

# **ANNUAL REPORT AND ACCOUNTS 2017/2018**



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paragraph 25(4) (a) of the National Health Service Act 2006.**



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## Chair's Introduction

Welcome to the Trust's Annual Report & Accounts for 2017/18. Change. Change is essential, change is imperative and change has to be undertaken at pace if we are to transform the organisation and the services we deliver to better manage the many challenges facing the Trust. 2017/18 was a really difficult year for the Trust and our partners in the Stockport health and social care economy, particularly over what was an extended winter period that had a significant impact on our ability to maintain efficient patient flow from the community, through the hospital and then back to home and/or care settings. Our operational performance pressures, together with a deficit financial position and an urgent need to address weaknesses identified by the Care Quality Commission, have put the Trust in an extremely challenging position and has, understandably, resulted in an increased level of scrutiny from our regulators. The situation underlines the need for change, as we will not achieve the improvements required if we continue to work in the same way. Both myself, and the Board, are fully committed to effecting the necessary change.

We cannot do it on our own, as the measures and developments required to improve services are not solely within the Trust's control. Consequently, we need to step up our collaborative working with Stockport Together partners and also take a more proactive approach to exploring mutually beneficial opportunities with the many third sector organisations in Stockport and the High Peak. The Stockport Together programme is vital to the provision of clinically effective, efficient and sustainable services in the Stockport area and the partners to the programme, Stockport Clinical Commissioning Group, Stockport Metropolitan Borough Council, Pennine Care NHS Foundation Trust and Viaduct Care (a federation of Stockport General Practitioners) collaborated effectively to ensure that outline business cases for the programme were approved by the relevant governing bodies in July 2017.

Work then commenced on the deployment and implementation of the 10 schemes that make up the Integrated Service Solution which will provide patients with care closer to home and enhance the 'patient flow' described above. While these schemes were in varying stages of implementation, it is encouraging that the development of new services, such as an Integrated Transfer Team, served to lessen the extreme impact of winter through more efficient discharge processes. We must now work together to ensure that full deployment of the services in 2018/19 realises the planned benefits for both patients and the Stockport Together partner organisations.

The benefits from Stockport Together are integral to providing a sustainable solution to achievement of the national performance standard for four hour waiting in the Accident & Emergency Department. Even taking into account the factors affecting our performance in this area, which are described in the Performance Report, our performance against the standard simply was not good enough and resulted in far too many of our patients experiencing extended waits in the Emergency Department. The solution is not solely related to Stockport Together and we must also ensure that processes within the hospital are as efficient as possible and that we effectively communicate and engage with out of hospital services. Both the Trust and the Stockport system have received support from bodies such as NHS Improvement and the Greater Manchester Health & Social Partnership to identify and action improvement opportunities. We welcome this support and are fully committed to maximising the benefit and learning from advice provided.

The full involvement and engagement of our staff is essential. While the Board can set the strategic direction and objectives for the Trust, it will be our doctors, nurses and support staff, together with those staff from our partner organisations, who will make the achievement of these objectives a reality. Despite a particularly difficult and challenging year, our people have demonstrated both their commitment to the provision of effective patient care and their ability to 'step up to the plate'. The resilience and dedication of staff across the winter period has been remarkable and our clinicians have done their utmost to ensure that patients have received safe and effective care in the most difficult of circumstances. Earlier in the year, our staff responded magnificently to the aftermath of the Manchester bomb attack on 22 May 2017 and their professionalism in delivering high quality of care to injured patients, and their families, was rightly recognised through a range of subsequent awards.

We need to take staff with us. Providing clear strategic direction will be essential and we must ensure that staff are fully engaged as we develop a revised Trust Strategy for the next 3-5 years. We also need to reflect on the outcomes of the 2017 Staff Survey and develop robust and deliverable plans to address identified areas of weakness. Leadership, at all levels of the organisation, will also be essential and we made good progress during 2017/18 in strengthening our medical and nursing leadership arrangements. This was in addition to implementing a revised Business Group model with leadership provided through 'triumvirate' arrangements to ensure the involvement of operational, medical and nursing leaders at an appropriately senior level.

The active involvement of clinical leaders in service development and decision-making is key along with a consistent organisational approach to improvement. A central part of our Quality Improvement Plan, developed during 2017/18, has been work supported by the Advancing Quality Alliance (AQuA) to develop a single Quality Improvement Methodology for adoption across the Trust. A cohort-based approach has been adopted for implementation with each cohort applying the methodology to design improvements across a number of projects. The first cohort, scheduled to commence in April 2018, includes projects such as; palliative care, discharge planning and mortality.

Our efforts to improve are being undertaken in the context of a very difficult financial environment. While we performed well in achieving our financial plan for 2017/18, our deficit position worsened despite achieving cost improvement savings of circa £12m. However, the proportion of recurrent savings equated to less than 50% of the total which simply adds to the burden of delivery in 2018/19. As a result of the challenged financial position, the level of regulatory scrutiny increased with the Trust being subject to Enhanced Oversight by NHS Improvement with meetings held on a monthly basis since October 2017. We expect that this oversight will continue until we can demonstrate our ability to recover, or progress towards, a sustainable breakeven position. The challenge will not disappear and 2018/19 will prove to be a real test for the Board in balancing the 'three legged stool' of performance, quality and finance. We expect that achieving this balance will necessitate difficult, and perhaps unpalatable, decisions in the coming year.

However we achieve the balance, our commitment to providing good quality care for our patients will always be at the forefront of Board decision making. The outcomes of Care Quality Commission inspections carried out in 2017, published in September 2017, were hugely disappointing and provided a real wake-up call for the whole organisation. We have responded, and over the final six months of the year have spared no effort in designing and implementing a

Quality Governance Framework and an associated Quality Improvement Plan. A streamlined and robust governance structure will serve to not only drive and monitor progress to address weaknesses but will also be the means by which assurance on the maintenance of standards is escalated to the Board.

I opened this introduction by emphasising the need for change and would like to return to this theme in closing. It is essential that change takes place across the organisation, from Ward to Board, and that all involved with the Trust embrace the change concept. There have been a number of changes to Board composition during 2017/18 and I must acknowledge the significant contribution made to the Trust over many years by my predecessor, Gillian Easson, who completed her tenure as Chair on 31 May 2017. Our Chief Executive, Ann Barnes, and our Director of Nursing & Midwifery, Judith Morris, retired at the end of the year having devoted their working lives to public service and both had provided dedicated service and commitment to the Trust for many years. I would like to thank them both for support and professionalism in the interests of our patients. I would also like to thank Jayne Shaw, our former Director of Workforce & OD, for contribution to the Trust having moved on to pastures new on 31 March 2018. We welcomed Helen Thomson and Alison Lynch as new members of the Board in the roles of Interim Chief Executive and Chief Nurse & Director of Quality Governance respectively.

With regard to the Council of Governors, the Council continues to play an important role in reflecting views of members and the public on the Trust's plans and we will ensure that Governors are an integral part of engagement activities as we develop a revised Trust Strategy. Our Governors work on a completely voluntary basis and their commitment and the time they give on behalf of members is very much appreciated.

