within 60 days	73.31%	93.60%
Total number of invoices paid within year	3,939	51,253
Total number of invoices paid within 30 days	2,391	22,020
Percentage of invoices paid within 30 days	60.70%	42.96%
Total value of invoices paid within year (£000)	12,320	194,741
Total value of invoices paid within 30 days (£000)	7,420	144,707
Percentage of invoices paid within 30 days	60.23%	74.31%
2020/2021	**NHS**	**Non-NHS**
Total number of invoices paid within year	3,401	43,533
Total number of invoices paid within 60 days	2,461	38,578
Percentage of invoices paid within 60 days	72.36%	88.62%
Total value of invoices paid within year (£000)	13,023	170,976
Total value of invoices paid within 60 days (£000)	8,857	159,951
Percentage of invoices paid within 60 days	68.01%	93.55%
Total number of invoices paid within year	3,401	43,533
Total number of invoices paid within 30 days	1,827	18,345
Percentage of invoices paid within 30 days	53.72%	42.14%
Total value of invoices paid within year (£000)	13,023	170,976
Total value of invoices paid within 30 days (£000)	7,198	131,104
Percentage of invoices paid within 30 days	55.27%	76.68%

No significant interest was incurred under the Late Payments of Commercial Debts (Interest) Act 1988 in respect of any liability to pay interest, which accrued by virtue of

failing to pay invoices within the 30 day period where obligated to do so. No interest was paid in discharge of any such liability.

Income disclosures
Income generation disclosures as required by Section 43 2(A) of the NHS Act 2006 are included in note 5.5 of the Annual Accounts.

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

The impact of income on the Trust is significant. Our statutory accounts include a detailed breakdown of other income in note 4 of the Annual Accounts.

Karen James OBE
Chief Executive
21st June 2022

Remuneration report

Annual statement on remuneration from the Chair

In accordance with the requirements of the HM Treasury Financial Reporting Manual (FReM) and NHS Improvement, this Remuneration report includes the following sections:

- An annual statement on remuneration from the chairman of the remuneration committees
- The Senior Managers' Remuneration Policy
- The Annual Report on Remuneration, which includes details about directors' service contracts, the governance arrangements for key committees and business conducted.

I am pleased to present the Remuneration report for 2021-22. As Chair of the Board of Directors, I chair the two committees charged with responsibility for nomination and remuneration. The Board of Directors has established a Remuneration & Appointments Committee, which is responsible for the review and consideration of remuneration and conditions of services of the Chief Executive and Executive Directors, and appointment of Executive Directors. The Nominations Committee is established by the Council of Governors and has regard to the nominations, remuneration and terms of service of Non-Executive Directors.

2021-22 Major Decisions on Remuneration
During 2021-22, the Remuneration & Appointments Committee made the following major decisions on remuneration:

- Considered national guidance on Very Senior Manager (VSM) pay for 2021-22 and approved the implementation of the annual salary increase of 3% for VSM staff currently employed at Stockport NHS Foundation Trust.
- Further to review of appropriate benchmark and comparators, approved the remuneration for new and substantive Executive Director appointments.
- No earn back arrangements implemented.

The Nominations Committee ordinarily reviews the remuneration levels of the Chair and Non-Executive Directors on an annual basis, to make recommendation to the Council of Governors. A review of remuneration levels of the Chairman and Non-Executive Directors took place in February 2022. The Nominations Committee subsequently made recommendation to the Council of Governors, at the Council of Governors meeting in February 2022, for there to be no increase in the remuneration for existing Non-Executive Directors, including the Chairman, for 2021-22, and that the remuneration of newly appointed Non-Executive Directors would be aligned to the NHS England/Improvement's approach for Non-Executive Director remuneration. Furthermore, the Council of Governors approved the award of supplementary

payments of £1,000 per annum to Non-Executive Directors undertaking the duties of Vice-Chair, Senior Independent Director and Chair of Audit Committee.

The Remuneration & Appointments Committee and the Nominations Committee aim to ensure that both non-executive and executive directors' remuneration is set appropriately, taking into account national guidance, relevant comparator data and market conditions. The committees ensure all directors and senior managers are rewarded appropriately for their leadership and contribution in delivering individual objectives that are directly aligned to the Trust's objectives. The committees fulfil their responsibilities and report directly to the Board of Directors or Council of Governors.

Prof. Tony Warne
Chair
21st June 2022

Senior managers' remuneration policy

Future Policy Table

Element	Link to strategy	Operation	Maximum	Changes to policy
Base Salary	To establish levels of remuneration which are sufficient to attract, retain and motivate Executive Directors of the quality and with the skills and experience required to lead the Trust successfully, without paying more than is necessary for this purpose, and at a level which is affordable for the Trust.	Executive Director salary agreed on appointment. The committee considers: • relevant benchmarking information • guidance from NHS England/Improvement • national inflationary uplifts recommended for other NHS staff The committee on occasions may need to recognise changes in the role and/or duties of a director, movement in comparator salaries or and salary progression for newly appointed directors. In considering the appointment of individuals to roles with a salary of more than £150,000 the committee's policy is to consider: • benchmarking data with other similar sized organisations, • market conditions i.e., national scarcity of required skills and experience, • the trust's leadership capacity and capability requirements, • the pay and conditions of other trust employees not subject to VSM, • guidance from NHS England/Improvement.	No prescribed maximum annual increase. When reviewing salaries, the Committee take account of individual and organisational performance and any national award offered to the wider employee population	No change.

Element	Link to strategy	Operation	Maximum	Changes to policy
Taxable benefits	The current remuneration policy of the Trust does not make provision for taxable benefits or performance related bonuses.			
Annual performance related bonuses				
Long term performance bonuses				
Pension related benefits	To provide pensions in line with NHS policy	The Trust operates the standard NHS pension scheme.	N/A	No change
Non-Executive Directors	To establish levels of remuneration which are sufficient to attract, retain and motivate Non-Executive Directors (including the Chair) of the quality and with the skills and experience required to lead the Trust successfully, without paying more than is necessary for this purpose, and at a level which is affordable for the Trust.	The remuneration of the Non-Executive Directors, including the Chair, is set by the Council of Governors on the recommendation of a Nominations Committee having regard to the responsibilities of the role. The remuneration of the Non-Executive Directors and Chair is reviewed annually taking into account national guidance and benchmarking information. The Non-Executive Directors do not receive any pension or taxable benefits. The award of supplementary payments are paid to the Deputy Chair, Chair of Audit Committee, and the Senior Independent Director.	N/A	The award of supplementary payments to the Deputy Chair, Chair of Audit Committee, and the Senior Independent Director.

The contracts of employment of all substantive Executive Directors, including the Chief Executive, are permanent and are subject to a six month notice period. For some directors appointed in 2019-20 an earn back arrangement was introduced, however no other Executive Directors are subject to a performance related pay scheme and there are no special provisions regarding early termination of employment. An early termination payment was made during the year to an Executive Director.

We have not released any Executive Director to serve as a Non-Executive Director elsewhere. Pension entitlements are detailed within the Remuneration report.

Our general policy for employee remuneration is to follow nationally set terms and conditions and salary bands. Senior managers of the Trust are employed on Stockport NHS Foundation Trust wide terms and conditions, which seek to ensure we attract, retain and motivate individuals and remain competitive with equivalent NHS organisations.

The Remuneration & Appointments Committees actively considers the Trust's approach to equality and diversity in conducting its responsibilities, and when conducting an appointment process, seeks to attract candidates not only with the capability and experience required for the role, but also to reflect the diversity of the communities we serve. Further information on the organisation's policy and objectives in relation to diversity and inclusion, how it has been implemented and progress on achieving the objectives can be found within the Staff report.

As with all staff, we reimburse the business expenses of Non-Executive and Executive Directors, which are necessarily incurred during the course of their employment, including sundry expenses such as car parking and transport costs such as rail fares.

The expenses paid to Directors during the year were:

	2021/22	2020/21
Total number of Directors in office	20	19
Number of Directors receiving expenses	-	4
Aggregate sum of expenses paid to Directors	-	£170

Remuneration & Appointments Committee

The Remunerations & Appointment Committee, which includes all non-executive directors, met on six occasions during 2021-22 to consider and approve the new or substantive appointment and remuneration of the following Executive Directors:

- Chief Executive
- Director of People & Organisational Development
- Director of Strategy & Partnerships
- Director of Operations

The committee, which is made up of all Non-Executive Directors, also:

- considered national guidance on Very Senior Manager (VSM) pay for 2021-22
- received a summary of the Chief Executive & Executive Director performance
- considered the organisation's approach to Board level succession planning and talent management.

Remuneration & Appointment Committee membership and attendance at meetings is set out below:

Members	Meeting attendance
Prof. Tony Warne, Chair	6 of 6
Dr Marisa Logan-Ward, Deputy Chair	6 of 6
Catherine Anderson, Non-Executive Director	5 of 6
Catherine Barber-Brown, Non-Executive Director	3 of 6
Anthony Bell, Non-Executive Director	6 of 6
David Hopewell, Non-Executive Director	6 of 6
Mary Moore, Non-Executive Director	4 of 6
Dr Louise Sell, Non-Executive Director	6 of 6

To advise committee members, meetings are attended by the Chief Executive and Director of People and Organisational Development, other than when matters being discussed may result in a conflict of interest. Minutes of the meeting are recorded by the Company Secretary.

Nominations Committee

The Council of Governors has established a Nominations Committee, which takes the lead on:

- the appointment and re-appointment of Non-Executive Directors, including the Chair;
- reviewing benchmarking information on Non-Executive Directors remuneration,
- overseeing the appraisal process for Non-Executive Director, including the Chair.

The Nominations Committee makes recommendations on these key areas of business to the Council of Governors.

During 2021-22 the Nominations Committee met on two occasions to:

- review the outcome of the Remuneration & Appointment Committee's consideration of the future composition of the Board of Directors and consider the search and selection process for the appointment of two new Non-Executive Directors during 2022-23
- review Non-Executive Director, including the Chair, remuneration
- consider the re-appointment of Catherine Anderson as a Non-Executive Director for a further one year term of office
- consider the re-appointment of Dr Marisa Logan-Ward as a Non-Executive Director for a further three year term of office.

Membership of the committee and attendance during 2021-22 is detailed below:

Name	Position	Attendance
Prof. Tony Warne	Chair	2 of 2
Sue Alting	Lead governor	1 of 1
Roy Greenwood	Lead governor	1 of 1
Robert Cryer	Public governor	0 of 1
Richard King	Public governor	2 of 2
Tad Kondratowicz	Public governor	2 of 2
Michelle Slater	Public governor	1 of 2
Prof. Chris Summerton	Public governor	1 of 1

Governors provide their time on a voluntary basis; however the Trust does reimburse travel expenses. Due to the ongoing pandemic and all governor meetings continuing to take place virtually, there were no expenses claimed during 2021-22.

Annual report on remuneration (subject to audit)

For the purpose of the accounts and Remuneration report the Chief Executive has agreed the definition of a "senior manager" to be Directors only.

The salary and pension entitlement of Senior Managers is set out in the following tables:

Table 1 Single Total Figure – Non-Executive Directors

Name	Start Date of Office	**Salary and allowances (bands of £5,000) 2021/2022**	Salary and allowances (bands of £5,000) 2020/21
		£000	**£000**
T Warne	01/05/2021	40-45	
A Belton	01/06/2017	0-5	45-50
M Sugden	28/04/2010		15-20
D Hopewell	01/07/2018	15-20	15-20
Dr M Cheshire	01/09/2013		5-10
C Anderson	04/01/2016	10-15	10-15
C Barber-Brown	01/09/2016	10-15	10-15
Dr M Logan Ward	01/08/2019	10-15	10-15
M Moore	01/10/2020	10-15	5-10
Dr L Sell	01/10/2020	10-15	5-10
T Bell	01/05/2021	10-15	
J Newton	01/05/2021	5-10	

Table 2 - Single Total Figure – Executive Directors

Name	Start Date of Office	**Salary and allowances (bands of £5,000) 2021/2022**	Salary and allowances (bands of £5,000) 2020/2021	**All taxable benefits to nearest £100 2021/2022 (Note 2)**	**Performance pay and bonuses (bands of £5,000) 2021/2022 (Note 2)**	**Long term performance pay and bonuses (bands of £5,000) 2021/2022 (Note2)**	**All Pension Related Benefits (bands of £2,500) 2021/2022 (Note 1)**	**Total (bands of £5,000) 2021/2022**	All Pension Related Benefits (in bands of £2,500) 2020/2021	Total (in bands of £5,000) 2020/2021
Executive Directors		**£000**	£000				**£000**	**£000**	£000	£000
K James OBE (Note 3)	09/11/2020	195-200	60-65				162.5-165	360-365	30-32.5	90-95
Chief Executive										
L Robson (Note 4)	07/01/2019		120-125						-	120-125
Chief Executive										
L Robson	09/11/2020		80-85							80-85
secondment										
Dr C Wasson (Note 5)	01/04/2016		155-160							155-160
Medical Director										
H Mullen (Note 6)	01/11/2017		20-25							20-25
Director of Strategy, Planning & Partnerships/Deputy Chief Executive										
J.McShane (Note 7)	14/12/2020	120-125	30-35				50-52.5	170-175	127.5-130	162.5-165
Director of Operations										
A Lynch (Note 8)	23/10/2017		70-75						0-2.5	70-75
J Graham	20/05/2019	150-155	140-145				70-72.5	220-225	30-32.5	170-175
Director of Finance, Deputy Chief Executive										
S Toal (Note 9)	01/12/2016		85-90							85-90
Secondment										
G Moores (Notes 2,10)	03/06/2019		120-125							120-125
Director of Workforce & Organisation Development										
C Parnell (Note 11)	01/11/2019	105-110	105-110				27.5-30	135-140	12-12.5	115-120
Director of Communications & Corporate Affairs										
P Moore (Note 12)	09/07/2020	5-10	75-80				0-2.5	5-10		75-80
Director of Quality Governance and Risk Assurance										
N J Firth	02/11/2020	140-145	55-60				77.5-80	220-225	60-62.5	115-120
Chief Nurse										
A D Loughney (Note 2)	01/01/2021	185-190	45-50					185-190		45-50
Medical Director										
J O'Brien (Note 13)	04/01/2022	25-30					10-12.5	35-40		
Director of Strategy and Partnerships,										
A Bromley (Note 14)	01/11/2021	50-55					42.5-45	95-100		
Director of People & Organisational Development,										
A Bailey (Note 15)	01/01/2021	70-75	20-25				35-37.5	110-115	90-92.5	115-120
Acting Director of Strategy & Planning										
E Cain (Note 16)	01/11/2020	35-40	35-40				35-37.5	75-80		
Acting Director of Workforce and Organisational Development										

Notes to Remuneration Table (subject to audit)

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

2.Mr A. Loughney and Mr G.Moores chose not to be covered by the pension arrangements during the reporting year.

3.Mrs K James OBE was appointed as Chief Executive from 9 November 2020. The above table includes remuneration as Chief Executive of Stockport NHS Foundation Trust and Tameside and Glossop Integrated Care NHS Foundation Trust. From April 2021 to October 2021 the total cost to Stockport NHS Foundation Trust was 85%, with 50% from November 2021. The total recharge from Tameside and Glossop Integrated Care NHS Foundation Trust inclusive of employers on-costs was £180,000 to £185,000.

4. Mrs L Robson was not a director in 2021/22 and having been seconded to NHSE/I from 9 November 2020 to 7 November 2021 after which Mrs Robson was no longer employed by the Trust. The above table discloses remuneration as Chief Executive for the Trust in 2020/21. Total remuneration paid in 2021/22 during the secondment was £120,000-£125,000 of which £65,000-£70,000 was recharged to NHS Improvement.

5. Dr C Wasson's salary as Medical Director to the 31st December 2020 reflects his full salary which is split 65% for his executive director role and 35% for his clinical role. From the 1st January 2021 Dr Wasson continued his clinical role and was no longer a Director of the Trust.
6. Mr H Mullen retired from the Trust in May 2020.
7. Mrs J McShane was seconded to Stockport NHS Foundation Trust as Chief Operating Officer on 14 December 2020 from Tameside and Glossop Integrated Care NHS Foundation Trust.
8. Mrs A Lynch was seconded to Manchester Foundation Trust from 3 August 2020 and left the Trust from 31st March 2021. The above table discloses remuneration as Chief Nurse in 2020/21.
9. Mrs S Toal was seconded to Tameside and Glossop Integrated Care Trust from 14 December 2020 and was no longer a Director of the Trust from this date. The above table discloses remuneration as Chief Operating Officer for 2020/21.
10. Mr.G Moores was seconded from April 2021 and was no longer a Director of the Trust from this date. Total remuneration paid in 2021/22 was £125,000-£130,000
11. Comparative figures for 2020/21 for Mrs C. Parnell have been updated following revised information in respect of NHS Pension Benefits received after the publication of the 2020/21 Annual Report.
12. Mr P Moore left the Trust on 30/4/2021
13. Mr J O'Brien was appointed to Director of Strategy and Partnerships from 4/1/22 in a shared post with Tameside and Glossop Integrated Care NHS Foundation Trust. The above table discloses total remuneration paid of which £15,000-£20,000 inclusive of employers on-costs was recharged to Tameside and Glossop Integrated Care NHS Foundation Trust.
14. Ms A Bromley was appointed to Director of People & Organisational Development from 1/11/21 in a shared post with Tameside and Glossop Integrated Care NHS Foundation Trust. The above table discloses total remuneration paid of which £30,000-£35,000 inclusive of employers on-costs was recharged from Tameside and Glossop Integrated Care NHS Foundation Trust.
15. Mr A Bailey was appointed as Interim Director of Strategy from 1 January 2021 to 31 December 2021. The above table includes the remuneration during his time in this role.
16. Mrs E Cain was appointed as Acting Director of Workforce and Organisational Development from November 2020 to August 2021. The above table includes the remuneration during her time in this role. Comparative figures for Pension Related Benefits for 2020/21 are not available.

Table 3 – Pensions Benefits

Name	Start Date of Office	Real increase during the reporting year in the pension at pension age (bands of £2,500)	Real increase during the reporting year in related lump sum at pension age (bands of £2,500)	Total accrued pension at pension age (in bands of £5,000)	Lump sum at pension age related to the accrued pension at 31 March 2022 (bands of £5,000)	Cash Equivalent Transfer value at the 1 April 2021	Real Increase in Cash Equivalent Transfer Value during the reporting year	Cash Equivalent Transfer Value at the 31st March 2022
Executive Directors		**£000**	**£000**	**£000**	**£000**	£000	£000	£000
K James OBE	09/11/2020	**7.5-10**	**25-27.5**	**90-95**	**275-280**	**2,062**	**0**	**0**
Chief Executive								
J.McShane	14/12/2020	**2.5-5**		**25-30**		**281**	**31**	**331**
Director of Operations								
J Graham	20/05/2019	**2.5-5**	**10-12.5**	**25-30**	**80-85**	**563**	**0**	**0**
Director of Finance, Deputy Chief Executive								
C Parnell	01/11/2019	**0-2.5**	**0-2.5**	**30-35**	**80-85**	**654**	**33**	**704**
Director of Communications & Corporate Affairs								
P Moore	09/07/2020	**0-2.5**	**0**	**40-45**	**95-100**	**760**	**0**	**611**
Director of Quality Governance and Risk Assurance								
N J Firth	02/11/2020	**2.5-5**	**5-7.5**	**60-65**	**135-140**	**1,029**	**79**	**1,136**
Chief Nurse								
J O'Brien	04/01/2022	**0-2.5**	**0-2.5**	**25-30**	**45-50**	**326**	**3**	**357**
Director of Strategy and Partnerships,								
A Bromley	01/11/2021	**0-2.5**	**2.5-5**	**40-45**	**90-95**	**633**	**28**	**741**
Director of People & Organisational Development,								
A Bailey	01/01/2021	**0-2.5**	**0-2.5**	**20-25**	**30-35**	**236**	**21**	**276**
Acting Director of Strategy & Planning								
E Cain	01/11/2020	**0-2.5**	**2.5-5**	**25-30**	**40-45**	**310**	**24**	**381**
Acting Director of Workforce and Organisational Development								

Fair Pay Disclosures

NHS foundation trusts are required to disclose the relationship between the remuneration of the highest-paid director in the organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the organisation in the financial year 2021-22 was £195-200k. The highest-paid director in the organisation in the financial year 2020-21 was also £195-200k, therefore there is no change in % of the midpoint of the highest paid director.

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

For employees of the Trust as a whole, the range of remuneration in 2021-22 was from £15-20k to £220k-225k (2020-21 £15-20k to £235-240k). The percentage change in average employee remuneration (based on total for all employees on an annualised basis divided by full time equivalent number of employees) between years is 3.9%. 4 employees received remuneration in excess of the highest-paid director in 2021-22.

The remuneration of the employee at the 25th percentile, median and 75th percentile is set out below. The pay ratio shows the relationship between the total pay and benefits of the highest paid director (excluding pension benefits) and each point in the remuneration range for the organisation's workforce. The below tables have been subject to audit:

2021-22	25th percentile	Median	75th percentile
Total Pay and Benefits (excluding pension benefits)	£22,521	£31,402	£40,057
Mid Point of Banded Remuneration of highest paid director	£197,500	£197,500	£197,500
Pay and benefits excluding pension: pay ratio for highest paid director	8.8:1	6.3:1	4.9:1

2020/21 Comparators	25th percentile	Median	75th percentile
Total Pay and Benefits (excluding pension benefits)	£21,837	£28,827	£38,723
Mid Point of Banded Remuneration of highest paid director	£197,500	£197,500	£197,500
Pay and benefits excluding pension: pay ratio for highest paid director	9:1	6.9:1	5.1:1

We paid three director posts in excess of the annual equivalent of £150,000, which is the threshold used by the Civil Service as a comparison to the Prime Minister's ministerial and parliamentary salary. The Remuneration & Appointments Committee has satisfied itself that the salaries are reasonable and in line with other NHS Foundation Trusts of a similar size.

Karen James OBE
Chief Executive
21st June 2022

Staff report

We recognise the exceptional work of all our colleagues and we have created a variety of initiatives and schemes to help engender the commitment and hard work of our dedicated workforce during what was another incredibly challenging year in 2021-22.