Our focus for 2018/19 and beyond has to be on effecting the change and development necessary to ensure sustainable delivery of high quality services to the public in Stockport and the High Peak. We will need to do this in the context of a strategic environment characterised by increasing complexity and continuing pressure on the resources available to support delivery. It will be difficult, but it is achievable and it will be achieved through commitment, dedication and collaborative working with our partners in the local health and social care economy and beyond. Finally, I would like to thank our governors, volunteers and members for the difference they make to the life and work of our Trust. The Board collectively would like to thank all of our staff for their continued commitment and professionalism in providing the highest quality care to our patients.



**Adrian Belton**  
**Chair**  
24 May 2018

# Performance Report

## Overview of Performance

The purpose of the Overview is to give the reader short summary that provides them with sufficient information to understand the organisation, its purpose, the key risks to achievement of its objectives and how it has performed during the year.

2017/18 was an extremely difficult year, both for the Trust and the local health and social care economy in general. Continued failure to achieve sustainable improvements against the 4-hour A&E standard, an extremely challenging financial position and negative outcomes from a follow-up Care Quality Commission inspection combined to create something of a perfect storm. In this context, it would be wrong to claim that it was a successful year, it was far from of it, and it is not in my nature, nor that of the Board, to ignore the situation and try to find positives. We clearly need to address the numerous challenges facing the Trust quickly and sustainably. That said, it would also be wrong of me not to acknowledge successes achieved and progress made despite an incredibly difficult situation.

Performance against the A&E standard has been incredibly challenging due to a combination of factors such as; levels of demand, acuity of patients, stranded patients and staff recruitment. Those who follow the Trust will be aware that this is not a recent phenomenon, and the fact that we have not consistently achieved the A&E 4-hour standard for around four years underlines the scale of the challenge. During 2017/18 we worked constructively with our health and social care economy partners to design and deliver system improvements, such as establishment of an Integrated Transfer Team, to effect long term change in areas that are not solely within the Trust's control. The effectiveness, or not, of processes within the Trust has also been subject to rigorous scrutiny and challenge to identify where practice could be enhanced in order to facilitate more efficient patient flow. An example of a development arising from this internal scrutiny was the establishment of a clinical site management team in December 2017. The team, which provides a clinically-led approach to the management and coordination of patient flow and bed allocation 24 hours a day, 7 days a week, was subject to a phased implementation during the period December 2017 to February 2018 and was fully deployed by March 2018. The presence of this focused resource quickly resulted in a positive impact to patient flow management.

The Trust has also welcomed support and advice from regulatory bodies in addition to the collaborative work being undertaken with partners. Additional resource and input was provided by both NHS Improvement and the Greater Manchester Health & Social Care Partnership. Support from NHS Improvement has included the allocation of an Improvement Director, with a specific remit to assist the Trust with Quality developments, and the alignment of two experienced nursing professionals to work with Trust staff on process improvement. These individuals played an important part in development of our site management arrangements. Assistance from NHS Improvement will be further enhanced in May 2018 by the appointment of an Improvement Director with a specific focus on urgent and emergency care. Representatives from GM HSCP have worked with the Trust throughout the year to advise on improvement activities through the sharing of best practice from providers across Greater Manchester.

The difficulty of our financial position, as with delivery of the key A&E performance standard, is not something that is peculiar to Stockport NHS Foundation Trust. Many NHS organisations experienced financial challenges throughout 2017/18. However, it is our position that we need to

work to resolve and, despite acknowledgement amongst political leaders of the general financial challenges facing the Health Service, we cannot, and must not, rely on the hope of additional funding being made available. Transforming the way in which services are provided is a necessity, and delivery of new models of care through the Stockport Together programme, which commenced in the latter part of 2017/18, is an integral part of achieving efficient, high quality sustainable services. But it is not just Stockport Together and it is imperative that we drive this approach throughout the Trust and across all functions. Nor is it only about money, as a transformative approach will play a significant part in improving efficiency and enhancing service quality – with a consequent positive impact on patient experience. An example of the benefit of this approach is provided by the work undertaken in 2017/18 to address backlogs in clinical correspondence.

Whilst not a function with a direct impact on operational performance, it is a function that plays a vital role in ensuring that patients and other health care professionals are kept informed of patient condition. Prior to December 2017, the function operated on a specialty basis with wide variations in performance. Some specialties were experiencing an unacceptable level of delay in processing correspondence. To address this situation, we established a Clinical Correspondence Hub which consolidated resource into a discrete team function that processes correspondence across specialties using a prioritisation approach. A dedicated management team facilitated collaborative working and the adoption of standardised work processes to significant effect during Quarter 4. The proportion of correspondence completed within 7 days had increased from 55.7% when the service commenced to 91.2% in April 2018. The proportion of correspondence which took over 15 days to process reduced from 22.3% to zero. This really is a great example of what can be achieved by taking a fundamentally different approach to a problem.

We have also taken a transformative approach to services at specialty level and we completed a series of formal service reviews during the period November 2017 - April 2018. A multi-disciplinary approach was taken to the reviews with a significant level of clinician involvement. The review process itself was underpinned by benchmark data such as Model Hospital and Getting it Right First Time (GIRFT) to identify opportunities for greater efficiency through different ways of working. The reviews in 2017/18 were focused on the following six specialties; General Surgery, Trauma & Orthopaedics, Cardiology, Rheumatology, Obstetrics and the Department of Medicine for Older People. Outcomes will form the cornerstone of the Trust's efficiency programme in 2018/19.

The importance of the reviews cannot be understated. We delivered our financial plan in 2017/18 which incorporated delivery of efficiencies with a value of circa £12m. However, this was below the target of £15m set for the year and just 50% of the total, circa £6m, was attributable to recurrent savings. This increases the level of financial challenge in 2018/19 and emphasises the need to identify and deliver true recurrent efficiencies. The value of our cost improvement programme in 2018/19 is again £15m and the Board has clearly stated its expectation that this value will be achieved through recurrent savings schemes.

Quality of patient care is of paramount importance and the outcome of a follow-up CQC inspection in June 2017 was both hugely disappointing and of utmost concern to the Board. It was particularly disappointing that the inspection found that weaknesses previously identified such as security of records, management of diabetes and stock control had not been satisfactorily addressed. The situation led us to take a 'Silver Command' approach, to ensure that identified issues were effectively addressed in the short term, supplemented by a fundamental review of the Trust's quality governance arrangements to monitor embeddedness and provide robust on-going assurance on compliance with quality standards, for both internal and external purposes. I am

pleased to report that changes in leadership and approach, combined with a comprehensive Quality Governance Framework, have resulted in demonstrable improvements during the second half of the year.

Despite the many challenges, there were also a number of positives and successful developments during 2017/18, which demonstrate both our ability to deliver high quality services and the professionalism and skills of our staff. Our Stroke Service is second to none, literally. In October 2017 our Stroke Centre was rated the best in the country in an independent report from the Sentinel Stroke National Audit Programme (SSNAP). The report rates the quality and performance of services for every stroke patient from treatment to recovery and our Centre was rated first in the country out of a total of 224 stroke centres. This really was a magnificent achievement, both for the Trust and our patients, and is testament to the dedication of all staff involved in delivery of the Stroke Service.

The dedication, commitment and professionalism of our staff was demonstrated in the response to the tragic and shocking events at the Manchester Arena on 22 May 2018. The Trust played a central part in the NHS response to the attack in treating and caring for injured people and staff across the hospital responded magnificently in attending while off-duty or on leave to support the on-duty teams. This included an individual who had been at the concert on that fateful evening. The excellent response and quality of care was widely recognised with many of our staff subsequently receiving awards such as the ITV Pride of Britain Awards and The Sun's Who Cares Wins Awards. To quote our Medical Director, Dr C Wasson, this was "the NHS at its very best".

A summary of other key achievements during 2017/18 is included below:

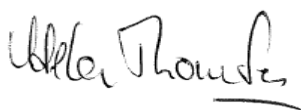
- We achieved some of the best results in the country for bowel cancer care. The overall 90 day mortality figure for patients treated at Stepping Hill Hospital was 1.1%, an improvement against the figure of 1.9% for the previous year and the lowest rating in Greater Manchester. The national average was 3.2%.
- Our midwifery team achieved the best vaccination rate for pregnant mothers in England which, alongside similar flu vaccination achievements across our partner organisations, made Stockport the best area in the country for flu vaccinations.
- Our school nursing team achieved one of the best rates in the country for the immunisation of young girls against cervical cancer. 96% of local girls aged 12 to 13 were given the human papilloma vaccine (HPV) which helps prevent cancer. This totalled 1,451 girls, the fourth highest rate in the country.
- In September 2017, Andy Burnham, Greater Manchester Mayor, formally opened a Transfer Hub at Stepping Hill Hospital. This facility, which helps to get patients home quickly and safely and with the support they need to continue to live independently, resulted from collaborative work with our Stockport Together partners. The service is one of the first of its kind in the country and ensures that patients do not stay in a hospital bed any longer than necessary.
- Again, together with our Stockport Together partners, we established a new 'Steady in Stockport' falls prevention service which is helping to reduce rates of injuries from falls amongst older people in Stockport.
- We introduced a new 'Virtual Fracture Clinic' where consultants are able to check on fractures without the need for appointments. Appropriate patients receive the help and advice they need without unnecessary follow-up appointments at the hospital, while those with more complex fractures can see a specialist doctor sooner.

- We are now carrying out 'I-fuse' spinal surgery, an innovative technique to help patients with severe back problems, which is greatly improving patients' quality of life. One grateful patient, Offerton mum Kerry Bentley, is now running half marathons having previously been unable to tie her own shoelace.
- Her Royal Highness The Duchess of Gloucester visited the Trust on 26 October 2017 to officially open our £20m Medical and Surgical Centre. The Centre, which became operational the previous year, accommodates over 120 beds in an enhanced environment and includes four state-of-the-art operating theatres.
- Michelle Clay, one of our newly qualified health visitors, won the national title of Health Visitor Student of the Year from the Journal of Health Visiting.
- Our training and public health team, along with colleagues from Stockport Metropolitan Borough Council and Manchester Metropolitan University, won the 'Partnership of the Year' award at the national Student Nursing Times Awards for their outstanding work in promoting the importance of public health to staff.

The above are just a sample of achievements and successes during the year and further information is available on the Trust's website at <http://www.stockport.nhs.uk/news>

Despite these successes, the Trust remains in a difficult position and we must endeavour to address our quality, performance and financial issues in order to meet the expectations of our patients and the public in Stockport and the High Peak and regain the confidence of our regulators. With regard to financial challenges, the Board of Directors considered the Going Concern position during a meeting held on 29 March 2018 and determined that, after making enquiries, the directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

I have seen and learned enough during my relatively short time with the Trust to know that the will is there at all levels of the organisation. We have a committed workforce which is determined to work together, and in collaboration with others, to address these challenges and recover the Trust's position as a high performing organisation. The Performance Report which follows, and the general content of the Annual Report, expands on overall performance during 2017/18 and will provide the reader with a good appreciation of the Trust's position.



**Helen Thomson**  
**Interim Chief Executive**  
**24 May 2018**

## **Brief History of Stockport NHS Foundation Trust**

The organisation was established as an NHS Foundation Trust on 1 April 2004, pursuant to Section 6 of the Health and Social Care (Community Health and Standards) Act 2003. The Trust provides acute hospital care for children and adults predominantly across Stockport and the High Peak area of Derbyshire. With effect from 2011/12, the Trust also provided Community Services for the populations of Stockport and Tameside and Glossop. However, the Trust's provision of these services in Tameside and Glossop ceased on 31 March 2016 when responsibility for service provision was transferred to Tameside & Glossop Integrated Care NHS Foundation Trust.

We employ over 5,200 staff working across hospital and community premises. Our major hospital is Stepping Hill Hospital situated on the A6, south of Stockport town centre. We also provide services from the Meadows, Swanbourne Gardens, the Devonshire Centre and in peoples' homes and the community within Stockport.

The Trust is licensed to provide the following mandatory services:

Anaesthetics	Neurology
Breast Surgery	Neurosurgery
Community Services	Obstetrics
Emergency Department	Ophthalmology
Ear, Nose & Throat	Oral Surgery
General Medicine	Orthodontics
General Surgery	Paediatrics
Genito-Urinary Medicine	Rehabilitation Medicine
Gynaecology	Rheumatology
Haematology	Trauma & Orthopaedics
Medical Oncology	Urology

These services are delivered through our Business Groups which are led by a 'triumvirate' comprised of; a Business Group Director, an Associate Medical Director (AMD) and an Associate Director of Nursing (ADN). We reviewed our Business Group arrangements during 2017/18 in order to better balance Group size and content. A revised Business Group structure was implemented from October 2017 as follows:

- Integrated Care Business Group
- Women, Children & Diagnostics Business Group
- Medicine & Clinical Support
- Surgery & Critical Care

We also undertook a review of medical leadership arrangements, in parallel with the review of Business Group structures. We recognised the importance of effective medical leadership and engagement, in terms of both day to day service delivery and the planning and design of future service developments, and the need to address concerns raised by the CQC in this area. The review resulted in a number of key changes:

- Creation of a new role of Associate Medical Director, Stockport Hospital Care
- Creation of a new Associate Medical Director post aligned to Integrated Care

- Creation of four new Clinical Director positions
- Overall, 11 of the 17 Clinical Director positions and 3 of the 4 Associate Medical Directors were new appointees

All members of the Medical Leadership Structure, including the Medical Director and Deputy Medical Director, completed an induction and development programme and objectives are in place for each Directorate.

Our Business Groups are supported by a full range of in-house corporate services which include; Finance, Corporate Nursing, Workforce & Organisational Development, Learning & Education, Estates & Facilities, Information Management & Technology and Communications.

## Key Issues & Risks

The Board of Directors has identified its strategic objectives and associated principal risks in a Board Assurance Framework which is subject to regular monitoring and review by the Board. The key issues and risks that could affect the Trust in delivering its objectives are detailed in the Annual Governance Statement 2017/18 which can be found on page 94 of the report.

## Performance Measurement

The Board of Directors has approved a set of key metrics to measure performance which cover; operational performance, clinical quality performance, financial performance and workforce performance. Data detailing performance against these metrics is consolidated in a comprehensive Integrated Performance Report (IPR) which is reviewed on a monthly basis by the Board of Directors. A 'kite marking' system is used to provide assurance on data quality for each indicator to identify; the source of the data, the timeframe represented, method of calculation and whether or not the data has been validated.