Staff costs and average whole time equivalent for the year were as follows. The below tables have been subject to audit:

Staff Costs - Group					2021/22		2020/21
	Permanent		Other		Total		Total
	£000		£000		£000		£000
Salaries and wages	195,257		883		**196,140**		184,020
Social security costs	17,084		-		**17,084**		15,752
Apprenticeship levy	990		-		**990**		826
Employer's contributions to NHS pension scheme	32,642		-		**32,642**		30,344
Pension cost - other	111		-		**111**		100
Temporary staff	-		43,326		**43,326**		45,250
Total staff costs	**246,084**		**44,209**		**290,293**		**276,331**

Average WTE

Average number of employees (WTE basis)					2021/22		2020/21
	Permanent		Other		Total		Total
	Number		Number		Number		Number
Medical and dental	531		73		**604**		586
Administration and estates	1,269		81		**1,350**		1,297
Healthcare assistants and other support staff	1,081		186		**1,267**		1,257
Nursing, midwifery and health visiting staff	1,503		259		**1,762**		1,671
Scientific, therapeutic and technical staff	461		28		**489**		632
Healthcare science staff	157		-		**157**		-
Total average numbers	**5,002**		**627**		**5,629**		**5,443**

Our workforce of 5629 average whole time equivalent staff relates to a headcount of 5945 staff as at 31 March 2022, and the profile of these staff can be shown by gender, which is 79% female and 21% male; of which:

Gender Headcount	Male	Female	Total
Directors	8	10	18
Other Senior Managers	12	31	43
Other Employees	1251	4633	5884
Total	**1271**	**4674**	**5945**

Sickness absence

Our sickness absence data for 2021-22 is published by NHS Digital: https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

Staff policies and actions applied during the financial year

We actively encourage dialogue from our employees and Trade Union representatives to improve our recruitment and employment processes. The Trust has in place a formal bi-monthly meetings for Joint Consultative & Negotiating Committee with our Trade Union representatives and senior managers and Joint Local Negotiating Committee with representatives of the British Medical Association; both forums enable two-way communication with management and our Trade Union colleagues.

We have an established Policy Review Group, working in partnership with Trade Union colleagues to review and update our employment policies. The policies are updated to improve processes and represent changes in employment legislation, to ensure fair and consistent treatment, and to support the Trust's strategy for a healthier work life balance.

During the period April 2021 to March 2022 the following policies have been through the Policy Review Group:

- Acting Up and Secondment Policy
- Alcohol & Substance Misuse Policy
- Car Leasing Scheme Policy
- Disciplinary Policy & Procedure
- DBS (Disclosure & Barring Service) Policy
- Equality, Diversity & Inclusion Policy
- Flexible Working Policy (incl. Job Share)
- Job Planning Policy
- Leaver Policy & Exit Process
- Lone Worker Policy
- Long Service Award Policy
- Management of Work-Related Stress Policy
- Organisational Change & Redundancy Policy
- Protection of Pay and Conditions Policy
- Rapid Access to Trust Services for Staff Policy
- Retirement Policy
- Special Leave Policy
- Supporting Attendance Policy
- Workwear and Uniform Policy

Policies which have been approved have an Equality Impact Assessment and are communicated, promoted and training is available as required. The Policy Review Group meets regularly and Trade Union representatives, are formally consulted on policy developments: the meetings also provide an opportunity for representatives to discuss areas of concern to the workforce. Trade Union representatives are also

members of the Health and Safety Committee, in accordance with statutory requirements.

This year we have been working with local trade unions to provide staff with a comprehensive Health & Wellbeing offer, to support our diverse workforce as and when required.

There are several informal methods that staff can use to obtain information about the development of the Trust and raise any concerns or suggestions for improvement. Team Brief virtually is carried out via a cascade process and take place monthly. We have continued with all staff communication on a weekly basis via e-mail circular; and have increased the use of social media, including Twitter, Instagram and a dedicated Staff Facebook group, providing two-way communication process to the Trust and Staff.

We have a Freedom to Speak Up Guardian, who is vital to ensuring a culture where staff can speak up freely and openly without suffering any detriment. The Guardian reports to Board on a regular basis, participates in the induction programme for staff and provides training sessions. They have direct access to a designated Non-Executive lead, in line with the national guidance, and direct access to both the Chair and the Chief Executive. The previous Freedom to Speak Up Guardian left the Trust in February 2021, and we have jointly recruited a successor with Tameside IC NHS Foundation Trust. The post holder works jointly across both organisations.

As a Foundation Trust, staff have formal representation in the governance of the Trust, through the election of Staff Governors to the Council of Governors. All staff are represented by a governor, and all staff are eligible to seek election and to vote in choosing who should be elected. Staff governors have an equal voice and vote in Council of Governor meetings and contribute to fulfilling the statutory duties to hold the Board to account through the Non-Executive Directors. The Trust continues to encourage staff to consider standing for election to the Council of Governors, and to participate in the electoral process using their votes.

Turnover

Our turnover data for 2021-22 is published by NHS Digital:

NHS Workforce Statistics - December 2021 (Including selected provisional statistics for January 2022) - NHS Digital

Staff survey

The annual NHS staff survey is completed by all NHS organisations annually. We use this as one component of our continuing conversation with colleagues to shape and support the delivery of our local strategic objectives aligned with the NHS People Plan to improve our staff and patient experience.

The questionnaire used for the 2021 NHS Staff Survey was developed by the NHS

Staff survey Coordination Centre together with the NHS Advisory Board. NHS England and NHS Improvement have comprehensive guidelines on which staff can be included in the survey. We have used an independent provider to manage the survey for us.

In line with the NHS People Plan the Staff Survey has been aligned to the People Promise. This has resulted in a change from 10 indicators previously reported to the seven elements of the People Promise which include we are compassionate and inclusive; we are recognised and rewarded; we each have a voice that counts; we are safe and healthy; we are always learning; we work flexibly, and we are a team together with the two additional themes of staff engagement and morale. This change means that not every question can be measured by a like for like comparison with previous year's results.

We are benchmarked against a group of 126 Acute and Acute and Community Trusts. There were 5587 eligible staff who were invited to complete the survey of which there were 2,358 or 42% of our colleagues who completed and returned the questionnaire. This was below the average response rate of 46% and fell below our 51% response rate for 2020.

We used a mixed mode delivery of electronic and paper surveys. This year the NHS Staff Survey also included those staff who were seconded to the organisation or long-term sick. The Survey is not mandatory, but colleagues did receive several reminders, encouragement, and incentives to complete the survey.

The table below provides an overview of our results measured against the benchmark average for the seven elements of the People Promise and the two themes.

Our results indicate that we have either met or scored above average. The two themes for Staff Engagement and Morale have remained the same as for 2020 and are in line with the benchmark average.

People Promise elements	2021 Score	Benchmark Average 2021
We are compassionate and inclusive	7.3	7.2
We are recognised and rewarded	5.8	5.8
We each have a voice that counts	6.7	6.7
We are safe and healthy	5.9	5.9
We are always learning	5.3	5.2
We work flexibly	5.9	5.9
We are a team	6.7	6.6

Themes	2020	2021	Benchmark Average
Staff Engagement	6.8	6.8	6.8
Morale	5.7	5.7	5.7

Whilst our journey of improvement continues; we were one of only five NHS

organisations nationally to have seen an overall improvement (0.4). Comparator organisations in contrast have shown a sizeable decline.

We have seen improvements in the responses relating to acting on concerns raised by patients and service users increasing for 68.5% to 69.5%. There has been a decrease in the number of staff personally experiencing discrimination from a manager or colleague failing from 8% to 6.9%. Colleagues indicated that they felt secure in raising concerns about unsafe clinical practice which rose from 71.4% to 74.9%. Colleagues reported that they felt that they had adequate materials, supplies and equipment to do their work increasing from 47.1% to 49.5% There were also increases in responses to teamworking and line management.

Our Trust has improved results since 2020 for questions aligned to the element for compassionate culture (see Table below) with a year-on-year improvement for colleagues recommending us as a place to work. There was however a slight decline of 0.5 for the question in relation to standard of care.

Compassionate and Inclusive	**2017**	**2018**	**2019**	**2020**	**2021**
Care of patients/service users is my organisation's top priority	**72.1%**	**71.1%**	**73.3%**	**70.2%**	**70.4% (↑+0.2)**
Average	75.4%	76.8%	77.4%	79.5%	75.5% (↓-4.0)
My organisation acts on concerns raised by patients/service users	**68.0%**	**69.5%**	**69.7%**	**68.3%**	**69.5% (↑ +1.2)**
Average	73.2%	73.1%	73.2%	74.0%	71.0% (↓-3.0)
I would recommend my organisation as a place to work	**52.5%**	**54.8%**	**55.1%**	**55.1%**	**55.5% (↑ +0.4)**
Average	60.8%	62.3%	63.0%	67.0%	58.4% (↓-8.6)
If a friend or relative needed treatment I would be happy with the standard of care provided by this organisation.	**65.7%**	**64.1%**	**61.7%**	**60.3%**	**59.8%** (↓-0.5)
Average	**70.7%**	**71.1%**	**70.6%**	**74.3%**	**66.9%** (↓-7.4)
I feel that my role makes a	**N/A**	**N/A**	**N/A**	**N/A**	**88.8% (+1.1 above**

difference to patients/service users					**ave)**
Average	**N/A**	**N/A**	**N/A**	**N/A**	**87.7%**

In contrast there have been several areas where we have shown a decline in comparison to the previous years' survey results. This decline is representative of that illustrated by the benchmark groups.

Survey Question	2020	2021	Change	Benchmark Ave/Change 2021
The recognition I get for good work	53.3%	50.7%	-2.6%	50.5% (-5.8%)
I am satisfied with the extent to which my organisation values my work	41.7%	38.5%	-3.2%	40.7% (-7.7%)
There are enough staff at this organisation for me to do my job properly	27.8%	22.9%	-4.9%	26.0% (-10.9%)
I am satisfied with my level of pay	33.4%	30.5%	-2.9%	31.9% (-4.2%)
If a friend or relative needed treatment I would be happy with the standard of care provided by this organisation	60.3%	59.8%	-0.5%	66.9% (-7.4%)
In the last 3 months have you ever come to work despite not feeling well enough to perform your duties	48.8%	52.3%	+3.5%	54.9% (+8.4%)
In the last 12 months have you experienced MSK problems as a result of work activities?	27.8%	29.2%	+1.4%	30.9% (+2.1%)
I am able to meet all of the conflicting demands on my time at work	43.8%	42.4%	-1.4%	43.3% (-4.3%)
There are enough staff at this organisation for me to do my job properly	27.8%	22.9%	-4.9%	26.0% (-10.9%)
My immediate manager takes a positive interest in my health and wellbeing	67.3%	66.1%	-1.2%	66.3% (-2.9%)
I am enthusiastic about my job	70.3%	67.9%	-2.4%	67.6% (-5.5%)
I look forward to going to work.	54%	51.3%	-2.7%	52.0% (-6.6%)
Time passes quickly when I am at work	76.9%	75.8%	-1.1%	72.9% (-3.1%)
In the last 12 months I have personally experienced physical violence at work from managers?	0.4%	0.7%	+0.3%	0.6% (+0.1%)
I am confident that my organisation would address my concerns	57.5%	56.2%	-1.3%	57.6% (-1.5%)

Staff Engagement Scores 2020 to 2021

The overall staff engagement score showed insignificant change for the three sections Motivation, Involvement and Advocacy. The overall score for engagement was unchanged for 2020 and 2021 (6.8). Morale was also unchanged for 2020 and 2021 at 5.7. This result is derived from the questions relating to work stressors and thinking about leaving our Trust.

Whilst there was an increase of 1.7% colleagues expressing a desire to leave the organisation there was a reduction in the number of colleagues expressing that as soon

as they found another job, they would leave the organisation (16.5% 2020 and 16.1% 2021).

Values into Action – Staff Engagement

We will continue with our programme of staff engagement events aligned to our Values into Action programme. Colleagues at all levels will have the opportunity to meet with and share their views and experiences with the Executive team. This will be underpinned by other engagement initiatives including team effectiveness sessions, People Pulse Surveys, Staff check ins, and collaborative working with our staff side colleagues.

Statutory and Mandatory Training

Throughout the Covid19 pandemic we have continued to deliver statutory and mandatory training. We have upskilled our clinical workforce in preparation for the anticipated additional operational pressures. The programme for clinical inductions and clinical training continued throughout 2020-21 to ensure that our workforce was supported and prepared to deliver excellent patient care.

We have developed and piloted a digital portfolio for the Care Certificate which has supported the delivery of the programme. The care certificate has now been delivered to almost all existing members of our HCA workforce which will be realised by the end of quarter 1 2022. All our new colleagues who join the Trust are enrolled on to the programme. This pilot has gained interest from HEE, NHS England and other NHS organisations who wish to replicate our model and purchase our programme.

We have listened to our colleagues and have developed a practice-based educator team to deliver training and development within clinical and community areas. We have been resourceful and innovative using blended learning approaches utilising digital platforms to deliver our training and development programmes. These approaches will be reviewed and evaluated to ensure that they remain relevant and appropriate for our colleagues with their views and experiences informing improvements to the sessions.

We have set up a dedicated Vaccination Hub facilitated on site within the Training and Education Centre. This has delivered the covid and flu vaccination programmes to colleagues and patients.

International Nurse Programme

As part of our People Plan to attract and retain colleagues, we have successfully recruited 121 international nurses in 2021 and have ambitions for a further 110 to join us in 2022. We have developed and delivered our own NMC OSCE preparation programme with a focus on pastoral support and induction to our Stockport NHS Family. This has delivered a successful 100% pass rate and ensured that our international colleagues are welcomed and remain with our organisation.

Leadership Development Programme

Leadership development has continued through the delivery of the Stockport

Leadership Programme. 60 ward managers, 25 matrons and 14 senior nursing and AHP leaders have accessed the Unlocking Potential Programme delivered by ThinkOn. This was an ambitious programme supported by our Senior Leadership and Executive teams with a focus on personal and professional leadership development to improve the fundamentals of patient care for our nursing, midwifery and AHP colleagues at all levels.

The programme will be taken forward to support colleagues in operational and non-clinical roles.

Health and Wellbeing

We have a comprehensive and extensive health and wellbeing offer for all colleagues within our organisation. We have strong links with external partners such as the GM resilience hub who deliver bespoke sessions for colleagues at the Trust.

We have been successful in creating a Staff Psychology and Wellbeing Service with the aid of the NHS Charitable funds to support staff. The service allows staff to self-refer for support. The small team also support bespoke sessions for areas such as theatres and ITU who have had specific moral trauma through their experiences during the pandemic.

Our Board have signed up to the North West Health and Wellbeing Pledge to shift the focus from illness to a person-centred wellness approach for colleagues in work. We are working collaboratively with our partners at Tameside and Glossop IC NHS FT.

We have dedicated Staff Sanctuaries for staff to take time out and relax in a quiet and supportive environment. A number of additional wellbeing offers are also returning to our Organisation including massage, bereavement and counselling sessions, Wellbeing bus and healthy food vendors on the acute and community trust sites boosting spirits and morale.

Schwartz

We are a licensed centre to deliver Schwartz Rounds. During covid we were able to continue to deliver adapted sessions with the support of the Point of Care Foundation for Schwartz to support our colleagues during this traumatic time. As part of our recovery phase, we will be increasing the number of facilitators and Schwartz events to deliver the monthly programme of face-to-face Schwartz Rounds.

Facility Time Trust Data for 2021-22

The tables below set out the relevant information for Stockport NHS Foundation Trust for the period 1 April 2021 to 31 March 2022.

Table 1 - Relevant union officials

What was the total number of your employees who were relevant union officials during the relevant period?

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
32	30.88

Table 2 - Percentage of time spent on facility time

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

Percentage of time	Number of employees
0%	0
1-50%	31
51%-99%	1
100%	0

Table 3 - Percentage of pay bill spent on facility time

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

	Amount
Total cost of facility time	£177,819
Total pay bill	£276,172,827
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.06%

Table 4 - Paid trade union activities

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	31.97%

Consultancy costs

We procure expert advice to deliver key project where we do not have internal expertise or, in some circumstances, we may not have the required capacity. Consultancy costs in 2020-21 are summarised below:

Consultancy area	£000	Note
Strategy: The provision of objective advice and assistance relating to corporate strategies, appraising business structures, value for money reviews, business performance measurement, management services, product design and process and production management.	423	(a)
IT/IS: The provision of objective advice and assistance relating to IT/IS systems and concepts, including strategic studies and development of specific projects. Defining information needs, computer feasibility studies and making computer hardware evaluations. Including consultancy related to e-business.	286	(b)
Human Resource, training and education: The provision of objective advice and assistance in the formulation of recruitment, retention, manpower planning and HR strategies and advice and assistance relating to the	3	
Programme and Project Management: The provision of advice relating to ongoing programmes and one-off projects. Support in assessing, managing and or mitigating the potential risks involved in a specific initiative; work to		
Property and Construction: The provision of specialist advice relating to the design, planning and construction, tenure, holding and disposal strategies. This can also include the advice and services provided by surveyors and architects.	75	(c)
Finance: The provision of objective finance advice including advice relating to corporate financing structures, accountancy, control mechanisms an systems. This includes both strategic and operational finance.		
Technical: The provision of applied technical knowledge. To aid understanding, this can be sub-divided into: - Technical Studies: Research based activity including studies, prototyping and technical demonstrators.	107	(d)
Procurement: The provision of objective procurement advice including advice in establishing procurement strategies.		
Total Cost 2021-22	**895**	

(a) Costs related to Emergency Care Campus and Project Hazel design
(b) Updating patient systems/data warehouse
(c) 6 Facet site survey
(d) VAT advisors for general advice and projects

As a cost comparator 2020-21 - £1,810k.

Off payroll engagements

	2021-22	2020-21
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	Nil	Nil

Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility". This figure should include both off-payroll and on-payroll engagements.	20	19

Exit packages

Redundancy and other departure costs are paid in accordance with the provisions of the NHS Scheme and trust policies. Any exit packages exceeding contractual amounts, and outside of the terms of the normal pension provisions, require Treasury approval before they are offered.

The Trust did not offer a Mutually Agreed Resignation Scheme or Voluntary Redundancy Scheme during 2021-22.

The following tables, which have been subject to audit, show the exit packages for 2021-22 compared to 2020-21

Exit package cost band (including any special payment element)	Number of compulsory redundancies 2021-22	Number of other departures agreed 2021-22	Total number of exit packages 2021-22
<£10,000	-	-	-
£10,001 - £25,000	-	1	1
£25,001 - £50,000	-	-	-
£50,001 - £100,000	-	-	-
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
Total number of exit packages by type	-	**1**	**1**
Total resource cost	**£0**	**£11,000**	**£11,000**

Comparator 2020-21

Exit package cost band (including any special payment element)	Number of compulsory redundancies 2020-21	Number of other departures agreed 2020-21	Total number of exit packages 2020-21
<£10,000	1	-	1
£10,001 - £25,000	-	-	-
£25,001 - £50,000	-	1	1
£50,001 - £100,000	-	-	-
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
>£200,000	-	-	-

Total number of exit packages by type	**1**	**1**	**2**
Total resource cost	**£8,000**	**£31,000**	**£39,000**

Exit Packages – Non-Compulsory Departures

Exit packages: Other (non-compulsory) departure payments				
	2021/22		**2020/21**	
	Payments agreed	**Total value of agreements**	**Payments agreed**	**Total value of agreements**
	Number	**£000**	**Number**	**£000**
Contractual payments in lieu of notice	**-**	**-**	**1**	**31**
Non-contractual payments requiring HMT approval	**1**	**11**	**-**	**-1**
Total	**1**	**11**	**1**	**31**

Equality, Diversity, and Inclusion

We want to do more than fulfil our legal obligations as a public body. The events of recent years have shone a spotlight on the inequalities faced by people with protected characteristics and other vulnerable groups. The global pandemic, the deaths of Sabina Nessa, Sarah Everad and George Floyd, Black Lives Matter movement and the war in Ukraine has strengthened our determination and commitment to ensure that our services and employment practices are fair, accessible, equitable and inclusive for the diverse communities we serve and the workforce we employ.

Organisationally, we are committed to meeting our responsibilities under the Public Sector Equality Duty. We consider the impact that our work will and has had on our communities and pay due regard to the need to eliminate unlawful discrimination, harassment, victimization, and advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not. We know that just meeting the Public Sector Equality Duty is not enough, this report outlines the steps we will take to satisfy and go beyond our statutory obligations. We want our organisation to mature with a culture of acceptance, inclusion and belonging, where our differences are celebrated and we truly reflect the needs of our diverse communities through the services we deliver.

Our culture of fairness and inclusion underpinned by our organisational vision and values, means that our patients, staff, and anyone who comes into contact with the organisation feels valued and respected. Our Equality, Diversity & Inclusion (EDI) Annual Report available on our website reaffirms our commitment to the principles of equality and diversity for our workforce. Our new Equality, Diversity and Inclusion Strategy 2022-2025 sets out an ambitious agenda for action, development, and growth. Our EDI journey is ongoing to ensure that we make lasting, meaningful change that meets the needs of our workforce and the communities we serve.

Governance

To ensure that appropriate scrutiny and assurance processes are in situ, all work goes through our Equality, Diversity, and Inclusion (EDI) steering group. The group has representation from all key business areas and key Executive Board Members. This group reports to the People Performance Committee and provides strategic direction for developing, embedding, and maintaining EDI and good practice throughout the organisation in workforce and service delivery.

Additionally, our EDI Manager provides subject matter expert advice or direction required by the organisation. This includes Trust compliance with the Equality Act 2010, EDI guidance for Covid-19, robust Equality Impact Assessments and Analysis, Learning, Development, and training for staff of all levels. Whatever the premise, our role is to ensure all people with protected characteristics and vulnerable groups are not disadvantaged and our communities are at the center of all we do.

Workforce Race Equality Standard (WRES)

NHS England introduced the Workforce Race Equality Standard (WRES) in 2015 to ensure employees from Black, Asian, and ethnic minority (BAME) backgrounds have equal access to career opportunities and receive fair treatment in the workplace. Our performance against these standards in 2021 and an associated action plan are published on our website Equality, Diversity and Inclusion - Stockport NHS Foundation Trust.

Workforce Disability Equality Standard (WDES)

The WDES was introduced in April 2019 and is mandated for all NHS trusts and foundation trusts. The metrics explore the experiences of staff with disabilities and Long-Term Conditions in the NHS and how these compare to non-disabled employees. Our performance against these standards in 2021 and an associated action plan, are published on our website Equality, Diversity and Inclusion - Stockport NHS Foundation Trust.

Equality Delivery System 2

The Equality Delivery System (EDS) is designed to support the people who buy and provide NHS services to provide better outcomes for patients and communities and better working environments for staff, which are personal, fair, and diverse. The EDS is about making positive differences to healthy living and working lives.

The EDS is a tool for NHS organisations -in partnership with patients, the public, staff, and staff side organisations – to review its equality performance and to identify future priorities and actions. It also offers local and national reporting and accountability mechanisms.

At the heart of the EDS is a set of 18 outcomes grouped into four goals. These outcomes focus on the issues of most concern to patients, carers and communities, NHS staff and Boards.

The four EDS goals are:

- Better health outcomes for all
- Improved patient access and experience
- Empowered, engaged, and included staff
- Inclusive leadership at all levels

There was not a requirement to complete the EDS2 for 2021 due to organisational pressures of the pandemic as long as the organisation continued to demonstrate due regard in accordance to the Equality Act 2010.

The EDS goals were a key consideration in developing our EDI Strategy 2022-2025. Objectives and we will be focusing on completing EDS in the year ahead.

Gender Pay Gap

Legislation requires employers with 250 or more employees to publish statutory calculations each year that detail the pay gap between male and female employees. Our most recent Gender Pay Gap report has been published on 30 March 2022 in line with national requirements and is available to view on our Trust website Equality, Diversity and Inclusion - Stockport NHS Foundation Trust.

NHS Foundation Trust Code of Governance disclosures

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

The Board of Directors has established governance documents, policies and procedures of the Trust that reflect the principles of the NHS Foundation Trust Code of Governance, these include but are not limited to:

- A Trust Strategy and annual Operational Plan
- Trust Constitution
- Standing Orders of the Board of Directors
- Standing Orders of the Council of Governors
- Scheme of Reservation and Delegation of Powers
- Standing Financial Instructions
- Standards of Business Conduct Policy
- Established Remuneration & Appointments Committee of the Board of Directors
- Established Nominations Committee of the Council of Governors
- Comprehensive Induction & Training Programme for Council of Governors

The Board of Directors conducts an annual review of the Code of Governance to monitor compliance and identify areas for further development. In April 2022, the Board of Directors confirmed that, with the exception of the following provision, Stockport NHS Foundation Trust complies with the provisions of the NHS Foundation Trust Code of Governance issued by NHS Improvement (formerly Monitor) and updated in July 2014.

Stockport NHS Foundation Trust departed from the following provision of the Code during 2021-22:
Provision B.6.2
Evaluation of FT boards should be externally facilitated at least every three years.

An externally facilitated Board evaluation was completed by Deloitte LLP during 2014-15. In November 2017, a Well Led Review self-assessment was undertaken in anticipation of an externally facilitated evaluation during 2018-19. This was subsequently superseded by a CQC Well-Led Inspection in October 2018. In addition, an NHS England/Improvement Governance Review was undertaken in November 2019, with a further CQC Well-Led Inspection in February 2020. In light of the above, alongside avoidance of additional operational pressures during the pandemic, a full externally facilitated evaluation was not determined an effective use of resources during 2021-22. The Board supported an independently facilitated Well Led Mapping Review, conducted by AQuA (Advanced Quality Alliance). The review provided an independent overview of the Trust's evidence against the eight Key Lines of Enquiry (KLOEs) within

the Well Led framework, and further developmental actions for the purpose of continuous improvement.

NHS Foundation Trusts are required to provide a specific set off disclosures in their annual report to meet the requirements of the Code of Governance, and these are detailed in the following table:

Reference	Statutory Requirement
A.2.2	The role of Chairperson and Chief Executive must not be undertaken by the same person **The Trust complies with this requirement.**
A.5.10	The Council of Governors has a statutory duty to hold the Non-Executive Directors, individually and collectively, to account for the performance of the Board of Directors. **The Board of Directors and Council of Governors comply with this requirement.**
A.5.11	The 2006 Act, as amended, gives the Council of Governors a statutory requirement to receive the following documents. These documented should be provided in the annual report as per the NHS Foundation Trust Annual Reporting Manual: a) The annual accounts, b) Any report of the auditor on them, and c) The annual report. **The Trust complies with this requirement.**
A.5.12	The directors must provide governors with an agenda prior to any meeting of the board, and a copy of the approved minutes as soon as practicable afterwards. There is no legal basis on which the minutes of private sessions of board meetings should be exempted from being
A.5.13	The Council of Governors may require one of more of the directors to attend a meeting to obtain information about performance of the trust's functions or the directors' performance of their duties, and to help the Council of Governors to decide whether to propose a vote on the trust's or directors' performance. **The Trust is aware of this requirement. This situation did not arise during 2020-21.**
A.5.14	Governors have the right to refer a question to the independent panel for advising governors. More than 50% of governors who vote must approve this referral. The council should ensure dialogue with the Board of Directors takes place before considering such a referral, as it may be possible to resolve questions in this way. **The Trust is aware of this requirement. This situation did not arise during 2020-21**
A.5.15	Governors should use their new rights and voting powers from the 2012 Act to represent the interests of members and the public on major decisions taken by the Board of Directors. These are outlined in full at A.5.15 **The Trust complies with this requirement.**

B.2.11	It is a requirement of the 2006 Act that the Chairperson, the other Non-Executive Directors and, except in the case of the appointment of a Chief Executive, the Chief Executive, are responsible for deciding the appointment of Executive Directors. The nominations committee with responsibility for Executive Director nominations should identify suitable candidates to fill Executive Director vacancies as the arise and make recommendations to the Chairperson, the other Non-Executive Directors and, except in the case of the appointment of the Chief Executive, the Chief Executive. **The Trust complies with this requirement.**
B.2.12	It is for the Non-Executive Directors to appoint and remove the Chief Executive. The appointment of a Chief Executive requires the approval of the Council of Governors. **The Trust complies with this requirement.**
B.2.13	The governors are responsible at a general meeting for the appointment, re-appointment and removal of the Chairperson and the other Non-Executive Directors. **The Trust complies with this requirement.**
B.4.3	The Board has a duty to take steps to ensure that governors are equipped with the skills and knowledge they need to discharge their duties appropriately. **The Trust complies with this requirement.**
B.5.8	The Board of Directors must have regard to the views of the Council of Governors on the NHS Foundation Trust's forward plan. **The Trust complies with this requirement.**
B.7.3	Approval by the Council of Governors of the appointment of a Chief Executive should be a subject of the first general meeting after the appointment by a committee of the Chairperson and Non-Executive Directors. All other Executive Directors should be appointed by a committee of the Chief Executive, the Chairperson and Non-Executive Directors. **The Trust complies with this requirement.**
B.7.4	Non-Executive Directors, including the Chairperson, should be appointed by the Council of Governors for the specified terms subject to re-appointment thereafter at intervals of no more than three years and subject to the 2006 Act provision relating to the removal of a director. **The Trust complies with this requirement.**
B.7.5	Elected governors must be subject to re-election by the members of their constituency at regular intervals not exceeding three years. **The Trust complies with this requirement.**
D.2.4	The Council of Governors is responsible for setting the remuneration of Non-Executive Directors and the Chairperson. **The Trust complies with this requirement.**
E.1.7	The Board of Directors must make Board meetings and the annual meeting open to the public. The Trust's constitution may provide for members of the public to be excluded from a meeting for special reasons. **The Trust complies with this requirement.**

E.1.8	The Trust most hold annual members' meetings. At least one of the directors must present the Trust's annual report and accounts, and any report of the auditor on the accounts, to members at this meeting. **The Trust complies with this requirement.**

The provisions below require a supporting explanation. Where the information is already in the annual report a reference to its location is sufficient to avoid unnecessary duplication.

Reference	Statutory requirement
A.1.1	The schedule of matters reserved for the Board of Directors should include a clear statement detailing the roles and responsibilities of the Council of Governors. This statement should describe how any disagreements between the Council of Governors and the Board of Directors will be resolved. The annual report should include this schedule of matters or a summary statement of how the Board of Directors and Council of Governors operate, including a summary of the types of decisions to be taken by each of the boards and which are delegated to the executive management of the Board of Directors **See page 57, 108, 112**
A.1.2	The annual report should identify the Chairperson, the Deputy Chairperson (where there is one), the Chief Executive, the Senior Independent Director (see A.4.1) and the Chairperson and members of the Nominations, Audit and Remuneration Committees. It should also set out the number of meetings of the Board and those Committees, and individual attendance by directors. **See page 58-62, 73-74**
A.5.3	The annual report should identify the members of the Council of Governors, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated lead governor. **See page 109-110**
FT ARM	The annual report should include a statement of the number of meetings of the Council of Governors and individual attendance by governors and directors. **See page 109, 112**
B.1.1	The Board of Directors should identify in the annual report each Non-Executive Director it considers to be independent, with the reasons where necessary. **See page 57-58**
B.1.4	The Board of Directors should include in its annual report a description of each director's skills, expertise and experience. Alongside this, in the annual report, the Board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the NHS foundation Trust. **See page 57-60**

FT ARM	The annual report should include a brief description of the length of appointments of the Non-Executive Directors and how they may be terminated. **See page 57**
B.2.10	A separate section of the annual report should describe the work of the nominations committee (s), including the process it has use in relation to Board appointments. **See page 72-74**
FT ARM	The disclosure in the annual report on the work of the Nominations Committee should include an explanation if neither an external search consultancy nor open advertising has been use in the appointment of a Chair or Non-Executive Director **Not applicable during 2021-22**
B.3.1	A chairperson's other significant commitments should be disclosed to the Council of Governors before appointment and include in the annual report. Changes to such commitments should be reported to the Council of Governors as they arise, and included in the next annual report **See page 60**
B. 5.6	Governors should canvass the opinion of the Trust's members and the public, and for appointed governors the body they represent, on the NHS foundation trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the Board of Directors. The annual report should contain a statement as to how this requirement has been undertaken and satisfied. **See page 111-112**
FT ARM	If, during the financial year, the governors have exercised their power under paragraph 10C of schedule 7 of the NHS Act 2006, then information on this must be included in the annual report. **Executive Directors attend the Council of Governors meetings as a matter of course and governors have not had to exercise their power during 2021-22**
B.6.1	The Board of Directors should state in the annual report how performance of the Board, its committees and its directors, including the Chairperson, has been conducted. **See page 61, 72-73**
B.6.2	Where there has been external evaluation of the Board and/or governance of the trust the external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the trust. **Explain: See above**
C.1.1	The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, a fair, balanced and understandable and provide the information necessary for patients, regulators, and other stakeholders to assess the NHS foundation trust's performance, business model and strategy. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).

	See pages 65, 118 - Annual Governance Statement
C. 2.1	The annual report should contain a statement that the Board has conducted a review of the effectiveness of its system of internal controls. **See page 118 - Annual Governance Statement**
C.2.2	A trust should disclose in the annual report: a) If it has an internal audit function, how the function is structured and what role it performs; or b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. **See page 62-63**
C.3.5	If the council of governors does not accept the audit committee's recommendation on the appointment, reappointment or removal of an external auditor, the board of directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the council of governors has taken a different position. **This situation did not occur in 2021-22.**
C.3.9	A separate section of the annual report should describe the work of the Audit Committee in discharging its responsibilities. The report should include: • The significant issues that the committee considered in relation to financial statements, operations and compliance and how these issues were addressed; • An explanation of how it assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of current audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and • If the external auditor provides non-audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and independence are safeguarded. **See page 62.**
D.1.3	Where an NHS foundation trust releases an Executive Director, for example, to service as a Non-Executive Director elsewhere, the remuneration disclosure of the annual report should include a statement of whether or not the director will retain such earnings. **This situation did not occur in 2021-22**
E.1.4	Contact procedures for members who wish to communicate with governors and/or directors should be made clearly available to members on the NHS foundation trust's website and in the annual report. **See page 60, 110**

E.1.5	The Board of Directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the Non-Executive Directors, develop an understanding of the views of governors and members about the NHS foundation trust, for example, through attendance at meetings of the Council of Governors, director face-to-face contact, surveys of members' opinions and consultants. **See page 112.**
E.1.6	The Board of Directors should monitor how representative the NHS foundation trust's membership is, and the level and effectiveness of member engagement and report on this in the annual report. **See page 107-108.**
FT ARM	The annual report should include: • A brief description of the eligibility requirements for joining different membership constituencies, including the boundaries of public membership; • Information on the number of members in each constituency, and • A summary of the membership strategy, an assessment of the membership and a description of any steps taken during the year to ensure a representative membership, including progress towards any recruitment targets for members. **See page 107, 111-113.**

The FT Annual Reporting Manual (ARM) indicates that the disclosure is required by the ARM rather than the Code of Governance.

The information detailed below is available on request from the Trust Secretary by emailing corporateoffice@stockport.nhs.uk or writing to the Trust headquarters at Oak House, Stepping Hill Hospital, Poplar Grove, Stockport.

Reference	Statutory responsibility
A.1.3	The Board of Directors should make available a statement of the objectives of the NHS foundation trust showing how it intends to balance the interests of patients, the local community and other stakeholders, and use this as the basis for its decision making and forward planning.
B.1.4	A description of each director's expertise and experience, with a clear statement about the Board of Director's balance, completeness and appropriateness.
B.2.10	The main role and responsibilities of the Nominations Committee should be set out in publicly available written terms of reference.
B.3.2	The terms and conditions of the Non-Executive Directors.
C.3.2	The main role and responsibilities of the Audit Committee should be set out in publicly available written terms of reference.

D.2.1	The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board of directors. Where remuneration consultants are appointed, a statement should be made available as to whether they have any other connection with the NHS foundation trust.
E.1.1	The Board of Directors should make available a public document that sets out its policy on the involvement of members, patients and the local community at large, including a description of the kind of issues it will consult on.
E.1.4	Contact procedures for members who wish to communicate with governors and/or directors should be clearly available to members on the NHS foundation trust's website.

The provisions listed below require supporting information be made available to governors, even in the case that the NHS foundation trust is compliant with the provision. This information should be set out in papers accompanying a resolution to re-appoint a Non-Executive Director.

Reference	Statutory requirement
B.7.1	In the case of the re-appointment of Non-Executive Directors, the Chairperson should confirm to the governors that following formal performance evaluation, the performance of the individual proposed for re-appointment continues to be effective and to demonstrate commitment to the role. **The Trust complies with this requirement. Relevant information was provided to the Council of Governors during 2021-22 regarding the re-appointment of consider the re-appointment of Catherine Anderson as a Non-Executive Director for a further one year term of office and the re-appointment of Dr Marisa Logan-Ward as a Non-Executive Director for a further three year term of office.**

The provisions listed below require supporting information to be made available to members, even in the case that the NHS foundation trust is compliant with the provision. This information should be set out in papers accompanying a resolution to elect or re-elect a governor.

Reference	Statutory requirement
B.7.2	The names of governors submitted for election or re-election should be accompanied by sufficient biographical details and any other relevant information to enable members to take an informed decision on their election. This should include performance information. **Relevant information was included within the election material circulated to members by Electoral Reform Services during 2021-22.**

For all provisions listed below there are no special requirements as per 1-5 above. For these provisions, the basic comply or explain requirement stands. The disclosure should therefore contain an explanation in each case where the trust has department from the Code, explaining the reasons for the department and how the alternative arrangements continue to reflect the main principles of the Code.

A disclosure is only required for departure from the Code for provisions listed in this section. NHS foundation trusts are welcome but not required to provide a simple statement of compliance with each individual provision.

Reference	Statutory requirement
A.1.4	The Board should ensure that adequate systems and processes are maintained to measure and monitor the NHS foundation trust's effectiveness, efficiency and economy, as well as the quality of its health care delivery. **The Trust complies with this requirement.**
A.1.5	The Board should ensure that relevant metrics, measures, milestones and accountabilities are developed and agreed so as to understand and assess progress and delivery of performance. **The Trust complies with this requirement.**
A.1.6	The Board should report on its approach to clinical governance. **The Trust complies with this requirement.**
A.1.7	The Chief Executive as the accounting officer should follow the procedure set out by Monitor for advising the Board and Council and for recording and submitting objections to decision. **The Trust complies with this requirement.**
A.1.8	The Board should establish the constitution and standards of conduct for the NHS foundation trust and its staff in accordance with NHS values and accepted standards of behaviour in public life. **The Trust complies with this requirement.**
A.1.9	The Board should operate a code of conduct that builds on the values of the NHS foundation trust and reflect high standard of probity and responsibility. **The Trust complies with this requirement.**
A.1.10	The NHS foundation trust should arrange appropriate insurance to cover the risk of legal action against its directors. **The Trust complies with this requirement.**
A.3.1	The Chairperson should, on appointment by the Council, meet the independence criteria set out in B.1.1. A Chief Executive should not go on to be the Chairperson of the same NHS Foundation Trust.
A.4.1	In consultation with the Council, the Board should appoint one of the independent Non-Executive Directors to be the Senior Independent Director.
A.4.2	The Chairperson should hold meetings with the Non-Executive Directors without the Executive present. **The Trust complies with this requirement.**

A.4.3	Where directors have concerns that cannot be resolved about the running of the NHS foundation trust, or a proposed action, they should ensure their concerns are recorded in the Board minutes. **The Trust complies with this requirement.**
A.5.1	The Council of Governors should meet sufficiently regularly t o discharge its duties. **The Trust complies with this requirement.**
A.5.2	The Council of Governors should not be so large as to be unwieldly. **The Trust complies with this requirement.**
A.5.4	The roles and responsibilities of the Council of Governors should be set out in a written document. **The Trust complies with this requirement.**
A.5.5	The Chairperson is responsible for leadership of both the Board and the Council but the governors also have a responsibility to make the arrangements work and should take the lead in inviting the Chief Executive to their meetings and inviting attendance by other Executives and Non-Executives, as appropriate. **The Trust complies with this requirement.**
A.5.6	The Council should establish a policy for engagement with the Board of Directors for those circumstances when they have concerns.
A.5.7	The Council should ensure its interaction and relationship with the Board of Directors is appropriate and effective. **The Trust complies with this requirement.**
A.5.8	The Council should only exercise its power to remove the Chairperson or any Non-Executive Directors after exhausting all means of engagement with the Board. **The Trust complies with this requirement.**
A.5.9	The Council should receive and consider other appropriate information required to enable it to discharge its duties. **The Trust complies with this requirement.**
B.1.2	At least half the Board, excluding the Chairperson, should comprise Non-Executive Directors determined by the Board to be independent. **The Trust complies with this requirement.**
B.1.3	No individual should hold, at the same time, positions of director and governor of any NHS foundation trust. **The Trust complies with this requirement.**
B.2.1	The Nominations Committee or committees, with external advice as appropriate, are responsible for the identification and nomination of Executive and Non-Executive Directors. **The Trust complies with this requirement.**
B.2.2	Directors on the Board of Directors and governors on the Council should meet the “fit and proper” persons test described in the provider licence. **The Trust complies with this requirement.**

B.2.3	The Nominations Committee(s) should regularly review the structure, size and composition of the Board and make recommendations for changes were appropriate. **The Trust complies with this requirement.**
B.2.4	The Chairperson or an independent Non-Executive Director should chair the Nominations Committee(s). **The Trust complies with this requirement.**
B.2.5	The governors should agree with the Nominations Committee a clear process for the nomination of a new Chairperson and Non-Executive Directors. **The Trust complies with this requirement.**
B.2.6	Where an NHS foundation trust has two Nominations Committees, the Nominations Committee responsible for the appointment of Non-Executive Directors should consist of a majority of governors. **The Trust complies with this requirement.**
B.2.7	When considering the appointment of Non-Executive Directors, the Council should take into account the views of the Board and the Nominations Committee on the qualifications, skills and experience required for each position. **The Trust complies with this requirement.**
B. 2.8	The annual report should describe the processes following by the Council in relation to appointments of the Chairperson and Non-Executive Directors. **The Trust complies with this requirement.**
B.2.9	An independent external advisor should not be a member of, or have a vote on the Nominations Committee(s). **The Trust complies with this requirement.**
B.3.3	The Board should not agreed to a full-time Executive Director taking on more than one Non-Executive directorship of an NHS Foundation Trust or another organisation of comparable size and complexity. **The Trust complies with this requirement.**
B.5.1	The Board and the Council of Governors should be provided with high quality information appropriate to their respective functions and relevant to the decisions they have to make. **The Trust complies with this requirement.**
B.5.2	The Board, and in particular Non-Executive Directors, may reasonably wish to challenge assurances received from the executive management. They need not seek to appoint a relevant advisor for each and every subject area that comes before the Board, although they should, wherever possible, ensure that they have sufficient information and understanding to enable challenge and to take decisions on an informed basis. **The Trust complies with this requirement.**
B.5.3	The Board should ensure that directors, especially Non-Executive Directors, have access to independent advice, at the NHS foundation trust's expense, where they judge it necessary to discharge their responsibilities as directors. **The Trust complies with this requirement.**

B.5.4	Committees should be provided with sufficient resources to undertake their duties. **The Trust complies with this requirement.**
B.6.3	The Senior Independent Director should lead the performance evaluation of the Chairperson. **The Trust complies with this requirement.**
B.6.4	The Chairperson, with the assistant of the Board Secretary, if applicable, should use the performance evaluations as the basis for determining individual and collective professional development programmes for non-executive directors relevant to their duties as Board members. **The Trust complies with this requirement.**
B.6.5	Led by the Chairperson, the Council should periodically assess their collective performance and they should regularly communicate to members and the public details on how they have discharged their responsibilities. **The Trust complies with this requirement.**
B.6.6	There should be a clear policy and a fair process, agreed and adopted by the Council, for the removal from the Council of any governor who consistently and unjustifiably fails to attend the meetings of the Council, or has an actual or potential conflict of interest, which prevents the proper exercise of their duties. **The Trust complies with this requirement.**
B.8.1	The Remuneration Committee should not agree to an executive member of the Board leaving the employment of an NHS foundation trust, except in accordance with the terms of their contract of employment, including but not limited to service of their full notice period and/or material reductions in their time commitments to the role, without the Board first having completed and approved a full risk assessment. **The Trust complies with this requirement.**
C.1.2	The directors should report that the NHS foundation trust is a going concern with supporting assumptions or qualifications as necessary.
C.1.3	A least annually and in a timely manner, the Board should set out clearly its financial, quality and operating objectives for the NHS foundation trust and disclose sufficient information, both quantitative and qualitative, of the NHS foundation trust's business and operation, including clinical outcome data to allow members and governors to evaluate its performance. **The Trust complies with this requirement.**
C.1.4	a) The Board of Directors must notify Monitor and the Council of Governors without delay and should consider whether it is in the public's interest to bring to the public attention, any major new developments in the NHS foundation trust's sphere of activity which are not public knowledge, which it is able to disclose and which may

	• The NHS foundation trust's financial condition, • The performance of its business; and/or • The NHS foundation trust's expectation as to its performance, which if made public, would be likely to lead to a substantial change to the financial wellbeing, health care delivery, performance or reputation and standing of the NHS foundation trust. **The Trust complies with this requirement.**
C.3.1	The Board should establish an Audit Committee composed of at least three members who are all independent Non-Executive Directors.
C.3.3	The Council should take the lead in agreeing with the Audit Committee the criteria for appointing, re-appointing and removing external auditors. **The Trust complies with this requirement.**
C.3.6	The NHS foundation trust should appoint an external auditor for a period of time which allows the auditor to develop a strong understanding of the finances, operations and forward plans for the NHS foundation trust. **The Trust complies with this requirement.**
C.3.7	When the council ends an external auditor's appointment in disputed circumstances, the chairperson should write to Monitor informing it of the reasons behind the decision. **The Trust complies with this requirement.**
C.3.8	The Audit Committee should review arrangements that allow staff of the NHS foundation trust and other individuals where relevant, to raise, in confidence, concerns about possible improprieties in matters of financial report and control, clinical quality, patient safety or other matters. **The Trust complies with this requirement.**
D.1.1	Any performance related elements of remuneration of Executive Directors should be designed to align their interest with those of patients, service users and taxpayers, and to give these directors keen incentives to perform at the highest levels. **The Trust complies with this requirement.**
D.1.2	Levels of remuneration for the Chairperson and other Non-Executive Directors should reflect the time commitment and responsibilities of their roles. **The Trust complies with this requirement.**
D.1.4	The Remuneration Committee should carefully consider what compensation commitments (including pension contributions and all other elements) their directors' term of appointments would give rise to in the event of early termination. **The Trust complies with this requirement.**
D.2.2	The Remuneration Committee should have delegated responsibility for setting remuneration for all Executive Directors, including pension rights and any compensation payments. **The Trust complies with this requirement.**

D.2.3	The Council should consult external professional advisers to market test the remuneration levels of the Chairperson and other Non-Executives at least one every three years and when they intend to make a material change to the remuneration of a Non-Executive. **The Trust complies with this requirement.**
E.1.2	The Board should clarify in writing how the public interests of patients and the local community will be represented, including its approach for addressing the overlap and interface between governors and any local consultative forums. **The Trust complies with this requirement.**
E.1.3	The Chairperson should ensure that the views of governors and members are communicated to the Board as a whole. **The Trust complies with this requirement.**
E.2.1	The Board should be clear as to the specific third party bodies in relation to which the NHS foundation trust has a duty to co-operate.
E.2.2	The Board should ensure that effective mechanisms are in place to co-operate with relevant third party bodies and that collaborative and productive relationships are maintained with relevant stakeholders at appropriate levels of seniority in each. **The Trust complies with this requirement.**

Council of Governors & Membership

The basic governance structure of all NHS foundation trusts includes:

- a public and staff membership
- a council of governors
- a board of directors.