Performance is summarised in the IPR by means of four 'performance wheels' which denote performance by month, by quarter and year-to-date. The wheels summarise performance in the following domains:

- **Quality-** Patient Experience, Dementia FAIR, Clinical Correspondence, Discharge Summary Falls, Pressure Ulcers, Clostridium Difficile and Mortality Indicators
- **Performance-** Outpatient Waiting List, 4-hour Emergency Department Standard, Diagnostic Tests, Cancelled Operations, Cancer, Readmissions and Referral to Treatment (RTT) performance
- **Finance-** Financial Sustainability, Cost Improvement Programme, Capital Programme, In-Year Financial Performance, Expenditure Variance and Income Variance.
- **Workforce-** Appraisals, Sickness Absence, Turnover, Essentials Training, Induction and Workforce Efficiency.

The Chief Operating Officer presents the IPR to the Board under cover of a report which details performance against the key metrics used by NHS Improvement to assess compliance with the indicators set out in the Single Oversight Framework. During 2017/18, Performance Review meetings have been undertaken at Business Group level with Executive Directors and the Business Group triumvirate involved in this process. Each Business Group has a replica set of the

four 'performance wheels' which allows for a more granular analysis and scrutiny of performance at operational level.

The outcomes of CQC inspections and an Undertakings Review carried out by NHS Improvement identified a need to enhance performance monitoring and reporting. Consequently, we undertook a comprehensive review of our IPR during 2017/18 and developed a revised approach based on best practice advice. The revised IPR, which will be used to report performance from April 2018 onwards, is based on a revised set of performance metrics for relevant domains and will facilitate a greater level of forward-view reporting.

## Summary of Performance

The table below summarises performance against key Single Oversight Framework metrics during 2017/18:

Metric	Standard	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Maximum time of 18 weeks from point of referral to treatment: Patients on an incomplete pathway	92%	92.8%	92.1%	92.4%	90.3%
Maximum waiting time of 4 hours from arrival to admission / transfer / discharge	95%	85.8%	80%	79.5%	70.1%
All cancers – 62 day wait for first treatment from urgent GP referral for suspected cancer	85%	83.7%	87.6%	83.7%	88%
Maximum 6-week wait for diagnostic procedures	99%	99.7%	99.5%	99.9%	99.5%

## Performance Analysis

### Emergency Department – 4-hour Standard

The 4-hour A&E standard was not achieved in any quarter during 2017/18. While Quarter 1 performance was in line with the improvement trajectory agreed with NHS Improvement, the improvement in performance was not sustained and a downturn in performance against trajectory was experienced in subsequent quarters, culminating in an extremely challenged performance position in Quarter 4. The challenging circumstances towards the end of the year, and the impact of a testing winter period, were by no means specifically related to Stockport and the scale of the challenge both regionally and nationally was subject to extensive media coverage.

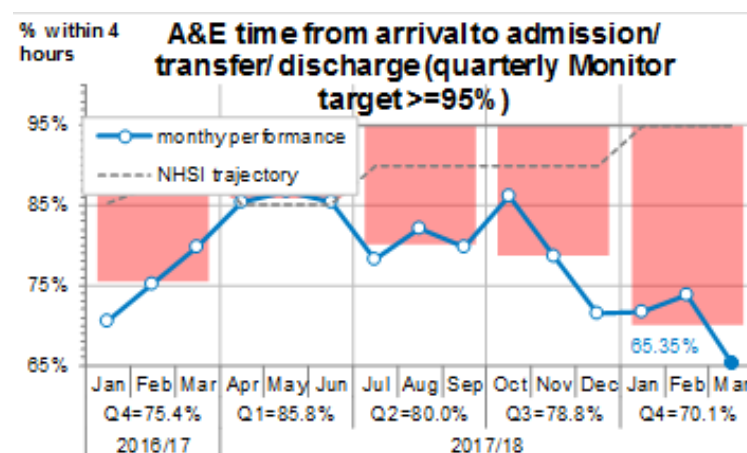
While performance against the standard throughout the year was clearly not good, in the context of the national 95% standard, there were encouraging signs of underlying improvement. The Trust's performance against the standard reflected an improvement of 3-4 percentage points, in comparison with 2016/17 figures, for each Quarter of the year, with the exception of Quarter 4. By no means cause for celebration, but an indication of the positive impact of programmes aimed at achieving sustainable improvement.

The Urgent Care System is characterised by complexity and performance against the standard is influenced by factors both inside and outside the hospital environment. Consequently, the reasons for failure to achieve consistent levels of performance are multi-faceted and necessitate a whole health and social care economy approach to identify and implement solutions. Particular factors affecting performance levels during 2017/18 were:

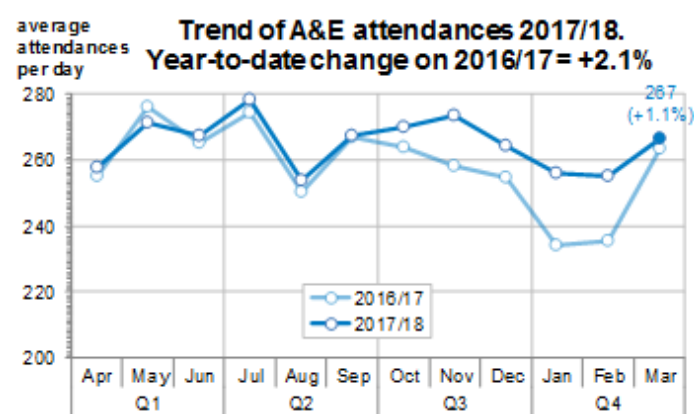
- Challenges in recruiting a substantive medical workforce in the Emergency Department and across Medicine specialties
- The significant number and proportion of 'Stranded Patients' i.e. those patients with a length of stay in hospital equal to or greater than seven days, which has a consequent impact on bed capacity
- The availability of, and access to, alternatives to Emergency Department attendance in comparison to system models in other localities across Greater Manchester.
- Challenges associated with the winter period in Quarter 3 and Quarter 4 characterised by increased levels of high acuity patients and the impact of seasonal influenza.

The Trust has had a positive start to 2018/19, with performance levels in excess of 95% recorded on a number of days in April 2018. While encouraging, performance levels remain subject to wide variation on a daily basis which emphasises the need for continued focus and effort to deliver consistent levels of performance. This focus and effort necessitates effective collaborative working with our partners in the Stockport health and social care economy and work in this area is proactively directed and monitored by a multi-disciplinary Urgent Care Delivery Board with representatives from key stakeholder organisations.

#### A&E Performance 2017/18

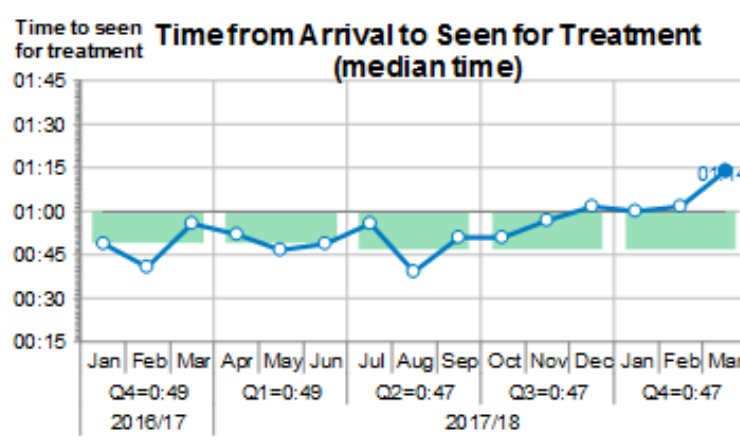


#### A&E Attendance Levels



Improvements in the processes and systems within the Emergency Department and the Acute Medical Unit, together with enhancing the resilience of the workforce model in these areas were a key area of focus in 2017/18. While our plans for resilience over the winter period did not improve overall performance against the 4-hour standard, they were successful in ensuring quality of service and safety in the provision of urgent care. The key metric used to determine effectiveness in this area is the time from arrival to the time for being seen for treatment, the 'wait to be seen' time, and the chart below is indicative of process improvement and workforce resilience in maintaining the wait to be seen at around 60 minutes.

#### A&E Time from Arrival to being seen for Treatment

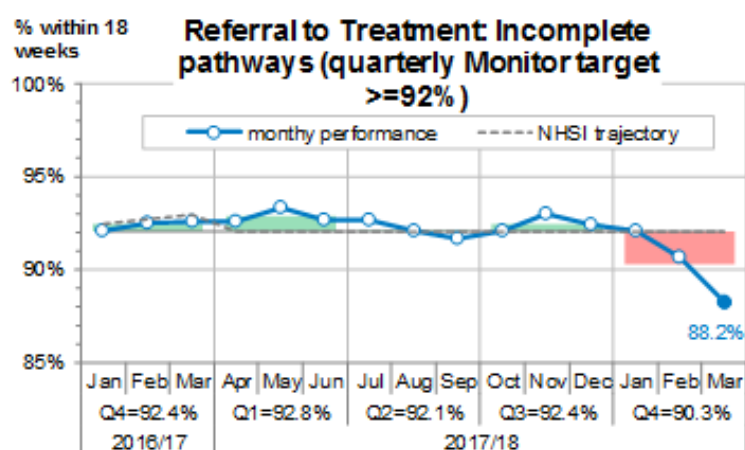


Collaborative working between the Stockport System leaders to establish a sustainable solution to Urgent Care performance in the Borough has been integral to improvements made in 2017/18. Senior Leaders from Stockport Metropolitan Borough Council, Stockport Clinical Commissioning Group and Viaduct Care (the Federation of Stockport GPs) routinely support wards and departments across the Trust through Stranded Patient reviews led by the Trust's Deputy Medical Director and Chief Operating Officer. In addition, strong ties have been made with the team from the Greater Manchester Health & Social Care Partnership to share best practice from across Greater Manchester and beyond.

#### 18 Week Referral to Treatment

Performance against the 18 Week Referral to Treatment standard was positive for the first three Quarters of 2017/18 and the 92% national standard was achieved in each Quarter. However, Quarter 4 performance was non-compliant as a direct result of the national mandate to halt all non-urgent or cancer surgery during the winter period to ease pressures in the Urgent Care system. Our performance in Quarter 4 was also affected by decisions taken by the Trust to cancel and reschedule elective outpatient activity to allow consultant time to be used to support Urgent Care. This meant that both the Admitted and Non-Admitted pathways were affected as a result of the significant pressures during the winter period.

## Referral To Treatment Performance 2017/18

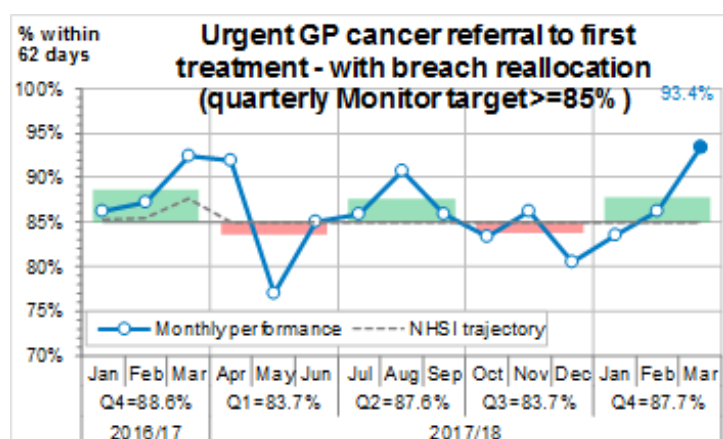


An improvement trajectory was agreed with NHS Improvement to return to a compliant position by the end of Quarter 1 of 2018/19. Elective surgery was recommenced as planned on 9 April 2018 with a consequent improvement in the number of patients waiting more than 18 weeks for surgery.

## Cancer

Performance against the 62 Day Cancer standard was variable across 2017/18, a position consistent with that experienced across Greater Manchester Providers. Positive performance, and achievement of the 85% standard, in Quarter 2 and Quarter 4 contrasted with downturn in performance in both Quarter 1 and Quarter 3. The downturn in performance related to challenges in a number of tumour groups due to the complexity of clinical pathways, with up to three or four different providers being involved in the provision of care. Trust performance against the standard is also influenced by the relatively low denominator of patient numbers. Consistency of performance levels will be an area of significant focus for both the Trust and other Greater Manchester providers in 2018/19 and the GM Cancer Network will be working collaboratively to assess the management and implications of a new rule set for the management of Cancer Waiting Times.

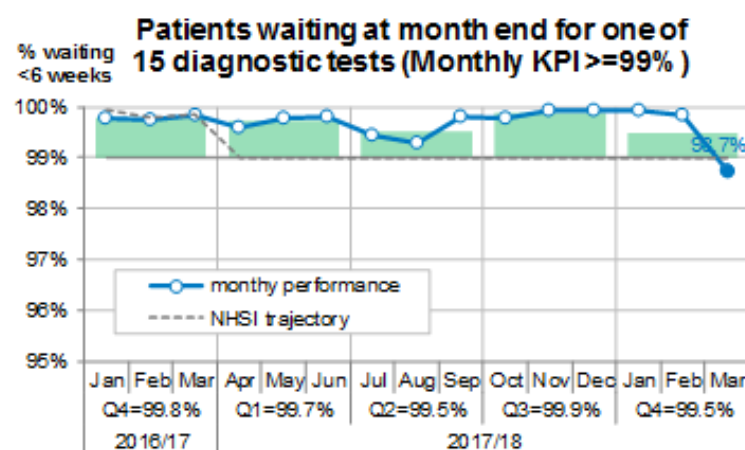
### Cancer Performance vs 62 day standard 2017/18



## Diagnostics

Strong performance against the 6-week diagnostic standard was achieved throughout 2017/18 and the Trust delivered the standard in each of the four Quarters. A downturn in performance was experienced in March 2018 as a direct result of capacity issues within Non-Obstetric Ultrasound

and Echocardiography. These issues were resolved and performance returned to normal levels in April 2018.



### Challenges to meeting national service standards in 2017/18

The Board of Directors has declared a forward risk of non-compliance with the Emergency Department 4-hour standard in 2018/19 as part of its governance declaration to NHS Improvement. The schemes that will provide a solution to emergency department performance within the Stockport Health and Social Care system commenced implementation through the Stockport Together programme in 2017/18 and will continue to be developed and embedded in 2018/19. These schemes will provide the long term, sustainable solutions to patients' increasing reliance on the Urgent Care system.

### Any new or significantly revised services

The Trust did not introduce any new services or significantly revised services during 2017/18. A summary of services developed as part of the Stockport Together programme is provided below.

### Descriptions of significant partnership and alliances entered into by the Trust to facilitate the delivery of improved health care

The Trust has been actively involved in both regional and local strategic partnerships and alliances within the Health and Social Care (H&SC) system throughout 2017/18.