Membership

Membership of the Trust is open on an opt-in basis to anyone over 11 years old and living in one of the following public constituencies:

- Bramhall and Cheadle,
- Heatons and Victoria,
- Marple and Stepping Hill,
- High Peak and Dales,
- Tame Valley and Werneth,
- Outer region.

Information about how to become a public member is freely available on our website and displayed in various public areas across our services.

Staff are automatically members unless they choose to opt out, and staff membership is also open to anyone employed by another organisation but who exercises a function for the Trust.

Details of the make-up of our members as of 31 March 2022 are below:

Constituency	Number of members
Bramhall and Cheadle	2,339
Tame Valley and Werneth	1,844
The Heatons and Victoria	1,951
Marple and Stepping Hill	2,448
High Peak and Dales	802
Outer region	1,282
Staff	5,945
Total	**16,611**

Public Constituency	Number of members	Eligible membership
Age		
0 - 16	1	77,253
17- 21	30	18,013
22+	8,740	289,884
Ethnicity		
White	8,219	345,946
Mixed	85	6,021
Asian or Asian British	415	14,453

Black or Black British	97	2,139
Other	0	1,728
Socio-economic grouping		
AB	3,329	40,571
C1	3,135	53,026
C2	2,072	34,674
DE	2,116	39,470
Gender		
Male	4,126	189,109
Female	6,206	196,040

Council of Governors

Governors are the direct representatives of members, staff, stakeholders, and public interests and form an integral part of the governance structures that exists in all NHS foundation trusts.

In broad terms, the role of the Council of Governors is to hold the Non-Executive Directors individually and collectively to account for the performance of the Board of Directors and to represent the interests of NHS foundation trusts members and of the public. Other statutory aspects of the Council of Governors' role include:

- Approving the appointment of the Chief Executive
- Appointing and removing the Chairman and other Non-Executive Directors
- Deciding the remuneration of the Chairman and Non-Executive Directors
- Appointing and removing the NHS Foundation Trusts Auditors
- Contributing to the forward plans of the organisation
- Receiving the NHS Foundation Trust's Annual Accounts, Auditors Report and Annual Report
- When appropriate, making recommendations and/or approving revisions of the Foundation Trust Constitution.

The composition of the Council of Governors is as follows:

Constituency	Number
Public	
Bramhall & Cheadle	**4**
Heatons & Victoria	**4**
High Peak & Dales	**3**
Marple & Stepping Hill	**4**
Outer Region	**1**
Tame Valley & Werneth	**4**
Staff	
Staff	**4**
Appointed	
Stockport Metropolitan Borough Council	**1**
Stockport Clinical Commissioning Group	**1**
Stockport Age Concern	**1**

Stockport Healthwatch	**1**
University of Manchester / Manchester Metropolitan University	**1**
Total	**29**

Governors' elections

Despite the ongoing pandemic, we continued our rolling programme of elections, along with elections for vacant seats as follows:

Constituency	Number of Positions Available	Number of Nominations Received
Public		
Tame Valley & Werneth	4	3
High Peak & Dales	3	3
Outer Region	1	1
Heatons & Victoria	2	2
Staff		
Staff	4	3

The Trust currently has vacancies for governors in the following constituencies:

- Staff - 2 vacancies
- Tame Valley & Werneth - 1 vacancy
- Marple & Stepping Hill - 1 vacancy
- Stockport Clinical Commissioning Group - 1 vacancy
- University of Manchester / Manchester Metropolitan University - 1 vacancy

Elected positions will be part of the governor election programme to take place in 2022-23.

During 2021-22 we saw a number of long-standing governors leave the organisation, including Roy Greenwood, our lead governor. Their contribution to the Council of Governors and the organisation as a whole is sincerely appreciated.

With Mr Greenwood's departure, the Council of Governors was asked to appoint a new lead governor and Mrs Sue Alting took on that role.

Membership of the Council of Governors

Information about our public, staff and appointed governors is available on our website. Listed below are details of all our governors throughout 2021-22 and their attendance at Council of Governors meetings:

Governor	Constituency	Attendance
Public		
Robert Cryer	**Bramhall & Cheadle**	**5 of 6**
Toni Leden	**Bramhall & Cheadle**	**5 of 6**
John Pantall	**Bramhall & Cheadle**	**6 of 6**
Michelle Slater	**Bramhall & Cheadle**	**6 of 6**

Tad Kondratowicz	**Heatons & Victoria**	**6 of 6**
Jamie Hirst	**Heatons & Victoria**	**4 of 6**
David Huddleston	**Heatons & Victoria**	**0 of 3**
Chris Summerton	**Heatons & Victoria**	**1 of 3**
Janet Browning	**High Peak & Dales**	**3 of 3**
Lance Dowson	**High Peak & Dales**	**5 of 6**
Catharine Grundy-Glew	High Peak & Dales	0 of 3
Thomas Lowe	**High Peak & Dales**	**3 of 3**
Lynn Woodward	High Peak & Dales	3 of 3
Zahida Ikram	Marple & Stepping Hill	5 of 6
Richard King	**Marple & Stepping Hill**	**6 of 6**
David Rowlands	**Marple & Stepping Hill**	**5 of 6**
Julie Wragg	**Marple & Stepping Hill**	**1 of 6**
Charles Galasko	Outer Region	2 of 3
Mohammed Rahman	**Outer Region**	**1 of 3**
Howard Austin	**Tame Valley & Werneth**	**2 of 3**
Roy Greenwood	Tame Valley & Werneth	3 of 3
Lesley Higginbottom	**Tame Valley & Werneth**	**2 of 3**
Carlton Lyons	Tame Valley & Werneth	0 of 3
Gillian Roberts	**Tame Valley & Werneth**	**2 of 3**
Staff		
Chris Dawson	Staff	0 of 3
Paula Hancock	**Staff**	**2 of 3**
Kaymo Jamneh	Staff	1 of 3
Jo Keyes	Staff	1 of 3
Srinath Meadipudi	Staff	3 of 3
Karen Southwick	**Staff**	**2 of 3**
Appointed		
Sue Alting	**Stockport Age Concern**	**6 of 6**
D Kirk	**Stockport Healthwatch**	**6 of 6**
Jude Wells	**Stockport Metropolitan Borough**	**5 of 6**

Current governors highlighted in bold black type. Governors that stood down during 2021-22 highlighted in blue type.

The pandemic continued to impact on the operation of the Council of Governors and we maintained the move to virtual meetings, alongside a weekly written briefing virtual informal catch-up meetings between governors and Non-Executive Directors to share the key activities of the assurance committees and ensure feedback from governors could be shared with colleagues.

All governors are required to comply with the Council of Governors Code of Conduct and declare any interests that may result in a potential conflict of interest in their role as governor of Stockport NHS Foundation Trust. We hold a register of governors interests, which is available on request from the Trust Secretary on 0161 419 5164 or email corporateoffice@stockport.nhs.uk

Details of how to contact our governors are available on our website.

Governor Training & Development

With the introduction of a number of new governors following the elections, we kick started our governor training and development programme with an externally facilitated Induction & Core Skills session. This provided new governors with a comprehensive understanding of the role of the governors and enabled existing governors to refresh their skills and share experiences of the governor role in practice. Further sessions have included Patient Experience & Membership Engagement, and we have established a series of session throughout 2022-23 including recruitment training, introduction to NHS finance and business, the development of the Integrated Care Systems (ICS) and effective questioning and challenge.

Council of Governor Meetings

During 2021-22 the Council of Governors fulfilled their statutory duties via the Council of Governors meetings. They approved the re-appointment of three Non-Executive Directors, Mrs Catherine Anderson for a further one year term of office, and Dr Marisa Logan-Ward and Mr David Hopewell, both for a further three year term of office. Furthermore, the remuneration of Non-Executive Directors was reviewed and approved and the appraisal process for Chair and Non-Executive Directors was confirmed. The Council of Governors also endorsed the substantive appointment of Mrs Karen James as Chief Executive.

In addition to receiving information about the performance of the organisation against national standards, as well as key workforce, quality and finance indicators, they discussed a range of issues including our:

- Operational plan for 2021-22
- Update on plans for the emergency care campus
- Focus on services including Discharge to Assess, Community Services & Emergency Department
- Access to healthcare services post pandemic
- Results of the national inpatient survey and key actions
- Approach to staff health and wellbeing

The Council of Governors were kept informed of the developing Integrated Care System at both a Greater Manchester and locality level.

The Council of Governors also appointed a new lead governor and were consulted on the appointment of a new Senior independent Director, alongside approval of the extension of the External Auditor.

Governors have continued to feedback the views of members and the public as a whole via the Council of Governors meetings and the informal meetings with the Chair and Non-Executive Directors. As we see anticipate a return to more normal times, we are refreshing the membership strategy and to considering how we can re-start a number of previous governor involvement activities and introduce new opportunities

for governors.

Board of Director engagement with governors

The Board of Directors and Council of Governors seek to work together effectively in their respective roles. To this effect a clear process is in place detailing how disagreements will be resolved. Governors regularly observe the public Board meetings to gain a broader understanding of discussion taking place at Board level and observation of the decision-making processes and challenge from Non-Executive Directors. Furthermore, the Executive and Non-Executive Directors regularly attend meetings of the Council of Governors as observers and lead discussion when further information is required. Details of Board members attendance at Council of Governors meetings during 2020-21 is below:

Board Member	Title	Attendance
Non-Executive Directors		
Adrian Belton	Chair	1 of 1
Prof. Tony Warne	Chair	5 of 5
Catherine Anderson	Non-Executive Director	6 of 6
Catherine Barber-Brown	Non-Executive Director	5 of 6
Tony Bell	Non-Executive Director	5 of 5
David Hopewell	Non-Executive Director	5 of 6
Marisa Logan-Ward	Non-Executive Director / Deputy Chair	5 of 6
Mary Moore	Non-Executive Director	4 of 6
Joanne Newton	Associate Non-Executive Director	4 of 5
Louise Sell	Non-Executive Director	5 of 6
Executive Directors		
Karen James	Chief Executive	4 of 6
Andy Bailey	Acting Director of Strategy	1 of 5
Amanda Bromley	Director of People & Organisational Development	3 of 3
Emma Cain	Acting Director of Workforce & Organisational Development	1 of 3
Nic Firth	Chief Nurse	1 of 6
John Graham	Director of Finance / Deputy Chief Executive	5 of 6
Andrew Loughney	Medical Director	4 of 6
Jackie McShane	Director of Operations	5 of 6
Jonathan O'Brien	Director of Strategy & Partnerships	1 of 1
Caroline Parnell	Director of Communications & Corporate Affairs	5 of 6

Membership engagement

In 2018-19 we developed a membership strategy with the guiding principles of:

- regularly checking to determine that we are actively seeking representation from all aspects of our local society within our membership,
- membership activities should be of value to individuals and the organisation,
- all activities should be prioritised to ensure achievability within the time and resources available.

Our plans to continue to deliver that strategy during 2021-22 continued to be severely impacted by the pandemic, largely as a result of the limitations of social distancing, shielding, and staff focused on urgent operational issues.

However, we were able to continue to:

- circulate a members newsletter three times a year that highlighted the latest news about the organisation's activities as well as profiling the work of the governors
- hold a virtual annual member meeting, which attracted over 100 members and provide a vibrant opportunity to ask questions of the Board
- share social media messages

During the pandemic we issued special briefings to all members to inform them about our preparations and the impact of the pandemic, and also shared health and wellbeing information.

As mentioned, during 2022-23, we will refresh the membership strategy, considering plans to address any areas of under representation within our membership and opportunities for engagement with our members.

NHS System Oversight Framework

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

- quality of care, access and outcomes
- preventing ill health and reducing inequalities
- finance and use of resources,
- people
- leadership and capability

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

Stockport NHS Foundation Trust was placed in segment 3 throughout 2021-22. This segment information is the trust's position at 31st March 2022. Current segmentation information for NHS trusts and foundation trusts is published on the NHS England and NHS Improvement website.

Regulatory action

In April 2013 the trust signed enforcement undertakings with Monitor in relation to breaches of the four hour A&E standard and potential weaknesses in the governance processes.

In August 2014 this was superseded by the imposition of an additional licence condition under section 111 of the Health and Social Care Act 2012. In July 2015 the additional licence condition relating to governance was formally removed by Monitor in recognition of actions the organisation had taken in response to recommendations made following an independent governance review.

However, inconsistent delivery of the four hour A&E standard continued to be a major challenge for us, and in December 2017 NHS Improvement modified the additional licence condition that required us to address the following issues:

- failure to take action necessary to ensure compliance with the A&E four hour maximum waiting standard on a sustainable basis;
- lack of a clear vision and strategy around which the licensee's Board can determine is focus and priorities;
- lack of a long term financial recovery plan demonstrating how the licensee aims to return to a financial break-even position and of a credible plan to deliver the required cost improvement programme;
- failure to ensure that the licensee's Board and its committees have effective oversight of quality, safety, finances and A&E performance;
- failure to respond sufficiently and in a timely manner to concerns identified by

the CQC in its inspection of January 2016; and

- any other issues relating to the operation of the licensee's Board and its other governance arrangements, including those identified in any independent assessment of its governance arrangements, that have caused or contributed to, or will cause or contribute to, the breach, or the risk of breach, of the conditions of the licensee's licence.

Our progress in addressing these issues was subject to formal monitoring via enhanced financial oversight meetings and quarterly review meetings with NHS Improvement. An Improvement Board, jointly chaired by NHS Improvement and Greater Manchester Health and Social Care Partnership, was also established to focus on quality issues and urgent and emergency care. The board included Trust Executive Directors as well as colleagues from commissioners, the local authority, ambulance and mental health services.

At the start of 2019-20 we were considered to have made sufficient progress against the issues identified in December 2017 to no longer require intensive support from NHSE/I although the licence conditions were not lifted. Furthermore, over the last two years, over the last two years partners have worked together to address a range of issues highlighted by the CQC inspection. At the most recent meeting of the Improvement Board, NHSE/I agreed that so much improvement has been made by local partners those future meetings could be stood down. This is positive news for everyone in Stockport who has worked so hard over the last year to make so many positive changes to a wide range of services.

Statement of Accounting Officer's Responsibilities

Statement of the Chief Executive's responsibilities as the accounting officer of Stockport NHS Foundation Trust

The NHS Act 2006 states that the Chief Executive is the Accounting Officer of the NHS foundation trust. The relevant responsibilities of the Accounting Officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the NHS Foundation Trust Accounting Officer Memorandum issued by NHS Improvement.

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions, which require Stockport NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Stockport NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

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

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Stockport

NHS Foundation Trust, and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned Act.

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

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

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

Karen James OBE
Chief Executive
21st June 2022

Annual Governance Statement

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS foundation trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS foundation trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Stockport NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Stockport NHS Foundation Trust for the year ended 31 March 2022 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

Leadership and management of the risk management process are provided through:

- The Board of Directors, which is responsible for overseeing all aspects of risk management as well as defining its risk appetite.
- The Audit Committee, which is responsible for receiving and reviewing assurance on the overarching systems in place in the organisation to manage risk.
- The Chief Executive and designated Executive Directors with responsibility for specific areas of risk management.
- The Risk Management Committee, chaired by the Chief Executive, which reports to the Audit Committee, and has responsibility for organisation-wide co-ordination and prioritisation of risk management issues.
- Through the Risk Management Committee systematic review, scrutiny and challenge of risk profiles across all divisions and key corporate functions is undertaken on a rotational basis.
- The monthly performance review process provides a vehicle for review of significant risks and identification of emerging issues within the divisions, including issues that may need a cross division and/or Trust solution.

- The organisation's Risk Management Policy that clearly defines levels of authority to manage and mitigate risks, according to risk scored ratings.
- An established committee structure that provides the mechanisms for managing and monitoring clinical, operational, financial and information governance risks throughout the Trust from ward to board.
- Systems in place to ensure good practice is identified and shared via corporate and divisional governance systems, including learning reports such as learning from deaths, patient safety report (thematic learning from complaints, incidents and claims) and management of all serious untoward incidents, including never events.
- Mandatory training for all staff that reflects essential training needs, and includes risk management processes such as fire safety, health and safety, manual handling, resuscitation, infection control, safeguarding patients, and information governance.
- An assessment of the level of risk management training that is required for staff and its delivery.
- General risk management training sessions, supplemented by focused training for individuals, teams and groups as required.
- Staff with specific responsibility for co-ordinating and advising on aspects of risk management having adequate training and development to fulfil their role.
- Training sessions that equip staff to manage aspects of risk, such as incident reporting, investigation and lessons learned, with ongoing review of the effectiveness of training sessions.
- General awareness raising on risk management issues through staff briefings, team brief, safety bulletins, induction and the intranet.

The risk and control framework

The Trust has a Risk Management Policy, approved by the Board of Directors, which sets out our approach to the management of risk and the systems to assist in the identification, assessment, control and monitoring of risk.

Risk management is recognised within the organisation as being fundamental to our ability to effectively deliver safe, high quality services, with systems and processes in place throughout the organisation to identify, assess and mitigate risk, as well as provide the necessary training and development opportunities for staff with specific responsibilities for co-ordinating and advising on risk management.

Our principal sources of risk identification are:

- our risk assessment process,
- incident reports and investigations,
- issues arising from complaints,
- claims information,
- identification of emerging risks through business intelligence,
- correlation of principle risks in the Board Assurance Framework and the significant risk register.

We use a 5 x 5 matrix to assess and rate risks on both the likelihood and consequence, to generate a risk score of between 1 and 25. The risk score then determines the level of escalation, management, and scrutiny required.

This risk assessment process applies to all types of risk, including clinical, financial and operational. Risk registers are maintained by each division and key corporate functions and are regularly reviewed at the divisions Quality Boards and via the Risk Management Committee. Any risk with a residual score of 15 or above is placed on the Trust's Significant Risk Register, which is monitored on a monthly basis by the Risk Management Committee, chaired by the Chief Executive. Each of the principal risks are assessed against a risk appetite. The Trust has a low-risk appetite to risks that materially impact on quality of care, workforce, financial sustainability and compliance with regulatory requirements, but has an open risk appetite relating to pursuance of innovation.

Board Assurance Framework

The Trust maintains a Board Assurance Framework (BAF) as a key tool to manage and mitigate strategic risk to the achievement of the corporate objectives that have been agreed by the Board. Without a clear connection between operational and principal risks, emerging strategic risks may not be identified in a timely way. Likewise, changes to the volume and/or profile of risks in the Significant Risk Register should inform prioritisation and mitigating action of principal risks. The ongoing process for review of the BAF and integration with the risk management system is described below.

Principal risks, to the delivery of the Trust's Corporate Objectives 2021-22 were approved by the Board of Directors in year, alongside assignment to Board level Committee/s for oversight. During 2021-22, the BAF mapped 16 strategic (principal) risks against our corporate objectives. These represent a combination of internal and external strategic risks to achieving the objectives identified. The BAF identified the significant risks (score of 15 or above) to achieving the corporate objectives as:

- the effectiveness of patient flow plans to support Emergency & Urgent Care performance
- the effectiveness of restoration plans to address the elective backlog
- recruitment, training and retention of staff to meet service needs
- Delivery of the agreed 2021-22 financial position and development of a multi-year financial recovery plan to secure financial sustainability
- An ageing estate and identified of funding mechanism to support strategic regeneration of the hospital campus
- materially improving environmental sustainability

All were identified as risks that would have a significant impact on the delivery of patient care, patient and staff experience, financial sustainability, and reputation of the trust, or a combination of these. As such, these key issues were reflected in the agendas of the Board meetings. Particular attention was also given to those risks that are not wholly within our control to mitigate.

During 2021-22, the Trust's internal auditor confirmed that the Trust's assurance framework was structured to meet the NHS requirements, was visibly used by the organisation's board and clearly reflected the risks discussed by the Board.

The Board of Directors has a number of committees to provide assurance, and each is chaired by a Non-Executive Director. These include Audit Committee, Finance and Performance Committee, Quality Committee and People Performance Committee. Reports from these committees, detail the key issues considered by the committees and associated risks and assurances. They are presented by the chairs of the committees at each Board of Directors meeting. Despite the ongoing pandemic, our established Board and committee meeting structure were maintained during 2021-22.

Over recent years the Board of Directors has fully acknowledged that the effectiveness of some of its governance systems and processes and risk management approach has not been where it should be. As a result, the Board commissioned an independent governance review of its systems and processes, from ward to Board in 2020-21. In line with recommendations from the review, the Board implemented changes to its governance framework, specifically in relation to quality governance arrangements including the structure and sub-structure of the Board's Quality Committee and revision to the integrated performance report to track trends in performance. Our improvement journey in this regard has been recognised during 2021-22, with a 'Committee Effectiveness' internal audit confirming that the Board assurance committees have established processes in place which can enable them to deliver their duties as delegated to them and which the Trust Board rely on for assurance purposes. Plans to standardise all of the divisional assurance committee structures are well underway and will support the continued maturity of the re-engineered meeting structures.

The Stockport NHS Foundation Trust Quality Strategy, was approved in August 2021, providing clear quality goals. Targets are monitored via the Quality & Safety Integrated Performance Report, reviewed on a monthly basis by the Board's Quality Committee and at a more granular level via the Patient Safety Group, which reports to Quality Committee.

The introduction of the Stockport Accreditation & Recognition Scheme (StARs) in 2021-22 further supports the clear line of sight from ward to board for the purpose of assurance. All wards have now been accredited, ratings published and action plans

are in place. StARS is designed to measure the quality of care provided by individuals and teams throughout the Trust. It incorporates key clinical indicators and supports the standards in providing evidence for the Care Quality Commission's Fundamental Standards.

We work hard to foster an open and accountable reporting culture, and this is reflected in the feedback in the annual NHS Staff Survey. Staff are encouraged to identify and report incidents by an online reporting tool, and we have high levels of incident reports.