### Regional

The Trust has been an active participant in two regional strategic programmes during 2017/18. The first is the South East Sector collaboration of providers as part of the Greater Manchester-wide Healthier Together programme. The Trust's status as the fourth Specialist Hospital site in Greater Manchester was confirmed in January 2016 and we have worked constructively with Sector partners and the central Healthier Together team on preparatory work to plan and design services, including revised clinical pathways, in advance of Phase One implementation.

The second programme is the hugely significant Greater Manchester Health and Social Care Partnership (GM HSCP) which was established as part of Devolution arrangements on 1 April 2016. The GM HSCP has responsibility for a £6bn budget and spending decisions in Greater Manchester to deliver its vision of the fastest and greatest improvement in the health and wellbeing of the 2.8 million people living in the conurbation. This vision was set out in the Greater Manchester strategic plan '*Taking Charge of our Health and Social Care*' which focuses on four key areas:

- A fundamental change in the way people and our communities take charge of, and responsibility for, their own health and wellbeing
- A focus on local care, and local care organisations, where doctors, nurses and other health professionals come together with social care professionals in co-located teams, in increasingly community based settings
- Hospitals across Greater Manchester working together to make sure expertise and experience can be shared widely; and
- Other changes which will make sure standards are consistently high across Greater Manchester, and will generate significant financial efficiencies, for example; sharing back office functions across organisations, making best use of the public sector estate, investing in new technology and embedding research and innovation.

The Trust is one of 37 organisations health and social care organisations that participate in the GM HSCP and are working collaboratively to develop services across Greater Manchester as part of a 'Theme 3' transformation programme. These services include:

- General Surgery, Emergency & Acute Medicine
- Gynaecological Cancer
- Urology Cancer
- Benign Urology
- Paediatrics.
- Breast Services
- MSK & Orthopaedics
- Neuro-rehabilitation
- Cardiology
- Respiratory

The Trust holds the Provider Lead role for the Benign Urology programme which is undertaken by the Director of Support Services with support from our Associate Director of Strategy & Planning. Two of our consultants also undertake Clinical Lead roles; Dr P Turner for MSK & Orthopaedics and Dr C Cooper for Acute Paediatrics. A key part of the governance arrangements of the GM HSCP is the Greater Manchester NHS Trust Provider Federation Board and our Chief Executive is an active participant in the work of the Board to develop services across Greater Manchester.

Further information on the work of the Greater Manchester Health & Social Care Partnership is available at [www.gmhsc.org.uk](http://www.gmhsc.org.uk)

## **Local**

### Stockport Together

Strong relationships have been developed between providers and commissioners in Stockport to establish shared decision making processes in development of the Stockport Together vanguard transformation programme. The strength of these relationships was evidenced in July 2017 when the governing bodies of the Stockport Together partners; the Trust, Stockport Clinical Commissioning Group, Stockport Metropolitan Borough Council, Viaduct Care and Pennine Care NHS Foundation Trust, approved outline business cases for implementation for the various elements of an Integrated Service Solution (ISS).

Preparatory work, including associated recruitment activity, commenced immediately for deployment of the range of programmes which form the ISS as follows:

- Active recovery
- Transfer to Assess
- Crisis Response
- Integrated Neighbourhood Teams
- Seven Day GP Access
- Medicines Review
- Acute Visiting / Clinical Triage
- Enhanced Case Management
- Falls Service
- Ambulatory Ill (GP streaming)
- Ambulatory Care Unit

Deployment commenced in November 2017, with the exception of the Ambulatory Ill and AMU programmes which had been subject to earlier deployment, and all programmes had been substantially deployed by 31 March 2018. The programmes are now at varying stages of implementation but have already demonstrated a positive effect in providing care closer to home and improving patient flow.

The Provider Partners of Stockport Together undertake strategic management of these developments, collectively known as Stockport Neighbourhood Care, by means of a formal Alliance Provider Agreement which was concluded in autumn 2017. The Agreement includes a requirement for an Alliance Provider Board, headed by an independent Chair with an Executive-level representative from each of the four Providers. The Trust's representative on this Board is the Director of Support Services. The Alliance Provider approach is considered to be a temporary arrangement to facilitate progress with service transformation. There remains a commitment amongst Stockport Together partners that services should be incorporated in a revised organisational form in the longer term.

Further information on the Stockport Together programme is available at <https://www.stockport-together.co.uk>

### **Consultation with Local Groups and Organisations**

The Trust has not made any material changes to its service provision, estate or any other aspect of its establishment and operation that required formal consultation during 2017/18, save for consultation on the Stockport Together programme which was led by Stockport CCG. Executive Directors regularly attend meetings of the local Health Overview & Scrutiny Committee at Stockport Metropolitan Borough Council to brief Committee members on developments at the Trust. In addition, quarterly meetings are scheduled with Stockport Healthwatch to share information on Trust developments and address any issues that may be identified by Healthwatch representatives.

### **Important events since the end of the Financial Year**

There have been no events to report that have arisen since the end of the financial year.

### **Overseas Operations**

The Trust did not conduct any overseas operations during 2017/18.

## **Vision, Strategic Priorities and Trust Strategy**

The five-year strategy approved by the Trust in May 2015 stated that “*Trust strategy going forward will be focused on care of older people and people with cancer*” and set out the intention to move away from the old district general hospital model of providing ‘everything to everyone’ as it is no longer sustainable. This would mean that the Trust would look to provide fewer services directly (although services would continue to be provided in the Stockport locality) and focus development on services consistent with the ‘care of older people and people with cancer’ theme.

The Board of Directors reviewed this position in 2017/18 in the context of significant changes in the Trust’s operating environment. These changes related to developments in the local health and social economy as part of the Stockport Together programme and regionally in relation to the work being undertaken by the Greater Manchester Health & Social Partnership. The Board concluded that the local and regional developments in the past two years had a fundamental impact on the Trust’s stated strategy and agreed that work should be undertaken to develop a revised Trust Strategy for the next 3-5 years. The Board also took into account feedback from a large staff consultation exercise carried out in autumn 2017 in reaching this decision.

The Board has worked to formulate a clear vision, mission, priorities and objectives for the Trust over the course of a number of Board Strategy sessions during the period October 2018 –March 2018. A revised strategic view has been developed which is intended to provide a realistic and achievable plan to put the Trust in the best possible position to address inevitable future change and maximise any opportunities arising from this change. The view recognises that the future will be based on cohesion and cooperation, rather than competition and commerce, and has the interests of patients at its core. The revised Strategy will provide the clarity of purpose which is essential for our staff and has the following key areas of focus:

- Resilience & Improvement
- Quality & Safety
- Finance
- Operational Performance
- Stockport Together – Integrated Service Solution
- Healthier Together – Implementation Phase
- Greater Manchester Health & Social Care Partnership – Themes 3 & 4

The above formed the basis for development of a strategic outline consultation document during Quarter 4 2017/18 and we plan to undertake a consultation process, to seek the views of both internal and external stakeholders, during Quarter 1 2018/19. We aim to have a Board-approved revised Trust Strategy in place during the summer of 2018.

## **Single Oversight Framework**

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

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

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

The Single Oversight Framework applied from Quarter 3 of 2016/17. Prior to this, Monitor's Risk Assessment Framework (RAF) was in place. Information for the prior year and the first two quarters of 2016/17 relating to the RAF has not been presented as the basis of accountability was different. This is in line with NHS Improvement's guidance for annual reports.

### Segmentation

Stockport NHS Foundation Trust has been placed in segment 3 throughout 2017/18 and up to 31 March 2018. Details of a regulatory review carried out by NHS Improvement in June/July 2017, which resulted in a modified licence condition, are included on page 91 of the report. This segmentation information is the Trust's position as at 31 March 2018. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

### Finance and use of resources

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

The Trust's performance against the metrics with regard to the Use of Resources for the last 6 quarters is detailed in the following table:

Area	Metric	2017/18 scores				2016/17 scores	
		Q4	Q3	Q2	Q1	Q4	Q3
Financial sustainability	Capital service capacity	4	4	4	4	3	4
	Liquidity	4	4	3	2	1	2
Financial efficiency	I&E margin	4	4	4	4	3	4
Financial controls	Distance from financial plan	1	1	1	1	1	1
	Agency spend	1	2	2	2	2	1
Overall scoring		3	3	3	3	2	3

The Trust therefore finished the year with an overall score of a 3, which is driven by strong performance in financial control and achievement of the agency expenditure cap. However, the overall financial deficit has resulted in a 'poor' rating for financial sustainability and financial efficiency.

### Financial Review

The Trust ended the financial year with a deficit of £22m including exceptional items against a planned deficit of £27.2m. This includes a fixed asset impairment reversal of £4.1m as a result of the Trust undertaking a modern equivalent asset valuation (MEAV) exercise and the value of the buildings increasing compared to the previous financial year. The financial performance would have resulted in an underlying deficit of £26.1m, being £1.3m better than plan, if the exceptional item is excluded.

In 2017/18, the Trust made the difficult decision to reject the proposed control total from NHS Improvement and in turn forego receipt of the Sustainability & Transformation Fund (STF). The Board of Directors decided that the cost improvement required to achieve the control total would be extremely challenging and would impact on patient quality, safety and experience. The Trust did, however, receive additional bonus STF funding of £0.4m in 2017/18 which related to achievement of the control total in 2016/17.

The annual accounts present the Trust's position alongside the consolidated Trust financial position as a group, which includes the Charitable Funds and the Trust's wholly owned subsidiary, Stepping Hill Healthcare Enterprises Ltd which provides the Pharmacy Shop services. Further detail on both of these elements is provided in the annual accounts section of the report. The following section of this report covers only the Trust position.

The 2017/18 financial performance includes the delivery of a cost improvement programme with a total value of £12m, of which £6.3m is recurrent. All efficiency schemes are subject to a Quality Impact Assessment to assess potential impact on the quality and safety of services and ensure that any identified risks are effectively mitigated. One of the key delivery programmes in 2017/18 was a Theatre Improvement programme which increased the utilisation and management of theatre lists.

Whilst achieving savings, we have continued to invest to improve services for patients, both in terms of improving the quality and safety of our services and investing in buildings and equipment. Total investment through the capital programme in 2017/18 was £8.4m which included £3.3m on equipment, £1.2m on estates and £3.3m on IT investments including Electronic Patient Record Systems for both the hospital and community.

## **Going Concern**

The Trust is required to assess its ability to continue as a going concern over the next 12 months and into the future, as part of preparing the Annual Accounts and as required by International Accounting Standards 1 (IAS 1). This is done by considering the information available about the future prospects of the Trust as at 31 March 2018, including the Trust's assessment of the future cost and productivity improvements required to enable it to manage through the very difficult economic climate facing it in the foreseeable future. The Financial and Governance risks assessed by NHS Improvement are also examined as well as additional operational risks such as the potential loss of key personnel and activity changes.

At a Board of Directors meeting held on 28 February 2018, the Directors carefully considered the Sustainability and Transformation Fund (STF) offer for 2018/19 and agreed not to accept the STF-related control total, given that the scale of cost savings required to achieve the control total, £40m in 2018/19, would not be deliverable.

The Trust has agreements in place for 2018/19 with all of its Commissioners. These include the partnership arrangements for investment in new models of care as part of the Stockport Together programme. The anticipated continuation of provision of Trust services in the future, as evidenced by agreed commissioning contracts, is confirmation of the Trust's continuation as a going concern.

A detailed report assessing the financial risks facing the Trust was considered by the Board of Directors on 29 March 2018. The assessment focussed on the following:

- a. Partial delivery of the Cost Improvement Programme
- b. Continued urgent care growth, including increased winter capacity requirements, and,

### c. Levels of agency / locum expenditure

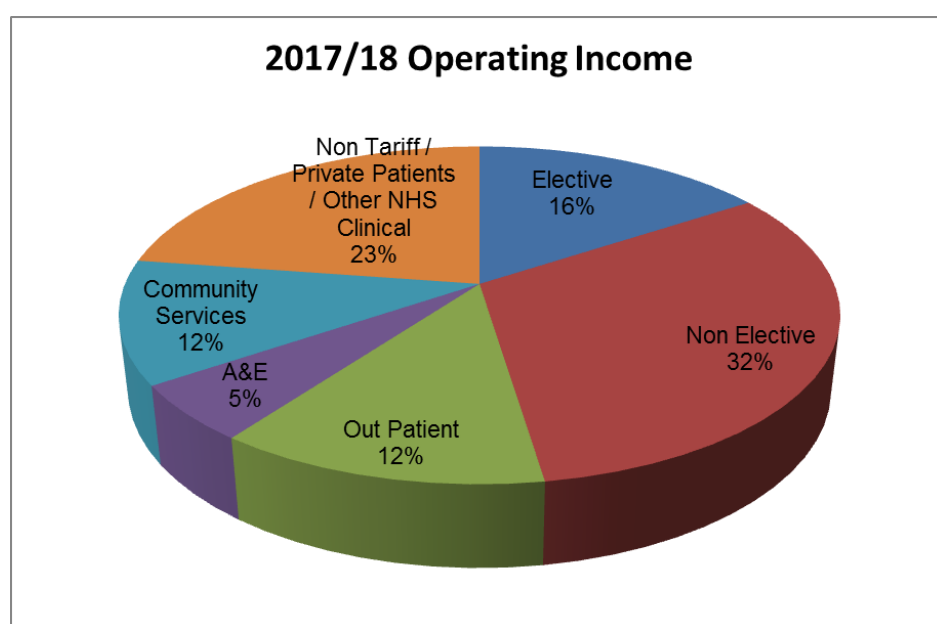
The Board concluded that, while 2018/19 will be as challenging as 2017/18, and despite considerable risks related to deliverability of planned savings and the Trust's overall cash position, the Trust is a going concern and the Board has taken steps to ensure that this remains the case for at least the next 12 months. The Trust will regularly review this position throughout 2018/19.

A key consideration of the going concern assessment was the overall availability of cash to the Trust to meet its financial obligations. The Trust has been in dialogue with the NHS Improvement Capital & Cash Team throughout 2017/18. In readiness of a requirement for revenue support, likely to be in July 2018, the Trust has been submitting rolling 13-week cash flow forecasts. The Trust's Cash Action Group continues to work with suppliers and health and social care partners to ensure maximum liquidity. The availability of revenue support and working capital funding create a material uncertainty that may cast doubt on the Trust's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Trust is in an ongoing dialogue with the ITFF and is therefore confident that funding will be made available as required during 2018/19. Consequently, after making enquiries, the Directors have a reasonable expectation that Stockport NHS Foundation Trust has adequate resources (including external cash flow assistance) to continue its operations on an ongoing basis. For this reason, the Directors continue to adopt the going concern basis in preparing the accounts.