Our Serious Incident Policy aims to ensure that when a serious event or incident happens there are systematic measures for safeguarding patients, property, resources, and our reputation. Abiding by the policy ensures that a thorough investigation is undertaken, lessons learned and disseminated throughout the organisation, as well as to partner organisations as appropriate, to try to reduce the likelihood of similar incidents happening in the future. During 2021-22, the internal auditor conducted a review of the serious incident process, considering the impact of a series of actions to strengthen arrangements that had been implemented. The overall objective was to identify and evaluate the controls and level of consistency in place within the divisions for the management and recording of serious incidents and the subsequent reporting to the Serious Incidents Review Group. The outcome was a substantial assurance rating, concluding that overall, the escalation of serious incidents through to the Serious Incident Review Group (SIRG) was operating effectively with a consistent process adopted by the Divisions.

During 2021-22 we identified one never event that we reported to the CQC, NHSE/I, and commissioners. The never event related to a wrong side block being administered and was subject to a thorough investigation to learn lessons and to try to prevent the same issues happening in the future.

Risks or developments that may have an impact on the quality of care are identified through the completion of quality and equality risk assessments for business cases and cost improvement schemes. These assessments are subject to validation by the Medical Director and Chief Nurse, and we seek to engage proactively with the public and external stakeholders about the management of any risks that may impact on them.

Any data security risks are subject to our risk assessment process, with escalation through to the trust's risk register as appropriate. Data security is incorporated into annual data security awareness training that is mandatory for all staff and compliance levels are monitored by the information governance and security group, and where appropriate, reported to the Finance & Performance Committee and the Audit Committee.

The Board of Directors monitors performance against a suite of indicators relating to quality, safety, staffing operational, financial and workforce metrics via an integrated performance report that is presented at each public Board meeting. A suite of more granular reports are also presented to both the Board and the Board assurance committees. The report triangulates a range of metrics relating to locally agreed priority areas, as well as those nationally mandated via the NHSE/I System Oversight Framework. As part of the report the Board receives monthly safe staffing information, as well as a six monthly safe staffing report.

During 2021-22 the Board continued its journey to address or improve some areas of its operations in line with NHS England/Improvement (NHSE/I) Well Led Framework. The outcome of an independent Well Led mapping review, utilising the Well Led Framework, was presented to the Board of Directors in year alongside an action plan, detailing specific developmental actions for each Key Line of Enquiry (KLOE), supporting focus on continuous improvement. The mapping review noted that the 'Trust had continued to develop the Well-Led governance infrastructure despite the ongoing challenges of the pandemic, of particular note is the developments to performance reporting.' Furthermore, the review recognised that the Board composition demonstrated the re-building of positive balance of skills, experience and knowledge and that the Trust had developed and maintained its role in working effectively with system partners, with the challenging system transformation agenda fully recognised.

The Board of Directors has continued to monitor and review the system of internal control and, where necessary, to identify improvements to accountability arrangements, processes, or capability in order to deliver better outcomes. Management capability in terms of leadership, the available of knowledgeable and skilled staff, and adequate financial and physical resources to ensure that processes and internal controls work effectively, are routinely monitored by the Executive Directors team.

The practice and processes incorporated in the risk and control framework, together with those incorporated into the quality governance arrangements, aim to provide assurance on the validity of our Corporate Governance Statement, as required under the NHS foundation trust condition 4(8)(b).

An assessment of compliance with the NHS provider condition 4 has been completed confirming that no material risks had been identified during 2021-22 and that effective systems and processes are in place to maintain and monitor the following conditions:

- The effectiveness of governance structures
- The responsibilities of directors and subcommittees
- Reporting lines and accountabilities between the board, its subcommittees and the executive team

- The submission of timely and accurate information to assess risks to compliance with the trust's licence
- The degree and rigour of oversight the Board has over the Trust's performance.
- These conditions are detailed within the Corporate Governance Statement, the validity of which is assured via the Audit Committee

With regards to the Developing Workforce Safeguards we are fully compliant and we have followed the national guidance in relation to safe staffing governance. As previously highlighted, the Board of Directors receives safe staffing information via the integrated performance report, which also includes information for all staff groups on appraisals, temporary staffing usage, sickness absence, and training.

The Board also receives a quarterly safe care report, which evidences our approach to safe staffing. Through these reports the Chief Nurse provides assurance to the Board that staffing is safe in wards and departments. The Board's People Performance Committee has responsibility for the development of appropriate workforce strategies prior to recommendation to Board for approval, and subsequent oversight of implementation, providing regular report to the Board regarding key issues and assurances and management of any significant risk to the delivery of these.

We have staffing in extremis guidelines in place to respond to unplanned workforce challenges. This guidance aims to help manage daily staffing levels to ensure safe, effective patient care. Reviews take place three times a day and the outcomes are shared with ward managers, night sisters, matrons, associate nurse directors, the deputy chief nurse and chief nurse, as well as on-call teams.

The Trust is fully compliant with the registration requirements of the CQC. Our Urgent & Emergency Care services were subject to a CQC inspection in November 2021. The inspection report was published in January 2022 and the Board of Directors welcomed the acknowledgment of improvements made in the Emergency Department since the previous inspection. Notwithstanding the significant improvements, we have developed a comprehensive action plan to address actions identified in the report. This is monitored on quarterly basis by the Board's Quality Committee, alongside an overview of CQC enquiries received by the Trust, the outcome of CQC Engagement Sessions and review of the CQC Insight Report and confirmation of the current processes and assurance framework reviewing any areas of concern.

The foundation trust has published on its website an up-to-date register of interest, including gifts and hospitality, for decision making staff (as defined by the trust with reference to the guidance) within the past 12 months as required by the Managing Conflicts of Interest guidance. The Trust has an electronic system for registering interests, gifts and hospitality, and during 2021-22 updated our Conflicts of Interest

Policy, completing the audit recommendations made in the limited assurance internal audit conducted in 2020-21. The register of interests is reviewed on a regular basis by the Audit Committee.

As an employer with staff entitled to membership of the NHS Pension Scheme, we have control measures 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 in place to ensure that all of our obligations under equality, diversity and human rights legislation are complied with *(see Staff report).*

The foundation trust has undertaken risk assessments and has plans in place which take account of the 'Delivering a Net Zero Health Service' report under the Greener NHS programme. The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

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

The Board of Directors draws on a range of assurance sources and materials in its ongoing review of the economy, efficiency and effectiveness of the use of resources. The annual internal audit programme, together with the reports from individual audits, provides assurance to the Audit Committee about the operational arrangements to secure economy, efficiency and effectiveness in the use of resources.

Assurance is also provided through scrutiny of performance against objectives and standards, which are achieved through a number of channels including:

- approval of annual budgets by the Board of Directors,
- bimonthly reporting to the Board on key performance indicators covering access, finance, quality and workforce standards;
- scrutiny of performance against the financial plan on a monthly basis and monitoring delivery of strategic change projects by the Finance & Performance Committee,
- Board of Directors consideration of key issues reports from its assurance committees,
- Executive Directors monthly performance review meetings with divisions.

The Trust's resources are managed in line with the Standing Financial Instructions and Scheme of Delegation which is reviewed regularly by the Audit Committee, and subsequently approved by the Board of Directors.

Information governance

Key issues and assurances relating to information governance, data protection and data quality are reviewed by the information governance and security group, with update provided to the Board's Finance and Performance Committee.

As well as adopting proactive technical measures to prevent the loss of data and improve cyber security, the group ensures that specific procedures for detecting, reporting and dealing with any issues of data loss and breaches are in place. These actions include:

- controls for the encryption of mobile devices and removable media, including use of email encryption software,
- email and web security controls to protect against malicious software and websites,
- regular security updates and patching applied to IT hardware and systems in line with NHS Digital threat advice and alerts,
- independent security assessments and penetration testing,
- ongoing review of information flows of personal identification data, internally and externally, and ensuring appropriate measures to maintain secure transfer of data,
- ongoing review of information assets to ensure they are appropriately risk assessed and that security measures are in place to maintain confidentiality, integrity and availability of data,
- undertaking data protection impact assessments of new information assets to ensure they comply with data protection principles and security requirements,
- review of information governance and security policies, procedures and guidance issued around handling and sharing of personal data in compliance with the UK General Data Protection Regulations (GDPR) and Data Protection Act 2018,
- all staff are required to complete annual data security awareness training as part of the Trust mandatory training programme,
- maintaining ISO 27001 accreditation for our IT infrastructure, which is an international best practice standard in information security management,
- maintaining accreditation to the NHS secure email standard (DCB 1596) for our email service from NHS Digital to enable secure information sharing with other accredited NHS organisations and local authorities,
- compliance with the annual NHS Data Security and Protection Toolkit (DSPT) assessment to meet the ten national data guardian standards.

We have a Board-level senior information risk owner with lead responsibility for ensuring that information risk is properly identified, managed and appropriate assurance mechanisms exist. This role is undertaken by the Deputy Chief Executive/Director of Finance. The Trusts Medical Director is our Caldicott Guardian with responsibility for patient confidentially. We have a data protection officer, which is a mandatory requirement for public authorities, to ensure our compliance with the Data Protection Act.

The annual assessment against the DSPT submission deadline has been extended to 30 June 2022 due to the pandemic. The toolkit is a mandatory requirement to provide assurance of good information governance and data security practices. An independent internal audit progress review of our DSPT was carried out in January 2022 and a final audit will take place towards the end of May 2022.

A similar audit undertaken last year for the 2020/21 DSPT assessment provided moderate assurance against the 10 national data guardian standards. The Trust met all the mandatory requirements of the 2020/21 DSPT submission.

We proactively report information governance incidents on our internal incident management system, as well as via the NHS DSPT reporting tool. During 2020-22 we reported 27 information governance incidents via the DSPT reporting tool to the Information Commissioners Office (ICO). 24 of those incidents resulted in no further action by the ICO and 3 are still open and being investigated by the ICO. Most of the incidents related to breaches of confidentiality where personal data had been disclosed in error. Other incidents related to loss, misplacement, unauthorised access, or technical system failure. Each incident was fully investigated, and appropriate action taken to prevent similar incidents in the future and lessons learned. Individuals are formally notified by letter of any breach of their confidentiality.

Data quality and governance

It is the responsibility of all staff to ensure timely and accurate capture of information to ensure high standards of data quality as defined in the Trust Data Quality Policy. Information plays a key role in the management of patient care and provides the source for operational and management reporting across the organisation.

Data quality is overseen by the Information Governance and Security Group who receive reports from the Data Quality Assurance Group providing assurance on:

- compliance with all relevant Information Standard Notices published by NHS Digital.
- accuracy, completeness and timeliness of data critical to key processes, pathways and performance indicators.
- data is of a high standard to support patient care and safety; effective decision making and meets financial and contractual performance frameworks.
- compliance with the information and data assurance elements of the Data Security and Protection Toolkit.

From the latest nationally published Data Quality Maturity Index (DQMI) the Trust score is 95.5 against a national position of 77.3.

The quality and accuracy of elective waiting time data is assured as part of the above process. The divisional performance review process also ensures elective access

waiting times are managed and monitored at a divisional level.

The Trust's Integrated Performance Report is produced by a dedicated Performance & Improvement team. It is aligned to the annual operational plan and regularly reviewed throughout the year by the Board and Board Committees. The Integrated Performance Report incorporates key quality, operational, workforce and financial metrics, and includes a qualitative narrative highlighting variation. Statistical Process Control (SPC) charts are included where possible to show position and trend against performance forecasts. Triangulated information informs Board and Board level committee discussion and decision-making in relation to improved performance.

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 Head of Internal Audit Opinion, the work of the internal auditors, clinical audit, and the executive managers and clinical leads within Stockport NHS Foundation Trust, who have responsibility for the development and maintenance of the internal control framework.

I have drawn on performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee, the other committees that form part of the organisation's assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The process for maintaining and reviewing the effectiveness of the system of internal control is based on governance architecture which has been strengthened over recent years and is demonstrating information flows and escalation of emergent issues to the relevant Board assurance committee. The Board's committees review reports from established subgroups, initiate further management action where necessary and report outcomes at each meeting to the Board of Directors via key issues and assurance report.

The Stockport Improvement Board, jointly chaired by NHS Improvement and Greater Manchester Health and Social Care Partnership, was established to focus on quality and governance issues and urgent and emergency care as highlighted by the CQC. Since its establishment in 2020, the Trust has worked closely with partners to address a range of issues highlighted by the CQC inspection and NHSE/I. At the March 202 meeting of the Stockport Improvement Board, NHSE/I agreed that so much improvement has been made by local partners future meetings could been stood down.

The Audit Committee has a specific remit to assess the effectiveness of internal

controls and systems, and it considers the outcomes of work undertaken by internal audit to test system effectiveness at each meeting. It also reviews assurance reports from management on system effectiveness and actions taken to address audit recommendations. The Audit Committee also presents a key issues report to the Board.

The Trust has a comprehensive risk-based internal audit programme in place and the programme was delivered in full during 2021-22. Outcomes of the internal audit programme are reported to the Audit Committee and appropriately led plans are in place to address any audits that result in a limited assurance assessment.

In May 2022, the Audit Committee received the Head of Internal Audit Opinion that provided substantial assurance and concluded that the organisation has "a good system of internal controls designed to meet the organisation's objectives, which are generally being applied consistently."

In describing the process that has been applied in maintaining and reviewing the effectiveness of internal control I have considered:

- The Board Assurance Framework, which provides the Board with evidence of the effectiveness of the system of internal controls that manage the principle risk to the organisation's strategic objectives.
- Committees within the Board's committee structure have a clear timetable of meetings, annual work plans, and a clear reporting structure that enables matters to be reported and/or escalated in a timely manner.
- The Head of Internal Audit Opinion, which provided substantial assurance that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.
- The process for the follow-up of audit recommendations, which is monitored by the Audit Committee.
- The organisation and its services continue to be registered with the Care Quality Commission.
- The outcome of recent CQC inspection of Urgent & Emergency Care services, which resulted in a 'good' rating, and other external inspections, accreditations and reviews.

Conclusion

The processes described in this Annual Governance Statement including internal and external reviews, audits and inspections, provide sufficient evidence to state that no significant internal control issues have been identified and that Stockport NHS Foundation Trust has generally sound systems of internal control that support the achievement of its policies, aims and objectives. The organisation acknowledges that it needs to continue its improvement journey, as well as maintain its strengthened governance and risk assurance systems and processes and I am assured those

arrangements are in place to do so.

Karen James OBE
Chief Executive
21st June 2022

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

Report on the audit of the financial statements

Opinion on the financial statements
We have audited the financial statements of Stockport NHS Foundation Trust ('the Trust') and its subsidiaries ('the Group') for the year ended 31 March 2022 which comprise the Trust and Group Statements of Comprehensive Income, the Trust and Group Statements of Financial Position, the Consolidated Statement of Changes in Taxpayers' Equity , the Trust and Group Statements of Cash Flows, and notes to the financial statements, including the summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual 2021/22 as contained in the Department of Health and Social Care Group Accounting Manual 2021/22, and the Accounts Direction issued under the National Health Service Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust and Group as at 31 March 2022 and of the Trust's and the Group's income and expenditure for the year then ended;
- have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2021/22; and
- have been properly prepared in accordance with the requirements of the National Health Service Act 2006.

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

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's or the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

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

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

We have nothing to report in these regards.

Responsibilities of the Accounting Officer for the financial statements
As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal

control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Accounting Officer is required to comply with the Department of Health and Social Care Group Accounting Manual 2021/22 and prepare the financial statements on a going concern basis, unless the Trust is informed of the intention for dissolution without transfer of services or function to another entity. The Accounting Officer is responsible for assessing each year whether or not it is appropriate for the Trust and Group to prepare financial statements on the going concern basis and disclosing, as applicable, matters related to going concern.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Trust and Group, we identified that the principal risks of non-compliance with laws and regulations related to the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012), and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Accounting Officer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Trust and Group which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to :

- making enquiries of management and the Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the Comptroller and Auditor General in April 2021.

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

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

Matter on which we are required to report by exception
We are required to report to you if, in our opinion, we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in December 2021, we have identified the following significant weakness in the Trust's arrangements for the year ended 31 March 2022:

Significant weakness in arrangements	Recommendation
Financial plans for 2022/23 The Trust's latest submission for the 2022/23 financial plan is a £23m deficit. This deficit position assumes an £18m programme of savings to be achieved 2022/23. In our view the Trust's significant cumulative deficit and lack of plans to address underlying annual deficits without additional funding is evidence of weaknesses in the arrangements to deliver financial sustainability.	The Trust should continue to work collaboratively with its Greater Manchester ICS partners and NHS England/Improvement to explore and agree long term sustainable plans to bridge its funding gaps and identify achievable savings

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

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources
We are required under Schedule 10(1) of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Code of Audit Practice
In our opinion:

- the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2021/22; and
- the other information published together with the audited financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception under the Code of Audit Practice
We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the NHS Foundation Trust Annual Reporting Manual 2021/22; or
- the Annual Governance Statement is misleading or is not consistent with our knowledge of the Trust and Group and other information of which we are aware from our audit of the financial statements; or
- we refer a matter to the regulator under Schedule 10(6) of the National Health Service Act 2006; or
- we issue a report in the public interest under Schedule 10(3) of the National Health Service Act 2006.

We have nothing to report in respect of these matters.

Use of the audit report

This report is made solely to the Council of Governors of Stockport NHS Foundation Trust as a body in accordance with Schedule 10(4) of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust as a body for our audit work, for this report, or for the opinions we have formed.

Certificate

We certify that we have completed the audit of Stockport NHS Foundation Trust and Stockport NHS Foundation Trust Group in accordance with the requirements of chapter 5 of part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

Karen Murray - Key Audit Partner
For and on behalf of Mazars LLP
One St Peter's Square
Manchester
M2 3DE
21 June 2022

Stockport NHS Foundation Trust

Annual Accounts for the year ended 31 March 2022

Foreword to the accounts

Stockport NHS Foundation Trust

These accounts, for the year ended 31 March 2022, have been prepared by Stockport NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Signed ……..

Name **Karen James OBE**
Job title **Chief Executive**
Date **21st June 2022**

Consolidated Statement of Comprehensive Income

		Group		Trust	
		2021/22	2020/21	2021/22	2020/21
	Note	£000	£000	£000	£000
Operating income from patient care activities	3	375,431	311,990	375,431	311,990
Other operating income	4	41,276	72,320	40,816	71,408
Operating expenses	6, 8	(411,294)	(387,464)	(410,792)	(386,891)
Operating surplus/(deficit) from continuing operations		**5,413**	**(3,154)**	**5,455**	**(3,493)**
Finance income	11.1	70	47	23	
Finance expenses	12	(612)	(675)	(612)	(675)
PDC dividends payable		(3,607)	(2,710)	(3,607)	(2,710)
Net finance costs		**(4,149)**	**(3,338)**	**(4,196)**	**(3,385)**
Other gains / (losses)	13	560	310	426	40
Gains / (losses) arising from transfers by absorption	35	1,357	105	1,357	105
Corporation tax expense		(43)	(24)	-	-
Surplus / (deficit) for the year from continuing operations		**3,138**	**(6,101)**	**3,042**	**(6,733)**
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations	15	-	-		
Surplus / (deficit) for the year		**3,138**	**(6,101)**	**3,042**	**(6,733)**
Other comprehensive income					
Will not be reclassified to income and expenditure:					
Impairments	7	(535)	(2,900)	(535)	(2,900)
Revaluations	17	8,809	48	8,809	48
Total comprehensive income / (expense) for the period		**11,412**	**(8,953)**	**11,316**	**(9,585)**

The Group Accounts include the consolidated financial results of Stockport NHS Foundation Trust, its' associated Charity, Stockport NHS Foundation Trust General Fund (Charity Commission Number 1048661), and Stepping Hill Healthcare Enterprises Limited (trading as the Pharmacy Shop).

The Group Accounts reflect the outturn of the Trust of £3 million surplus in 2021/2022 (£6.7 million deficit in 2020/2021) and subsidiaries' profit of £183k for Stepping Hill Healthcare Enterprises Limited (£104k profit in 2020/2021). The Trust Charity has net movement in funds of £87k loss in 2021/2022 compared to net movement in funds of £528k incoming resources in 2020/2021.

Statements of Financial Position

	Note	Group 31 March 2022 £000	Group 31 March 2021 £000	Trust 31 March 2022 £000	Trust 31 March 2021 £000
Non-current assets					
Intangible assets	14	7,509	2,980	7,509	2,980
Property, plant and equipment	15	185,570	164,924	185,570	164,924
Other investments / financial assets	20	1,691	1,557	-	-
Receivables	21	766	248	766	248
Total non-current assets		**195,536**	**169,709**	**193,845**	**168,152**
Current assets					
Inventories	20	1,509	1,552	1,288	1,356
Receivables	21	11,726	16,499	12,968	17,997
Cash and cash equivalents	22	52,311	34,991	50,540	32,534
Total current assets		**65,546**	**53,042**	**64,796**	**51,887**
Current liabilities					
Trade and other payables	23	(62,394)	(52,532)	(62,980)	(52,750)
Borrowings	1	(1,754)	(1,810)	(1,754)	(1,810)
Provisions	27	(5,611)	(3,362)	(5,611)	(3,362)
Other liabilities	24	(4,774)	(4,578)	(4,774)	(4,578)
Total current liabilities		**(74,533)**	**(62,282)**	**(75,119)**	**(62,500)**
Total assets less current liabilities		**186,549**	**160,469**	**183,522**	**157,539**
Non-current liabilities					
Borrowings	26	(17,104)	(18,662)	(17,104)	(18,662)
Provisions	27	(4,122)	(2,935)	(4,122)	(2,935)
Other liabilities	24	(348)	(343)	(348)	(343)
Total non-current liabilities		**(21,574)**	**(21,940)**	**(21,574)**	**(21,940)**
Total assets employed		**164,976**	**138,529**	**161,949**	**135,599**
Financed by					
Public dividend capital		160,916	145,881	160,916	145,881
Revaluation reserve		55,062	46,788	55,062	46,788
Income and expenditure reserve		(53,573)	(56,798)	(54,029)	(57,070)
Charitable fund reserves	19	2,571	2,658		
Total taxpayers' equity		**164,976**	**138,529**	**161,949**	**135,599**

The notes on pages 8 to 48 form part of these accounts.

Name: Karen James OBE
Position: Chief Executive
Date **21st June 2022**

Consolidated Statement of Changes in Equity for the year ended 31 March 2022

Group	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2021 - brought forward	**145,881**	**46,788**	**(56,798)**	**2,658**	**138,529**
Surplus/(deficit) for the year	-	-	2,626	512	**3,138**
Impairments	-	(535)	-	-	**(535)**
Revaluations	-	8,809	-	-	**8,809**
Public dividend capital received	15,035	-	-	-	**15,035**
Other reserve movements	-	-	599	(599)	**-**
Taxpayers' and others' equity at 31 March 2022	**160,916**	**55,062**	**(53,573)**	**2,571**	**164,976**

Consolidated Statement of Changes in Equity for the year ended 31 March 2021

Group	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**86,817**	**49,640**	**(50,169)**	**2,130**	**88,418**
Surplus/(deficit) for the year	-	-	(6,907)	806	**(6,101)**
Impairments	-	(2,900)	-	-	**(2,900)**
Revaluations	-	48	-	-	**48**
Public dividend capital received	59,064	-	-	-	**59,064**
Other reserve movements	-	-	278	(278)	**-**
Taxpayers' and others' equity at 31 March 2021	**145,881**	**46,788**	**(56,798)**	**2,658**	**138,529**

Information on reserves

Public Dividend Capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. Additional PDC may also be issued to the Trust by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as the public dividend capital dividend.

Revaluation reserve

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Income and Expenditure Reserve - Group

The balance of this reserve is the accumulated surpluses and deficits of Stockport NHS Foundation Trust and its subsidiary, Stepping Hill Healthcare Enterprises Ltd, which are consolidated into these Accounts with the Trust.

Income and Expenditure Reserve - Trust

The balance of this reserve is the accumulated surpluses and deficits of the Trust.

Charitable funds reserve

This reserve comprises the ring-fenced funds held by the NHS charitable funds consolidated within these financial statements. These reserves are classified as restricted or unrestricted; a breakdown is provided in note 19.

Statement of Changes in Equity for the year ended 31 March 2022

Trust	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2021 - brought forward	**145,881**	**46,788**	**(57,070)**	**135,598**
Surplus/(deficit) for the year			3,042	**3,042**
Impairments		(535)		**(535)**
Revaluations		8,809		**8,809**
Public dividend capital received	15,035			**15,035**
Taxpayers' and others' equity at 31 March 2022	**160,916**	**55,062**	**(54,029)**	**161,949**

Statement of Changes in Equity for the year ended 31 March 2021

Trust	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**86,817**	**49,640**	**(50,337)**	**86,120**
Surplus/(deficit) for the year			(6,733)	**(6,733)**
Impairments		(2,900)		**(2,900)**
Revaluations		48		**48**
Public dividend capital received	59,064			**59,064**
Taxpayers' and others' equity at 31 March 2021	**145,881**	**46,788**	**(57,070)**	**135,599**

Statements of Cash Flows

	Note	Group 2021/22 £000	Group 2020/21 £000	Trust 2021/22 £000	Trust 2020/21 £000
Cash flows from operating activities					
Operating surplus / (deficit)		5,413	(3,154)	5,454	(3,493)
Non-cash income and expense:					
Depreciation and amortisation	6.1	13,092	10,887	13,092	10,887
Net impairments	7	(639)	2,543	(639)	2,543
Income recognised in respect of capital donations	4	-	(1,296)		(1,296)
(Increase) / decrease in receivables and other assets		3,982	4,788	4,237	5,690
(Increase) / decrease in inventories		43	285	68	215
Increase / (decrease) in payables and other liabilities		9,060	8,461	9,448	7,649
Increase / (decrease) in provisions		3,454	556	3,454	556
Movements in charitable fund working capital		-	(27)	-	-
Tax (paid) / received		(24)	(35)	-	-
Net cash flows from / (used in) operating activities		**34,381**	**23,007**	**35,114**	**22,751**
Cash flows from investing activities					
Interest received		23	7	23	7
Purchase of intangible assets		(4,932)	(2,156)	(4,932)	(2,156)
Purchase of PPE and investment property		(22,081)	(13,024)	(22,081)	(13,024)
Sales of PPE and investment property		426	63	426	63
Receipt of cash donations to purchase assets		-	43	-	43
Net cash flows from charitable fund investing activities		47	47	-	-
Net cash flows from / (used in) investing activities		**(26,517)**	**(15,020)**	**(26,564)**	**(15,067)**
Cash flows from financing activities					
Public dividend capital received		15,035	59,064	15,035	59,064
Movement on loans from DHSC		(1,551)	(47,606)	(1,551)	(47,606)
Capital element of finance lease rental payments		(17)	(84)	(17)	(84)
Capital element of PFI, LIFT and other service concession payments		(32)	(31)	(32)	(31)
Interest on loans		(637)	(931)	(637)	(931)
Interest paid on PFI, LIFT and other service concession obligations		(8)	(9)	(8)	(9)
PDC dividend (paid) / refunded		(3,334)	(3,192)	(3,334)	(3,192)
Net cash flows from / (used in) financing activities		**9,456**	**7,211**	**9,456**	**7,211**
Increase / (decrease) in cash and cash equivalents		**17,320**	**15,198**	**18,006**	**14,895**
Cash and cash equivalents at 1 April - brought forward		**34,991**	**19,785**	**32,534**	**17,631**
Cash and cash equivalents transferred under absorption accounting	35	-	8		8
Cash and cash equivalents at 31 March	22	**52,311**	**34,991**	**50,540**	**32,534**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2021/22 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts

Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

Note 1.2 Going concern

These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

Note 1.3 Consolidation

NHS Charitable Funds

The Trust is the corporate trustee to Stockport NHS Foundation Trust General Fund. The Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

The charitable fund's statutory accounts are prepared to 31 March 2022 in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

• recognise and measure them in accordance with the Trust's accounting policies and
• eliminate intra-group transactions, balances, gains and losses.

Other subsidiaries

Stepping Hill Healthcare Enterprises Limited

Subsidiary entities are those over which the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines.

Where subsidiaries' accounting policies are not aligned with those of the Trust (including where they report under FRS 102) then amounts are adjusted during consolidation where the differences are material. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

Stepping Hill Healthcare Enterprises Limited is a limited company, incorporated on the 16th September 2014, but operational from the 1st November 2014. Its principal activities are to dispense drugs to the outpatients of Stockport NHS Foundation Trust. The Company is wholly owned by Stockport NHS Foundation Trust.

The company's latest accounting period to the 31st March 2021 have been prepared and submitted to Companies House. It has taken advantage of the small company exemption from audit under section 479A of the Companies Act 2006 which does not require an audit if included in the parent's consolidated accounts.

Note 1.4 Revenue from contracts with customers

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

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. In 2021/22 and 2020/21, the majority of the trust's income from NHS commissioners was in the form of block contract arrangements. The Trust receives block funding from its commissioners, where funding envelopes are set at a Integrated Care System level. For the first half of the 2020/21 comparative year these blocks were set for individual NHS providers directly, but the revenue recognition principles are the same. The related performance obligation is the delivery of healthcare and related services during the period, with the Trust's entitlement to consideration not varying based on the levels of activity performed.

The Trust also receives additional income outside of the block payments to reimburse specific costs incurred and, in 2020/21 and 2021/22, other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

In 2021/22, the Elective Recovery Fund enabled systems to earn income linked to the achievement of elective activity targets including funding any increased use of independent sector capacity. Income earned by the system is distributed between individual entities by local agreement. Income earned from the fund is accounted for as variable consideration.

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract. Some research income alternatively falls within the provisions of IAS 20 for government grants.

NHS injury cost recovery scheme

The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when performance obligations are satisfied. In practical terms this means that treatment has been given, it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Note 1.5 Other forms of income

Grants and donations

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where the grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grants is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

Apprenticeship service income

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Additional Employer Pension Contributions

The increase in employer pension contributions due in 2021/22 has been paid over centrally by NHS England for provider organisations. The Trust expenditure in staff costs is recorded as being with the NHS Pension Scheme, with a corresponding notional income amount from NHS England recorded.

Trading Activities

The Trust has assessed other sources of operating income for inclusion under IFRS 15. For example the Trust generates income under commercial contracts for its Pharmaceuticals Manufacturing Service, Aseptics Unit and Quality Control. Income under these contracts is recognised for the development, manufacture and ongoing supply of products. Income is generated through invoices under which payment terms are agreed at 30 days unless otherwise negotiated.

Other income recognised under IFRS 15 includes catering and car parking income where cash revenue streams are recognised at the point of sale where an oral contract is implied and ticket issued.

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.

Note 1.6 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme: the cost to the trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

Note 1.7 Expenditure on other goods and services

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

Note 1.8 Discontinued operations

Discontinued operations occur where activities either cease without transfer to another entity, or transfer to an entity outside of the boundary of Whole of Government Accounts, such as private or voluntary sectors. Such activities are accounted for in accordance with IFRS 5. Activities that are transferred to other bodies within the boundary of Whole of Government Accounts are ‘machinery of government changes’ and treated as continuing operations.

Note 1.9 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

• it is held for use in delivering services or for administrative purposes
• it is probable that future economic benefits will flow to, or service potential be provided to, the trust
• it is expected to be used for more than one financial year
• the cost of the item can be measured reliably
• the item has cost of at least £5,000, or
• collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

Where a large asset, for example a building, includes a number of components with significantly different asset lives,

Subsequent expenditure

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

Measurement

Valuation

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

Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. not materially different from those that would be determined at the end of the reporting period. There is no pre-determined frequency with which assets must be re-valued. The Trust ensures that asset values are kept up to date, as a minimum, with a full valuation every five years and an interim valuation at three years. Where assets are subject to significant volatility, then annual revaluations may be required.

The Trust requested a valuation of its land and building at the 31st March 2022. Valuations are carried out by the District Valuer, who is external to the Trust, and in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and meeting the location requirements of the services being provided. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment which has been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

Plant and Equipment are depreciated evenly over the estimated life of the asset, as follows:

	Min life Years	Max life Years
Medical equipment, engineering plant and equipment : 5 to 15 years	5	15
Transport equipment: 5 to 7 years	5	7
Office and Information technology equipment: 5 years	5	5
Furniture & fittings: 5 to 10 years	5	10
Soft Furnishings: 5 to 7 years	5	7
Set up costs (eg equipment < £5,000 in new buildings: 10 years	10	10

Revaluation gains and losses

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

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

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

Impairments

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.
Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated and grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment. This includes assets donated to the Trust by the Department of Health and Social Care as part of the response to the coronavirus pandemic. As defined in the GAM, the trust applies the principle of donated asset accounting to assets that the Trust controls and is obtaining economic benefits from at the year end.

Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) transactions

PFI and LIFT transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM* , are accounted for as 'on-Statement of Financial Position' by the Trust. In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

Useful lives of property, plant and equipment

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life Years	**Max life Years**
Buildings, excluding dwellings	24	29
Dwellings	30	40
Plant & machinery	5	15
Transport equipment	5	7
Information technology	5	10
Furniture & fittings	5	10

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the Trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.10 Intangible assets

Recognition

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

Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised. Expenditure on development is capitalised where it meets the requirements set out in IAS 38.

Software

Software which is integral to the operation of hardware, eg 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, eg 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 that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Intangible assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

Amortisation

Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits.

Useful lives of intangible assets

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life Years	Max life Years
Software licences	3	10

Note 1.11 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method.

In 2020/21 and 2021/22, the Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

Note 1.12 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

Note 1.13 Financial assets and financial liabilities

Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

Note 1.13 Financial assets and financial liabilities

Recognition continued

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

Classification and measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

Financial assets are classified as subsequently measured at amortised cost, fair value through income and expenditure or fair value through other comprehensive income.

Financial liabilities classified as subsequently measured at amortised cost or fair value through income and expenditure.

Financial assets and financial liabilities at amortised cost

Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income where business model objectives are met by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest. Movements in the fair value of financial assets in this category are recognised as gains or losses in other comprehensive income except for impairment losses. On derecognition, cumulative gains and losses previously recognised in other comprehensive income are reclassified from equity to income and expenditure, except where the Trust elected to measure an equity instrument in this category on initial recognition.

Financial assets and financial liabilities at fair value through profit and loss

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive income.

The Group measures the pooled Charity Common Investment Fund with CCLA as a financial asset at fair value through profit and loss.

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

Impairment of financial assets continued

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

The Trust has assessed its receivables on an individual basis for expected credit losses and impaired these where judged to be necessary. The Trust Injury Cost Recovery Scheme income is reduced by a nationally agreed expected credit loss percentage. The Trust does not normally recognise expected credit losses for other NHS bodies except for circumstances of genuine dispute.

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

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Derecognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Note 1.14 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The Trust as a lessee

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both 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 interest on the outstanding liability.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property plant and equipment.

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to finance costs in the Statement of Comprehensive Income.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the statement of financial position and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

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.

Note 1.14 Leases continued

The Trust as a lessor

Finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Trust's net investment outstanding in respect of the leases.

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Note 1.15 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective from 31 March 2022:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	0.47%	Minus 0.02%
Medium-term	After 5 years up to 10 years	0.70%	0.18%
Long-term	After 10 years up to 40 years	0.95%	1.99%
	Exceeding 40 years	0.66%	1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31 March 2022:

	Inflation rate	Prior year rate
Year 1	4.00%	1.20%
Year 2	2.60%	1.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 1.30% in real terms (prior year: minus 0.95).

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 27.2 but is not recognised in the Trust’s accounts.

Non-clinical risk pooling

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses when the liability arises.

Note 1.16 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity’s control) are not recognised as assets, but are disclosed in note 28 where an inflow of economic benefits is probable.

Note 1.16 Contingencies continued

Contingent liabilities are not recognised, but are disclosed in note 28 unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

• 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 entity's control; or

• 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.

Note 1.17 Public dividend capital

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

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

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care.

This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-Trusts-and-foundation-Trusts.

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

Note 1.18 Value added tax

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Note 1.19 Corporation tax

Health Service bodies, including Foundation Trusts, are exempt from taxation on their principal healthcare income under section 519A ICTA 1988. The Trust may incur corporation tax through its wholly owned subsidiary Stepping Hill Healthcare Enterprises Limited.

Note 1.20 Climate change levy

Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

Note 1.21 Foreign exchange

The functional and presentational currency of the Trust is sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Note 1.21 Foreign exchange continued

Where the Trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

• monetary items are translated at the spot exchange rate on 31 March
• non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
• non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

Note 1.22 Third party assets

Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's FReM.

Note 1.23 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

The losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.24 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.25 Transfers of functions to / from other NHS bodies / local government bodies

For functions that have been transferred to the Trust from another NHS / local government] body, the transaction is accounted for as a transfer by absorption. The assets and liabilities transferred are recognised in the accounts using the book value as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain / loss corresponding to the net assets/ liabilities transferred is recognised within income / expenses, but not within operating activities.

For property, plant and equipment assets and intangible assets, the cost and accumulated depreciation / amortisation balances from the transferring entity's accounts are preserved on recognition in the Trust's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the Trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

For functions that the Trust has transferred to another NHS / local government body, the assets and liabilities transferred are de-recognised from the accounts as at the date of transfer. The net loss / gain corresponding to the net assets/ liabilities transferred is recognised within expenses / income, but not within operating activities. Any revaluation reserve balances attributable to assets de-recognised are transferred to the income and expenditure reserve. Adjustments to align the acquired function to the Trust's accounting policies are applied after initial recognition and are adjusted directly in taxpayers' equity.

Note 1.26 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2021/22.

Note 1.27 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

IFRS 16 Leases will replace *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

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

On transition to IFRS 16 on 1 April 2022, the Trust will apply the standard retrospectively without restatement and with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the Trust's incremental borrowing rate. The Trust's incremental borrowing rate will be defined by HM Treasury. For 2022, this rate is 0.95%. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

For leases commencing in 2022/23, the Trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

The Trust has estimated the impact of applying IFRS 16 in 2022/23 on the opening statement of financial position and the in-year impact on the statement of comprehensive income and capital additions as follows:

	£000
Estimated impact on 1 April 2022 statement of financial position	
Additional right of use assets recognised for existing operating leases	8,734
Additional lease obligations recognised for existing operating leases	(8,734)
Net impact on net assets on 1 April 2022	**-**
Estimated in-year impact in 2022/23	
Additional depreciation on right of use assets	(2,164)
Additional finance costs on lease liabilities	(85)
Lease rentals no longer charged to operating expenditure	2,211
Other impact on income / expenditure	-
Estimated impact on surplus / deficit in 2022/23	**(38)**
Estimated increase in capital additions for new leases commencing in 2022/23	**2,262**

From 1 April 2022, the principles of IFRS 16 will also be applied to the Trust's PFI liabilities where future payments are linked to a price index representing the rate of inflation. The PFI liability will be remeasured when a change in the index causes a change in future repayments and that change has taken effect in the cash flow. Under existing accounting practices, amounts relating to changes in the price index are expensed as incurred. This is expected to increase the PFI liability on the statement of financial position upon transition to IFRS 16. The effect of this has not yet been quantified.

Additional right of use assets are building assets leased from NHS Property Services for community services. New capital additions relate to the MR Scanner Service and renewal of the Swanbourne Garden property lease for the Children's Respite provision.

Note 1.28 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

The Trust uses the District Valuer service to provide revalued amounts for its land, buildings and dwellings. These valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. In 2021/2022 the Trust has undertaken a review exercise of its alternative site valuation of land and builldings. The valuation at the 31st March 2022 has been judged as material to update and the subsequent increase to assets has been enacted through the revaluation reserve.

Note 1.29 Sources of estimation uncertainty

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Since the start of the pandemic, DHSC has provided centrally procured personal protective equipment to Trusts free of charge. It is not the Trust's accounting policy to include such items as inventories on the Statement of Financial Position and they are not considered material to do so. In 2021/22 the Trust will continue to account for centrally received PPE through the income and expenditure account.

Other provisions includes estimated costs associated with banding claims by specific sections of the workforce and also include estimates of costs for employment legal cases.

Under IAS 19 Employee Benefits the Trust has calculated the expected cost of annual leave earned but unable to be taken in the financial year 2021/2022 because of the demands on the workforce due to Covid-19. The Trust has assessed the need to accrue for six days annual leave carry forward.

Note 2 Operating Segments

.In line with IFRS 8 on Operating Segments, the Board of Directors, as Chief Operating Decision Maker (CODM), have assessed that the Trust continues to report its Annual Accounts on the basis that it operates as a single entity in the healthcare segment only. The accompanying financial statements have consequently been prepared under one single operating segment.

All of the Foundation Trust's activities are in the provision of healthcare, which is an aggregate of all the individual specialty components included therein, and the very large majority of the healthcare services provided occur at the one geographical main site. Similarly, the large majority of the Foundation Trust's revenue originates with the UK Government; namely through contracts with NHS Commissioners. The majority of expenses incurred are payroll expenditure on staff involved in the production or support of healthcare activities generally across the Trust together with the related supplies and overheads needed to establish this production. The business activities which earn revenue and incur expenses are therefore of one broad combined nature and therefore on this basis one segment of 'Healthcare' is deemed appropriate. In applying the aggregation criteria the CODM also recognises that the Trust's divisions operate under one common regulatory framework.

In consolidating the charitable funds the Trust has considered the level of its charitable funds and has considered them immaterial to report as a separate operating segment as the charitable funds revenue are not 10% or more of the combined assets of all operating segments

In consolidating the financial results of the Stepping Hill Healthcare Enterprises Limited Company, the Trust considers that the provision of an outpatient dispensing service to patients still falls under the healthcare operating segment. In addition its revenue streams are also not 10% or more than all the combined assets of all operating segments.

The Trust's view on segmental reporting remains unchanged from its financial statements in 2020/2021. The Board, as Chief Operating Decision Maker, does not receive separate information routinely to evaluate how to allocate resources and assess performance as described within IFRS 8 Operating Segments for any of its internal divisions and continues with its integrated division structures with services aligned across all the divisions.

Note 3 Operating income from patient care activities (Group)

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4

Note 3.1 Income from patient care activities (by nature)	Foundation Trust and Group 2021/22 £000	2020/21 £000
Acute services		
Block contract / system envelope income	318,068	254,316
High cost drugs income from commissioners (excluding pass-through costs)	12,853	11,086
Other NHS clinical income	589	340
Community services		
Block contract / system envelope income	26,168	27,498
Income from other sources (e.g. local authorities)	5,642	5,455
All services		
Private patient income	-	186
Elective recovery fund*	1,819	-
Additional pension contribution central funding**	10,004	9,313
Other clinical income	288	3,796
Total income from activities	**375,431**	**311,990**

*As part of the coronavirus pandemic response, transaction flows were simplified in the NHS. Following on from the income flows in 2020/2021 the Trust has continued with block contract payments in 21/22. With continued focus on restoration and recovery of services, the Trust was able to deliver increased elective activity during the first half of 2021/2022 and was reimbursed for this activity through the elective recovery fund.

**The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019/20, NHS providers have continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

Note 3.2 Income from patient care activities (by source)	Foundation Trust and Group 2021/22 £000	2020/21 £000
Income from patient care activities received from:		
NHS England	26,279	29,919
Clinical commissioning groups	342,633	275,769
Other NHS providers	510	214
NHS other	79	23
Local authorities	5,642	5,455
Non-NHS: private patients	-	186
Non-NHS: overseas patients (chargeable to patient)	-	2
Injury cost recovery scheme	288	422
Total income from activities	**375,431**	**311,990**
Of which:		
Related to continuing operations	375,431	311,990

Note 3.3 Overseas visitors (relating to patients charged directly by the provider)

	2021/22 £000	2020/21 £000
Income recognised this year	-	2
Cash payments received in-year	2	19
Amounts added to provision for impairment of receivables	-	1
Amounts written off in-year	-	1

Note 4 Other operating income (Group)

	2021/22			2020/21		
	Contract income £000	Non-contract income £000	Total £000	Contract income £000	Non-contract income £000	Total £000
Research and development	822	-	**822**	711	-	**711**
Education and training	9,902	757	**10,659**	8,847	631	**9,478**
Reimbursement and top up funding	878		**878**	28,469		**28,469**
Receipt of capital grants and donations	-	-	**-**	-	1,296	**1,296**
Contributions to expenditure - consumables (inventory) and equipment less than £5,000 donated from DHSC group bodies for COVID response*	-	893	**893**	-	6,404	**6,404**
Charitable fund incoming resources	-	331	**331**	-	497	**497**
Other income	434	-	**434**	626	-	**626**
Stockport Pharmaceuticals and Quality Control	5,938	-	**5,938**	5,398	-	**5,398**
Stockport Healthcare Enterprises Ltd income	4,717	-	**4,717**	4,026	-	**4,026**
Local Authorities	2,468	-	**2,468**	3,172	-	**3,172**
NHS and WGA Bodies	10,346	-	**10,346**	9,195	-	**9,195**
Non-NHS Bodies	2,716	-	**2,716**	2,549	-	**2,549**
Rents and car parking income	688	-	**688**	192	-	**192**
Catering sales	386	-	**386**	307	-	**307**
Total other operating income	**39,295**	**1,981**	**41,276**	**63,492**	**8,828**	**72,320**
Of which:						
Related to continuing operations			41,276			72,320

* During 2021-2022 the Trust was in receipt of centrally procured personal protective equipment. The notional income and expenditiure of items provided are accounted for at the costs per month provided by the DHSC for inclusion in the financial statements. This value has been assessed as £893,000 (£6,304,000 in 2020-21). Notional expenditure is recorded within operating expenses.

Note 4.1 Other operating income (Trust)

	2021/22			2020/21		
	Contract income £000	Non-contract income £000	Total £000	Contract income £000	Non-contract income £000	Total £000
Research and development	822	-	822	711	-	711
Education and training	9,902	757	10,659	8,847	631	9,478
Reimbursement and top up funding	878	-	878	28,469	-	28,469
Receipt of capital grants and donations	-	99	99	-	1,375	1,375
Charitable and other contributions to expenditure	-	500	500	-	199	199
Contributions to expenditure - consumables (inventory) donated from DHSC group bodies for COVID response	-	893	893	-	6,404	6,404
Stockport Pharmaceuticals and Quality Control	5,938	-	5,938	5,398	-	5,398
Pharmacy Sales	4,462	-	4,462	3,900	-	3,900
Local Authorities	2,468	-	2,468	3,172	-	3,172
NHS and WGA Bodies	10,408	-	10,408	9,195	-	9,195
Non-NHS Bodies	2,615	-	2,615	2,487	-	2,487
Rents and car parking income	688	-	688	313	-	313
Catering sales	386	-	386	307	-	307
Total other operating income	**38,567**	**2,249**	**40,816**	**62,799**	**8,609**	**71,408**
Related to continuing operations			40,816			71,408

Note 5.1 Additional information on contract revenue (IFRS 15) recognised in the period

	Foundation Trust and Group	
	2021/22	2020/21
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	4,095	1,575

Note 5.2 Transaction price allocated to remaining performance obligations

	Foundation Trust and Group	
	31 March 2022	31 March 2021
Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	£000	£000
within one year	4,774	4,578
after one year, not later than five years	348	343
Total revenue allocated to remaining performance obligations	**5,122**	**4,921**

The Trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the Trust recognises revenue directly corresponding to work done to date is not disclosed.

Note 5.3 Income from activities arising from commissioner requested services

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

	Foundation Trust and Group	
	2021/22	2020/21
	£000	£000
Income from services designated as commissioner requested services	375,143	311,380
Income from services not designated as commissioner requested services	288	610
Total	**375,431**	**311,990**

Note 5.4 Profits and losses on disposal of property, plant and equipment

In 2021/2022 the Trust has disposed of property, plant, equipment and transport with a gain on the disposal of equipment of £426,000. This includes £401,000 proceeds for the sale of the original Urology surgical robot that was upgraded in 2020-21.

Note 5.5 Fees and charges (Group)

HM Treasury requires disclosure of fees and charges income. The following disclosure is of income from charges to service users where income from that service exceeds £1 million and is presented as the aggregate of such income. The cost associated with the service that generated the income is also disclosed. The following table discloses the income and expenditure related to the Trust's Stockport Pharmaceuticals trading activities.

	Foundation Trust and Group	
	2021/22	2020/21
	£000	£000
Income	5,982	5,427
Full cost	(5,060)	(5,266)
Surplus / (deficit)	**922**	**161**

Note 6.1 Operating expenses (Group)

	2021/22	2020/21
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	3,452	3,768
Purchase of healthcare from non-NHS and non-DHSC bodies	8,059	2,283
Staff and executive directors costs	289,555	275,687
Remuneration of non-executive directors	166	154
Supplies and services - clinical (excluding drugs costs)	25,185	29,293
Supplies and services - general	3,008	2,911
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	23,390	20,791
Consultancy costs	895	1,810
Establishment	1,495	1,373
Premises	15,758	13,945
Transport (including patient travel)	1,215	1,005
Depreciation on property, plant and equipment	12,291	10,371
Amortisation on intangible assets	801	516
Net impairments	(639)	2,543
Movement in credit loss allowance: contract receivables / contract assets	1,075	185
Increase/(decrease) in other provisions	2,990	635
Change in provisions discount rate(s)	157	179
Fees payable to the external auditor		
audit services- statutory audit	82	55
Internal audit costs	95	130
Clinical negligence	11,176	10,285
Legal fees	271	346
Insurance	407	285
Research and development	827	696
Education and training	2,134	1,476
Rentals under operating leases	3,719	3,851
Redundancy	-	8
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	1,553	1,189
Car parking & security	632	353
Losses, ex gratia & special payments	99	36
Other services, eg external payroll	350	373
Other NHS charitable fund resources expended	-	8
Other	1,096	924
Total	**411,294**	**387,464**
Of which:		
Related to continuing operations	411,294	387,464

Note 6.2 Operating expenses (Trust)

	2021/22	2020/21
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	3,452	3,768
Purchase of healthcare from non-NHS and non-DHSC bodies	8,059	2,283
Staff and executive directors costs	289,555	275,447
Remuneration of non-executive directors	166	154
Supplies and services - clinical (excluding drugs costs)	25,185	29,293
Supplies and services - general	3,008	2,911
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	23,218	20,528
Consultancy costs	895	1,810
Establishment	1,495	1,373
Premises	15,758	13,945
Transport (including patient travel)	1,215	1,005
Depreciation on property, plant and equipment	12,291	10,371
Amortisation on intangible assets	801	516
Net impairments	(639)	2,543
Movement in credit loss allowance: contract receivables / contract assets	1,075	185
Increase/(decrease) in other provisions	2,990	635
Change in provisions discount rate(s)	157	179
Fees payable to the external auditor		
audit services- statutory audit	82	55
Internal audit costs	95	130
Clinical negligence	11,176	10,285
Legal fees	271	346
Insurance	407	285
Research and development	827	696
Education and training	2,134	1,476
Rentals under operating leases	3,719	3,851
Redundancy	-	8
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	1,553	1,189
Car parking & security	632	353
Losses, ex gratia & special payments	99	36
Other services, eg external payroll	350	373
Other	766	862
Total	**410,792**	**386,891**
Of which:		
Related to continuing operations	410,792	386,891

Note 6.3 Auditor remuneration (Group)

	2021/22	2020/21
	£000	£000
Auditor remuneration paid to the external auditor:		
Statutory Audit	82	55
Total	**82**	**55**

The above remuneration is inclusive of VAT. Auditor remuneration in 2021/22 includes an additional charge for work undertaken on the Value for Money review in 2020/21.

Note 6.4 Limitation on auditor's liability (Group)

There is no limitation on auditor's liability for external audit work carried out for the financial years 2021/22 or 2020/21.

Note 7 Impairment of assets (Group)

	2021/22	2020/21
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Abandonment of assets in course of construction	1,102	-
Changes in market price	(1,741)	2,543
Total net impairments charged to operating surplus / deficit	**(639)**	**2,543**
Impairments charged to the revaluation reserve	535	2,900
Total net impairments	**(104)**	**5,443**

In 2021/2022 the Trust undertook a revaluation exercise of its land, buildings and dwellings on an alternate site basis which resulted in a net reversal of impairment charge of -£1.741 million to the Statement of Comprehensive Income (SoCi). The Trust also impaired assets under construction of £1.1 million to the SoCi to reflect a write down in design fees. Impairments reflect the fall in value of property as reflected in the District Valuer report as at the 31st March 2022 or a reversal of impairment where a previous fall in value had been recorded. Where revaluation reserve balances exist impairment charges of £0.5 million have been charged in 2021/22.

Note 8 Employee benefits (Group)

	2021/22	2020/21
	Total	Total
	£000	£000
Salaries and wages	196,140	184,020
Social security costs	17,084	15,752
Apprenticeship levy	990	826
Employer's contributions to NHS pensions	32,642	30,344
Pension cost - other	111	100
Termination benefits	-	39
Temporary staff (including agency)	43,326	45,250
Total staff costs	**290,293**	**276,331**

Staff costs for the Group include staff employed by the Trust subsidiary, Stepping Hill Healthcare Enterprises Limited.

Note 8.1 Employee benefits (Trust)

	2021/22 Total £000	2020/21 Total £000
Salaries and wages	195,914	183,707
Social security costs	17,082	15,752
Apprenticeship levy	990	826
Employer's contributions to NHS pensions	32,642	30,344
Pension cost - other	107	100
Termination benefits	-	39
Temporary staff (including agency)	43,326	45,250
Total staff costs	**290,061**	**276,018**

Note 8.2 Retirements due to ill-health (Group)

During 2021/22 there were 4 early retirements from the Trust agreed on the grounds of ill-health (1 in the year ended 31 March 2021). The estimated additional pension liabilities of these ill-health retirements is £176k (£1k in 2020/21).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

Note 9 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2022, is based on valuation data as at 31 March 2021, updated to 31 March 2022 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

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

The 2016 funding valuation also tested the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

HMT published valuation directions dated 7 October 2021 (see Amending Directions 2021) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required. The 2016 valuation reports can be found on the NHS Pensions website at https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports.

The Group offers an additional defined contribution workplace pension scheme, the National Employment Savings Scheme (NEST), to employees of the Foundation Trust. It also offers a similar scheme to its subsidiary, Stepping Hill Healthcare Enterprises Limited. The Trust has paid £107k (£100k in 2020/2021) to NEST in employer contributions and £5k (£5k in 2020/2021) for the subsidiary.

Note 10 Operating leases (Group)

Note 10.1 Stockport NHS Foundation Trust as a lessor

The Group and Trust do not have any operating lease agreements where they are the lessor.

Note 10.2 Stockport NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Stockport NHS Foundation Trust is the lessee.

In 2021/2022 the Trust has leasing arrangements for its community buildings. This includes five year leases with NHS Property Services Ltd for community services provided in the Stockport area. These leases are held in line with current commissioning contracts. It also has a lease arrangement for the Swanbourne Gardens Children's Respite building. This is due to expire in January 2023.

	2021/22	2020/21
	£000	£000
Operating lease expense		
Minimum lease payments	3,719	3,851
Total	**3,719**	**3,851**

	31 March 2022	31 March 2021
Future minimum lease payments due:	**£000**	**£000**
- not later than one year;	3,709	3,849
- later than one year and not later than five years;	13,143	14,001
Total	**16,852**	**17,850**

Note 11 Finance income (Group)

Finance income represents interest received on assets and investments in the period.	2021/22	2020/21
	£000	£000
Interest on bank accounts	23	-
NHS charitable fund investment income	47	47
Total finance income	**70**	**47**

Note 11.1 Finance income (Trust)

Finance income represents interest received on assets and investments in the period.

	2021/22	2020/21
	£000	£000
Interest on bank accounts	23	-
Total finance income	**23**	**-**

Note 12.1 Finance expenditure (Group and Trust)

Finance expenditure represents interest and other charges involved in the borrowing of money or asset financing.

	2021/22	2020/21
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	623	680
Main finance costs on PFI and LIFT schemes obligations	8	10
Total interest expense	**631**	**690**
Unwinding of discount on provisions	(19)	(15)
Total finance costs	**612**	**675**

Note 12.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015 (Group)

	2021/22	2020/21
	£000	£000
Total liability accruing in year under this legislation as a result of late payments	-	-
Amounts included within interest payable arising from claims made under this legislation	-	-
Compensation paid to cover debt recovery costs under this legislation	-	-

Note 13 Other gains / (losses) (Group)

	2021/22	2020/21
	£000	£000
Gains on disposal of assets	426	40
Total gains / (losses) on disposal of assets	**426**	**40**
Fair value gains / (losses) on charitable fund investments & investment properties	134	270
Total other gains / (losses)	**560**	**310**

Note 13.1 Other gains / (losses) (Trust)

	2021/22	2020/21
	£000	£000
Gains on disposal of assets	426	40
	426	**40**

In 2021/2022 the Charity continues to invest in the CCLA Equity Common Investment Fund and this has made an unrealised gain of £134,000 (£270,000 gain in 2020/2021).There were no disposals in 2021/2022.

In 2021/2022 the Trust had a gain on disposal of assets of £426k (gain of £40k in 2020/2021); all comprising of cash proceeds relating to the sale of items of medical equipment no longer in use and fully depreciated. Of this £401k was a gain on the sale of a Urology robot.

Note 14 Intangible assets Group and Trust - 2021/22

Group and Trust	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2021 - brought forward	**10,456**	**0**	**10,456**
Transfers by absorption	398	-	**398**
Additions	2,676	2,256	**4,932**
Disposals / derecognition	(132)	-	**(132)**
Valuation / gross cost at 31 March 2022	**13,398**	**2,256**	**15,654**
Amortisation at 1 April 2021 - brought forward	**7,476**	**-**	**7,476**
Transfers by absorption	-	-	**-**
Provided during the year	801	-	**801**
Disposals / derecognition	(132)	-	**(132)**
Amortisation at 31 March 2022	**8,145**	**-**	**8,145**
Net book value at 31 March 2022	**5,253**	**2,256**	**7,509**
Net book value at 1 April 2021	**2,980**	**0**	**2,980**

Note 14.1 Intangible assets - 2020/21

Group	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2020	**8,847**	**0**	**8,847**
Additions	2,156	-	**2,156**
Reclassifications	(3)	-	**(3)**
Disposals / derecognition	(544)	-	**(544)**
Valuation / gross cost at 31 March 2021	**10,456**	**0**	**10,456**
Amortisation at 1 April 2020	**7,504**	**-**	**7,504**
Provided during the year	516	-	**516**
Disposals / derecognition	(544)	-	**(544)**
Amortisation at 31 March 2021	**7,476**	**-**	**7,476**
Net book value at 31 March 2021	**2,980**	**0**	**2,980**
Net book value at 1 April 2020	**1,343**	**0**	**1,343**

Note 15 Property, plant and equipment - 2021/22

Group and Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2021 - brought forward	**8,113**	**116,257**	**1,852**	**3,958**	**48,152**	**212**	**21,422**	**778**	**200,744**
Transfers by absorption	-	-	-	-	11	-	948	-	**959**
Additions	-	4,067	93	9,433	7,518	-	1,934	20	**23,065**
Impairments	-	(848)	(70)	(1,102)	-	-	-	-	**(2,020)**
Reversals of impairments	5	2,119	-	-	-	-	-	-	**2,124**
Revaluations	22	4,112	35	-	-	-	-	-	**4,169**
Reclassifications	-	783	-	(2,568)	1,733	43	9	-	**-**
Disposals / derecognition	-	-	-	-	(1,500)	-	(1,091)	-	**(2,591)**
Valuation/gross cost at 31 March 2022	**8,140**	**126,490**	**1,910**	**9,721**	**55,914**	**255**	**23,222**	**798**	**226,450**
Accumulated depreciation at 1 April 2021 - brought forward	**-**	**-**	**-**	**-**	**24,863**	**103**	**10,369**	**485**	**35,820**
Provided during the year	-	4,586	54	-	4,705	31	2,861	54	**12,291**
Revaluations	-	(4,586)	(54)	-	-	-	-	-	**(4,640)**
Disposals / derecognition	-	-	-	-	(1,500)	-	(1,091)	-	**(2,591)**
Accumulated depreciation at 31 March 2022	**-**	**-**	**-**	**-**	**28,068**	**134**	**12,139**	**539**	**40,880**
Net book value at 31 March 2022	**8,140**	**126,490**	**1,910**	**9,721**	**27,846**	**121**	**11,083**	**259**	**185,570**
Net book value at 1 April 2021	**8,113**	**116,257**	**1,852**	**3,958**	**23,289**	**109**	**11,053**	**293**	**164,924**

Note 15.1 Property, plant and equipment - 2020/21

Group and Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2020	**8,113**	**121,674**	**1,832**	**1,601**	**51,187**	**354**	**20,250**	**646**	**205,657**
Transfers by absorption	-	-	-	-	97	-	-	-	**97**
Additions	-	2,113	24	7,376	10,167	74	4,418	132	**24,304**
Impairments	-	(5,443)	-	-	-	-	-	-	**(5,443)**
Revaluations	-	(4,738)	(4)	-	-	-	-	-	**(4,742)**
Reclassifications	-	2,651	-	(5,019)	209	(206)	2,368	-	**3**
Disposals / derecognition	-	-	-	-	(13,508)	(10)	(5,614)	-	**(19,132)**
Valuation/gross cost at 31 March 2021	**8,113**	**116,257**	**1,852**	**3,958**	**48,152**	**212**	**21,422**	**778**	**200,744**
Accumulated depreciation at 1 April 2020	**-**	**-**	**-**	**-**	**34,983**	**89**	**13,843**	**456**	**49,371**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Provided during the year	-	4,738	52	-	3,388	24	2,140	29	**10,371**
Revaluations	-	(4,738)	(52)	-	-	-	-	-	**(4,790)**
Disposals / derecognition	-	-	-	-	(13,508)	(10)	(5,614)	-	**(19,132)**
Accumulated depreciation at 31 March 2021	**-**	**-**	**-**	**-**	**24,863**	**103**	**10,369**	**485**	**35,820**
Net book value at 31 March 2021	**8,113**	**116,257**	**1,852**	**3,958**	**23,289**	**109**	**11,053**	**293**	**164,924**
Net book value at 1 April 2020	**8,113**	**121,674**	**1,832**	**1,601**	**16,204**	**265**	**6,407**	**190**	**156,286**

Note 15.2 Property, plant and equipment financing - 2021/22

Group and Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2022									
Owned - purchased	8,140	125,168	1,862	9,721	26,219	94	11,083	242	**182,529**
Finance leased	-	-	-	-	44	-	-	-	**44**
On-SoFP PFI contracts and other service concession arrangements	-	903	-	-	-	-	-	-	**903**
Owned - donated/granted	-	419	48	-	1,583	27	-	17	**2,094**
NBV total at 31 March 2022	**8,140**	**126,490**	**1,910**	**9,721**	**27,846**	**121**	**11,083**	**259**	**185,570**

Note 15.3 Property, plant and equipment financing - 2020/21

Group and Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2021									
Owned - purchased	8,113	115,042	1,805	3,958	21,492	78	11,053	271	**161,812**
Finance leased	-	-	-	-	61	-	-	-	**61**
On-SoFP PFI contracts and other service concession arrangements	-	830	-	-	-	-	-	-	**830**
Owned - donated/granted	-	385	47	-	1,736	31	-	22	**2,221**
NBV total at 31 March 2021	**8,113**	**116,257**	**1,852**	**3,958**	**23,289**	**109**	**11,053**	**293**	**164,924**

Note 16 Donations of property, plant and equipment

In 2021/2022 the Group Property, Plant and Equipment note discloses the net book value of assets previously provided by donations on the receipt of cash income. In addition to purchasing smaller revenue items for patient and staff welfare charitable funding has provided equipment valued at £99k including specialist balancing equipment for the Ear, Nose and Theatre department, Speech and Language fibreoptic endoscopic equipment for the Older People's Division and Audiology equipment for children. This charitable funding has come via the Trust's Charity. Further details on this funding and expenditure by the Charity will be available in the financial statements of Stockport NHS Foundation Trust General Fund, a registered Charity.

Note 17 Revaluations of property, plant and equipment

In 2021/2022 the Trust undertook a valuation of land and buildings by the District Valuer in compliance with International Accounting Standards, the Royal Institute of Chartered Surveyors, the Treasury Financial Reporting Manual and the Department of Health Group Accounts Manual. The valuation was undertaken at the the 31st March 2022 prepared on an alternative site basis. The valuation was based on land on its existing site but on a much smaller footprint and buildings based on a Modern Equivalent Basis. Further disclosures on this revaluation can be found at note 1.9 Property, Plant and Equipment: Measurement. The movements on the revaluation reserve are shown below.

Revaluation Reserve Movements	**Foundation Trust and Group**	
	£000 Property, Plant and Equipment	**£000 Total Revaluation Reserve**
Revaluation reserve at 1 April 2021 - brought forward	**46,788**	**46,788**
Net impairments	(535)	(535)
Revaluations	8,809	8,809
	55,062	**55,062**
Revaluation reserve at 31 March 2022		
At 1 April 2020	**49,640**	**49,640**
Impairment	(2,900)	**(2,900)**
Revaluations	48	**48**
Revaluation Reserve at 31 March 2021	**46,788**	**46,788**

Note 18 Other investments / financial assets (non-current)

	Group	
	2021/22	**2020/21**
	£000	**£000**
Carrying value at 1 April - brought forward	**1,557**	**1,287**
Movement in fair value through income and expenditure	134	270
Carrying value at 31 March	**1,691**	**1,557**

The above note details the investments held by the Trust Charity consolidated in Group numbers only.

For the Consolidated Group the Charity held investments in equity common investment funds. In 2021/2022 the Group reported £47,000 (£47,000 in 2020/2021) in interest receivable on these investments and a gain on valuation of £270,000 at the 31st March 2021 (£270,000 loss in 2020/2021).

Note 19 Analysis of charitable fund reserves

The Trust has consolidated its charitable fund, Stockport NHS Foundation Trust General Fund (known as Stockport NHS Charity) - Charity Commission Number Registration Number 1048661, within the Group Accounts.

	31 March 2022 £000	31 March 2021 £000
Unrestricted funds:		
Unrestricted income funds	267	296
Restricted funds:		
Endowment funds	10	10
Other restricted income funds	2,294	2,352
	2,571	**2,658**

Unrestricted income funds are accumulated income funds that are expendable at the discretion of the Corporate Trustee's in furtherance of the Charity's objects. Unrestricted funds may be earmarked or designated for specific future purposes which reduces the amount that is readily available to the Charity.

Restricted funds may be accumulated income funds which are expendable at the Corporate Trustee's discretion only in furtherance of the specified conditions of the donor and the objects of the Charity. They may also be capital funds (e.g. endowments) where the assets are required to be invested, or retained for use rather than expended. For Stockport NHS Foundation General Fund these funds relate to specified divisions and departments at the Trust. There is one permanent endowment fund where the monies are retained for use rather than expended.

Note 20 Inventories

	Group		Trust	
	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
Drugs	1,197	1,052	976	856
Consumables	312	433	312	433
Energy	-	67	-	67
Total inventories	**1,509**	**1,552**	**1,288**	**1,356**
of which:				
Held at fair value less costs to sell	-	-		

Inventories recognised in expenses for the year were £1,661k (2020/21: £6,716k). Write-down of inventories recognised as expenses for the year were £0k (2020/21: £0k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2021/22 the Trust received £893k of items purchased by DHSC (2020/21: £6,304k).

These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses disclosed above.

Note 21.1 Receivables

	Group		Trust	
	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
Current				
Contract receivables	9,258	14,365	10,022	15,724
Allowance for impaired contract receivables / assets	(1,348)	(1,244)	(1,348)	(1,244)
Prepayments (non-PFI)	2,052	1,559	2,052	1,559
PDC dividend receivable	302	575	302	575
VAT receivable	1,423	1,217	1,360	1,105
Other receivables	12	-	580	278
NHS charitable funds receivables	27	27	-	-
Total current receivables	**11,726**	**16,499**	**12,968**	**17,997**
Non-current				
Contract assets	283	320	283	320
Allowance for other impaired receivables	(67)	(72)	(67)	(72)
Other receivables	550	-	550	-
Total non-current receivables	**766**	**248**	**766**	**248**
Of which receivable from NHS and DHSC group bodies:				
Current	4,643	7,665	5,192	7,665

Within the Group note adjustments have been made for transactions with the Trust's Charity and subsidiary Outpatient Drug Dispensing Service - Stepping Hill Healthcare Enterprises Limited.

Note 21.2 Allowances for credit losses - 2021/22

	Foundation Trust and Group	
	Contract receivables and contract assets £000 2021/22	Contract receivables and contract assets £000 2020/21
Allowances as at 1 Apr 2021 - brought forward	**1,316**	**1,146**
Allowances at start of period for new FTs		
New allowances arising	1,338	494
Reversals of allowances	(263)	(309)
Utilisation of allowances (write offs)	(976)	(15)
Allowances as at 31 Mar 2022	**1,415**	**1,316**

Note 21.3 Exposure to credit risk

In assessing its exposure to credit risk the Trust reviews its aged receivables report on an individual invoice and debtor basis. It has assessed its lifetime expected losses as detailed in the provisions matrix. The percentage applied for the NHS Injury Recovery Scheme on its current balance is a nationally agreed percentage provided annually by the DHSC. All other receivables are recognised at their gross carrying amount. For Foundation Trusts and NHS Trusts aged receivables are assessed for specific issues around irrecoverability.

Provision for Expected Credit Losses	Foundation Trust and Group		
Lifetime expected credit loss	**Current**	**More than 360 days past due date**	**£000**
NHS Injury Recovery Scheme	23.76%		473
Non NHS Customers	-	100%	25
Salary Overpayments	-	100%	88
Overseas Visitors	-	100%	58
Foundation Trusts	-	-	476
NHS Trusts	-	-	295
			1,415

Note 22.1 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	Group		Trust	
	2021/22	**2020/21**	**2021/22**	**2020/21**
	£000	**£000**	**£000**	**£000**
At 1 April	**34,991**	**19,785**	**32,534**	**17,631**
Transfers by absorption	-	8	-	8
Net change in year	17,320	15,198	18,006	14,895
At 31 March	**52,311**	**34,991**	**50,540**	**32,534**
Broken down into:				
Cash at commercial banks and in hand	2,244	2,137	473	402
Cash with the Government Banking Service	50,067	32,132	50,067	32,132
Other current investments	-	722	-	-
Total cash and cash equivalents as in SoFP	**52,311**	**34,991**	**50,540**	**32,534**
Total cash and cash equivalents as in SoCF	**52,311**	**34,991**	**50,540**	**32,534**

Note 22.2 Third party assets held by the Trust

Stockport NHS Foundation Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	Group and Trust	
	31 March 2022	**31 March 2021**
	£000	**£000**
Bank balances	4	5
Total third party assets	**4**	**5**

Note 23.1 Trade and other payables

	Group		Trust	
	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
Current				
Trade payables	8,325	6,264	8,173	6,130
Capital payables	13,058	12,074	13,058	12,074
Accruals	32,088	26,163	32,874	26,515
Social security costs	2,646	2,399	2,643	2,399
Other taxes payable	2,438	2,112	2,393	2,112
Other payables	3,839	3,520	3,839	3,520
Total current trade and other payables	**62,394**	**52,532**	**62,980**	**52,750**
Of which payables from NHS and DHSC group bodies:				
Current	5,313	4,601	5,313	4,601

Consolidation adjustments by the Group have removed payables between the Trust, Charity and the Stepping Hill Healthcare Enterprises Limited subsidiaries.

Note 23.2 Early retirements in NHS payables above

There are no early retirement payables in the note above. The payables note above does include amounts in relation to outstanding pension contributions.

Group and Trust	31 March 2022 £000	31 March 2021 £000
- outstanding pension contributions	3,168	2,927

Note 24 Other liabilities

Group and Trust	31 March 2022 £000	31 March 2021 £000
Current		
Deferred income: contract liabilities	4,774	4,578
	4,774	**4,578**
Non-current		
Deferred income: contract liabilities	348	343
	348	**343**

Note 25 Stockport NHS Foundation Trust as a lessee

Obligations under finance leases where the Trust is the lessee.

	31 March 2022 £000	31 March 2021 £000
Gross lease liabilities	**43**	**60**
of which liabilities are due:		
- not later than one year;	17	17
- later than one year and not later than five years;	26	43
Net lease liabilities	**43**	**60**
of which payable:		
- not later than one year;	17	60
- later than one year and not later than five years;	26	-

Note 26 Borrowings

	Foundation Trust and Group	
	31 March 2022	31 March 2021
	£000	£000
Current		
Loans from DHSC	1,705	1,719
Obligations under finance leases	17	60
Obligations under PFI, LIFT or other service concession contracts (excl. lifecycle)	32	31
Total current borrowings	**1,754**	**1,810**
Non-current		
Loans from DHSC	16,878	18,429
Obligations under finance leases	26	
Obligations under PFI, LIFT or other service concession contracts	200	233
Total non-current borrowings	**17,104**	**18,662**

Note 26.1 Reconciliation of liabilities arising from financing activities (Group and Trust)

Group and Trust - 2021/22	Loans from DHSC	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000
Carrying value at 1 April 2021	**20,148**	**60**	**264**	**20,472**
Cash movements:				
Financing cash flows - payments and receipts of principal	(1,551)	(17)	(32)	**(1,600)**
Financing cash flows - payments of interest	(637)	-	(8)	**(645)**
Non-cash movements:				
Application of effective interest rate	623	-	8	**631**
Carrying value at 31 March 2022	**18,583**	**43**	**232**	**18,858**

Group and Trust - 2020/21	Loans from DHSC	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000
Carrying value at 1 April 2020	**68,005**	**144**	**295**	**68,444**
Prior period adjustment	-	-	-	**-**
Carrying value at 1 April 2020 - restated	**68,005**	**144**	**295**	**68,444**
Cash movements:				
Financing cash flows - payments and receipts of principal	(47,606)	(84)	(31)	**(47,721)**
Financing cash flows - payments of interest	(931)	-	(10)	**(941)**
Non-cash movements:				
Application of effective interest rate	680	-	10	**690**
Carrying value at 31 March 2021	**20,148**	**60**	**264**	**20,472**

Note 27.1 Provisions for liabilities and charges analysis (Group and Trust)

Group	Pensions: injury benefits	Legal claims	Re-structuring	Re-dundancy	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2021	**3,289**	**116**	**47**	**-**	**2,845**	**6,297**
Change in the discount rate	157	-	-	-	-	**157**
Arising during the year	676	42	-	100	5,486	**6,304**
Utilised during the year	(177)	(18)	(27)	-	(33)	**(255)**
Reversed unused	-	-	-	-	(2,752)	**(2,752)**
Unwinding of discount	(19)	-	-	-	-	**(19)**
At 31 March 2022	**3,926**	**140**	**20**	**100**	**5,546**	**9,733**
Expected timing of cash flows:						
- not later than one year;	355	140	20	100	4,996	**5,611**
- later than one year and not later than five years;	810	-	-	-	16	**826**
- later than five years.	2,762	-	-	-	534	**3,296**
Total	**3,926**	**140**	**20**	**100**	**5,546**	**9,733**

The provision for 'Pensions - injuy benefits' is for the reimbursement of injury benefit allowances to the NHS Pensions Agency for ten members of former staff over their estimated life expectancy.

The provision for 'Legal Claims' provides for the Liability to Third Parties Schemes (LTPS) and Public & Employers Liability Scheme (PES). This provision covers the excess amount payable by the Trust and not the full liability of claims which are covered by the NHS Resolution under the non-clinical risk pooling scheme.The contingent liability at note 27 also relates to this scheme. Both figures are supplied by NHS Resolution and revised annually by NHS Resolution based on up to date information at the 31st March.

Within other provisions the Trust has provided for costs for banding claims for Band 2 to Band 3 Healthcare Assistants. There is also a provision for Clinicians Pension Tax Reimbursement. This is a nationally provided figure for the tax charge of clinicians incurred in 2019/20 where additional work has led to a breach of the annual pension allowance. The charge is offset by a matching receivable as the future cost will be met by the NHS Pension Scheme.

Note 27.2 Provisions for liabilities and charges analysis (Group and Trust)

Group and Trust	Current 2021/22	Current 2020/21	Non-Current 2021/22	Non-Current 2020/21
Pensions: injury benefits	355	354	3,572	2,935
Other legal claims	140	116	-	-
Restructurings	20	47	-	-
Redundancy	100	-	-	-
Other	4,996	2,845	550	-
Total	**5,611**	**3,362**	**4,122**	**2,935**

Note 27.3 Clinical negligence liabilities

At 31 March 2022, £324,587k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Stockport NHS Foundation Trust (31 March 2021: £194,419k).

Note 28 Contingent assets and liabilities Group and Trust

	31 March 2022 £000	31 March 2021 £000
Value of contingent liabilities		
NHS Resolution legal claims	(83)	(73)
Gross value of contingent liabilities	**(83)**	**(73)**

Further detail on the provision and contingent liability for NHS Resolution claims is disclosed at note 27.

Note 29 Contractual capital commitments Group and Trust

	31 March 2022 £000	31 March 2021 £000
Property, plant and equipment	3,203	1,319
Intangible assets	-	195
Total	**3,203**	**1,514**

Capital commitments reflect those capital projects started or contractually committed to in 2021/2022 and due within one year. These commitments includes the remaining contract for a new Endoscopy Room and a surgical ward refurbishment . There are other commitments for equipment that include the remaining defibrilators to upgrade all of the Trust's defibrilators. Contractual commitments of £3.2 million are outstanding into 2022/23 with £5.6 million incurred to date at the 31st March 2022.

Note 30 On-SoFP PFI, LIFT or other service concession arrangements

Under IFRIC 12 the Trust recognises a service concession arrangement with Alliance Medical for the provision of a building to perform MRI scanning services.

Note 30.1 On-SoFP PFI, LIFT or other service concession arrangement obligations

The following obligations in respect of the PFI, LIFT or other service concession arrangements are recognised in the statement of financial position:

Group and Trust	31 March 2022 £000	31 March 2021 £000
Gross PFI, LIFT or other service concession liabilities	**261**	**301**
Of which liabilities are due		
- not later than one year;	40	40
- later than one year and not later than five years;	161	161
- later than five years.	60	100
Finance charges allocated to future periods	(29)	(37)
Net PFI, LIFT or other service concession arrangement obligation	**232**	**264**
- not later than one year;	32	31
- later than one year and not later than five years;	142	138
- later than five years.	58	95

Note 30.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

Group and Trust	31 March 2022 £000	31 March 2021 £000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**9,140**	**8,303**
Of which payments are due:		
- not later than one year;	1,406	1,444
- later than one year and not later than five years;	5,625	5,776
- later than five years.	2,109	1,083

Note 30.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

Group and Trust	2021/22 £000	2020/21 £000
Unitary payment payable to service concession operator	**1,593**	**1,230**
Consisting of:		
- Interest charge	8	10
- Repayment of balance sheet obligation	32	31
- Service element and other charges to operating expenditure	1,553	1,189
Total amount paid to service concession operator	**1,593**	**1,230**

Note 31 Financial instruments

Note 31.1 Financial risk management

IFRS 7 Financial Instruments Disclosure requires declaration of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. Stockport NHS Foundation Trust has financial assets and liabilities that are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Foundation Trust in undertaking its activities. For the Group the Charity does hold investments and is, therefore, exposed to a degree of financial risk. This risk is carefully managed by pursuing a low risk investment strategy. The Charity holds its investments within common investment funds with a market leader provider of Charity Investments, CCLA Management Ltd.

Liquidity Risk

In 2021/22 NHS England and NHS Improvement continued to fund NHS Trusts through block payment contracts managed through the GM Integrated Care System. Financial Plans were agreed for H1 (April to September) and H2 (October to March) that included GM System support funding. Revenue costs were funded that specifically related to re-imbursement of specific Covid-19 costs and personal protective equipment continued to be provided free of charge in 2021/2022.

In 2021/2022 capital costs were funded from internal depreciation and £15 million in PDC cash funding for specific programmes including support for estates, equipment and information technology elective recovery schemes, a new Pathology IT system and £4.6 million Healthier Together funding for an Endoscopy room upgrade and ward refurbishment.

Note 31 Financial instruments

Note 31.1 Financial risk management continued

In 2022/2023 and onwards strategic and operational financial plans will be agreed through the Greater Manchester Integrated Care System. A one year revenue allocation and three year capital allocation has been set for ICS footprints which must deliver a break even financial plan. Providers and commisionsers will agree a fixed income allocation alongside a variable element that will further support the recovery of elective services by operating a volume related payment for actual activity delivered. Capital plans have been submitted and agreed that will deliver a programme funded by internal depreciation and additional PDC issued for approved programmes. It is also expected that ICS footprints will support cash positions across organisations. Where additional cash support is required this will be provided in the form of Public Dividend Capital.

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 treasury management for the Trust Charity and subsidiary, Stepping Hill Healthcare Enterprises Ltd, are also carried out by the Finance department. All treasury activity is subject to review by Internal and External Audit.

At the 31 March 2022 the Trust's cash balances were held solely in its Government Banking Services bank accounts and Barclays current accounts as per note 22.1.

It is expected that the above arrangements with robust financial planning and monitoring in year means that Stockport NHS Foundation Trust is not exposed to significant liquidity risk.

Market and Interest Rate Risk

At the 31 March 2022 the Trust's financial liabilities carried either nil or fixed rates of interest. The Trust's financial assets relate to loans and receivables and its cash balances held within its Government Banking Service bank accounts and commercial current account. Interest on cash balances are set by HM Treasury through the Royal Bank of Scotland.

Foreign Currency Risk

The Trust has negligible foreign currency income or expenditure.

Credit Risk

The Trust receives most of its income from its commissioners based on agreed block payments and system top ups. It operates a robust debt management policy and, where necessary, provides for the risk of particular debts not being discharged by the applicable party. Non NHS customers do not make up a large proportion of income with the majority of income coming from other public sector bodies which are considered low risk. This position means that Stockport NHS Foundation Trust is, therefore, not exposed to significant credit risk. Where it has significant commitments (for example large capital contract awards and payments) it uses a credit rating agency before payments are made or contracts awarded.

Charitable Funds

The Group accounts include the financial statements of the Stockport NHS Charitable Fund. The charitable fund places its short term cash in bank accounts with the Trust’s commercial bank, Barclays PLC. The Charity also invests monies of £2.5 million for longer term investment with CCLA Investment Management Ltd. It holds one common investment fund in equity funds of £1.7 million and one cash deposit account holding £0.8 million. The Charity receives quarterly updates on the performance of its investments and allocates gains and losses when realised to its charitable funds. This policy is reviewed on an annual basis to mitigate for any possible market losses on the valuation of its equity common investment fund.

Stepping Hill Healthcare Enterprises Limited

The Group accounts include the financial statements of its trading subsidary, Stepping Hill Healthcare Enterprises Limited. The subsidary holds its cash with the Trust commercial banker, Barclays PLC, in a separate bank account. Its income is predominantly with the parent and it currently purchases drugs for its dispensing services using the Trust Pharmacy as its wholesale supplier. It is not considered, therefore, to have market or liquidity risks.

Note 31.2 Carrying values of financial assets (Group)

The Group holds financial assets that qualify as basic financial instruments that includes cash and receivables held at amortised cost and Charity investments held at fair value. The latter are recognised initially at transaction value and subsequently measured at fair value. through the Statement of Comprehensive Income.

Carrying values of financial assets as at 31 March 2022	Held at amortised cost	Held at fair value through P&L	Total book value
	£000	£000	£000
Trade and other receivables excluding non financial assets	8,126	-	**8,126**
Cash and cash equivalents	50,890	-	**50,890**
Consolidated NHS Charitable fund financial assets	1,448	1,691	**3,139**
Total at 31 March 2022	**60,464**	**1,691**	**62,155**

Carrying values of financial assets as at 31 March 2021	Held at amortised cost	Held at fair value through P&L	Total book value
	£000	£000	£000
Trade and other receivables excluding non financial assets	13,016	-	**13,016**
Cash and cash equivalents	33,639	-	**33,639**
Consolidated NHS Charitable fund financial assets	1,379	1,557	**2,936**
Total at 31 March 2021	**48,034**	**1,557**	**49,591**

Note 31.3 Carrying values of financial assets (Trust)

Carrying values of financial assets as at 31 March 2022	Held at amortised cost	Held at fair value through P&L	Total book value
	£000	£000	£000
Trade and other receivables excluding non financial assets	9,396		**9,396**
Cash and cash equivalents	50,540		**50,540**
Total at 31 March 2022	**59,936**	**-**	**59,936**

Carrying values of financial assets as at 31 March 2021	Held at amortised cost	Held at fair value through P&L	Total book value
	£000	£000	£000
Trade and other receivables excluding non financial assets	15,006		**15,006**
Cash and cash equivalents	32,534		**32,534**
Total at 31 March 2021	**47,540**	**-**	**47,540**

Note 31.4 Carrying values of financial liabilities (Group)

Carrying values of financial liabilities as at 31 March 2022	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	18,583	**18,583**
Obligations under finance leases	43	**43**
Obligations under PFI, LIFT and other service concessions	232	**232**
Trade and other payables excluding non financial liabilities	54,126	**54,126**
Provisions under contract	261	**261**
Total at 31 March 2022	**73,245**	**73,245**

Carrying values of financial liabilities as at 31 March 2021	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	20,148	**20,148**
Obligations under finance leases	60	**60**
Obligations under PFI, LIFT and other service concessions	264	**264**
Trade and other payables excluding non financial liabilities	45,094	**45,094**
Provisions under contract*	164	**164**
Total at 31 March 2021	**65,730**	**65,730**

Note 31.5 Carrying values of financial liabilities (Trust)

Carrying values of financial liabilities as at 31 March 2022	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	18,583	**18,583**
Obligations under finance leases	43	**43**
Obligations under PFI, LIFT and other service concessions	232	**232**
Trade and other payables excluding non financial liabilities	54,712	**54,712**
Provisions under contract	261	**261**
Total at 31 March 2022	**73,831**	**73,831**

Carrying values of financial liabilities as at 31 March 2021	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	20,148	**20,148**
Obligations under finance leases	60	**60**
Obligations under PFI, LIFT and other service concessions	264	**264**
Trade and other payables excluding non financial liabilities	45,312	**45,312**
Provisions under contract*	164	**164**
Total at 31 March 2021	**65,948**	**65,948**

In line with the GAM the prior year comparative has been updated to remove Injury Benefits from Provisions under contract.

Note 31.6 Fair values of financial assets and liabilities

Other than the investments held by the Group Charity all financial assets and liabilities are held at carrying value at the 31st March 2020 as book value is considered to be a reasonable approximation of fair value.

Note 31.7 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

	Group		Trust	
	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
In one year or less	56,573	47,502	57,159	47,984
In more than one year but not more than five years	8,119	8,370	8,119	8,370
In more than five years	12,049	13,984	12,049	13,984
Total	**76,741**	**69,856**	**77,327**	**70,338**

Note 32 Losses and special payments

	2021/22		2020/21	
Group and trust	**Total number of cases Number**	**Total value of cases £000**	**Total number of cases Number**	**Total value of cases £000**
Losses				
Cash losses	4	2	3	-
Bad debts and claims abandoned	4	12	43	21
Stores losses and damage to property	1	60	-	-
Total losses	**9**	**74**	**46**	**21**
Special payments				
Ex-gratia payments	30	591	33	15
Special severance payments	1	11	-	-
Total special payments	**31**	**602**	**33**	**15**
Total losses and special payments	**40**	**676**	**79**	**36**
Compensation payments received		-		-

These amounts are reported on an accruals basis and exclude provisions for future losses.

Within ex-gratia payments the Trust has recorded one case of £571,000 which relates to the nationally agreed Flowers overtime corrective payments agreement. These costs were nationally funded and paid in September 2021. It is recorded as one singular case.

Note 33 Gifts

The Trust made no gifts to external bodies in 2021/22 or 2020/21. In 2021/22 the Board of Directors agreed an award of £50 gift voucher to all permanently employed staff on the 24th December 2021 as recognition of the hard work and commitment of all staff during the Covid 19 pandemic. The total cost to the Trust was £295,350.

Note 34 Related parties

Stockport NHS Foundation Trust is a body corporate authorised by NHS Improvement (legal entity Monitor), the Independent Regulator of NHS Foundation Trusts, in exercise of the powers conferred by the National Health Service Act 2006. The Department of Health and Social Care is the parent body of all Foundation Trusts.

The Trust has 30 members of the Council of Governors; 24 representing public and staff and a further 6 appointed by partner organisations. None of the Council of Governors or parties related to them has undertaken any material transactions with Stockport NHS Foundation Trust.

During the period there has been no material transactions with any member of the Board or members of key management staff or parties related to them, with Stockport NHS Foundation Trust.

Note 34 Related parties continued

The Department of Health and Social Care is regarded as a related party. During the year Stockport NHS Foundation 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. These entities are listed below, along with details of Income and Expenditure and the Receivable and Payable balances.The Trust and Group's related parties include all Whole of Government bodies as defined by the Treasury. The key transactions are with the following bodies:

	Income		Expenditure	
	31st March 2022	31st March 2021	31st March 2022	31st March 2021
	£000	£000	£000	£000
NHS Stockport CCG	196,788	193,258	(1)	(4)
NHS Derby and Derbyshire CCG	25,791	25,222	-	-
NHS Manchester CCG	94,755	33,627	-	(40)
NHS Cheshire CCG	16,272	15,067	-	(101)
NHS Tameside & Glossop CCG	9,952	9,802	-	(1)
Stockport MBC	8,146	8,627	(3,707)	(72)
NHS England	19,873	49,705	(115)	(5)
NHS Resolution	-	-	(11,364)	(10,505)
Health Education England	9,672	8,631		-
Public Health England	9	89	(167)	(388)
Manchester Foundation NHS Trust	2,512	2,840	(2,266)	(2,514)
Derbyshire Community Health Services NHS FT	3	-	(529)	(528)
Tameside & Glossop Integrated Care NHS FT	622	391	-	(9)
Pennine Care Foundation Trust	1,411	1,538	(51)	(51)
The Christie	975	644	(470)	(429)
Age UK*	-	-	-	(135)
	386,781	**349,441**	**(18,670)**	**(14,782)**

* Age UK is not a related party in 2021/22

	Receivables		Payables	
	31st March 2022	31st March 2021	31st March 2022	31st March 2021
	£000	£000	£000	£000
NHS Stockport CCG	274	84	(396)	(6)
NHS Manchester CCG	96	-	(34)	-
NHS Cheshire CCG	-	-	(22)	(101)
Pennine Care NHS Foundation Trust	1,068	784	(512)	(75)
Stockport MBC	1,602	1,119	(848)	(164)
NHS England	482	3,160	(78)	(140)
Health Education England	154	461	(488)	(826)
Public Health England	-	-	-	(118)
Manchester Foundation Trust	981	1,158	(930)	(1,342)
Derbyshire Community Health Services NHS FT	-	-	(44)	(45)
Tameside & Glossop Integrated Care NHS FT	69	22	(285)	(57)
The Christie	254	68	(301)	(95)
	4,980	**6,856**	**(3,938)**	**(2,969)**

Note 35 Transfers by absorption

The Trust has received assets by transfer by absorption with a gain on transfer in the SoCi of £1.4 million. These include two transfers from Manchester NHS Foundation Trust for Digital Pathology software and hardware and rehabiliation bed equipment and remaining equipment transfer from the Northern Care Alliance Foundation Trust.

Note 36 Events after the reporting date

TheTrust has no events after the reporting date to report.