## Income and Expenditure

In 2017/18 the Trust's overall income was £285.5m (£303.3m in 2016/17). Income from provision of health services was greater than that from provision of goods and services for any other purpose. The Trust did not receive or make any political donations in 2017/18. Our operating income was £250.8m in 2017/18, a reduction of £5.7m from 2016/17, which predominantly relates to the non-recurrent receipt of the Sustainability and Transformation Fund of £11.4m in 2016/17 for accepting the control total.

The income is shown by activity in the chart below:

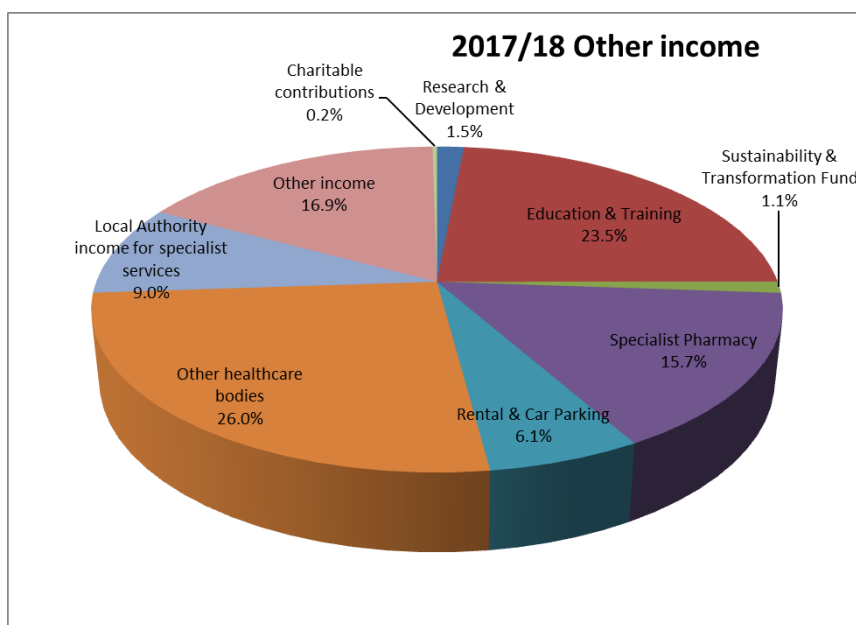


Clinical income was above planned levels during 2017/18 and included the non-recurrent receipt of support towards the costs of winter from the Department of Health. The Trust agreed a block contract for urgent care (non-elective and A&E) and outpatients for 2017/18 with Stockport CCG. This agreement was part of the plans within the economic business cases for the Stockport Together programme with Stockport CCG and Stockport MBC, whereby the block contract gave protection of income whilst transformational change took place to move services from hospital to integrated community settings. Elective income continued to be received on a case by case basis under the rules within the health payment system 'Payment by Results (PBR)'.

The Trust saw an increased level of urgent care patients during the year and experienced a difficult winter period, where increased numbers of patients were seen in A&E, particularly older frailer people who required admission to hospital. This led to a greater level of cancelled elective patients than planned over the winter period and therefore the Trust received less income compared to the previous year for these patients.

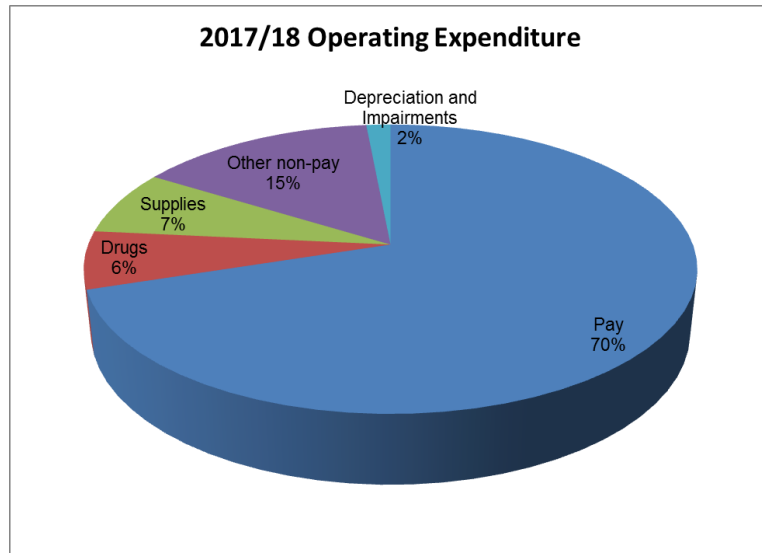
The Trust earns a small percentage of income from private patients and overseas visitors, a total of £1m in 2017/18. The Trust therefore confirms that income from the provision of good and services for the purposes of the health service in England was greater than its income from the provision of goods and services for any other purpose.

The Trust also earns income from a number of different sources and a breakdown of the £34.6m 'Other income' is provided in the chart below. The Trust provides a number of services to other healthcare providers via service level agreements and these include Urology, Radiology and Occupational Health and earned £9m from these arrangements in 2017/18. As an Associate Teaching Hospital the Trust continues with its medical and other clinical services education programmes including links with other countries and accounted for £8.1m in 2017/18. The Trust also trades its pharmaceutical specialist services to other trusts and healthcare providers including the sale of drugs totalling £9.0m, which is offset by expenditure.

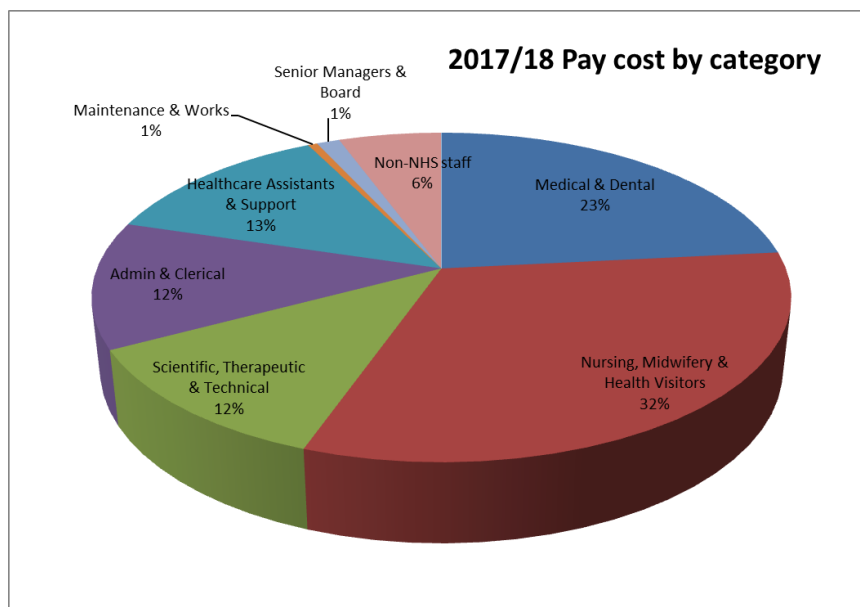


The Trust has no fees and income (income generation) levied which meet the disclosure criteria under the Managing Public Money definition. The Trust has trading activities within Stockport Pharmaceuticals whereby it has secured contracts via published procurement processes and has recovered full cost with an operating margin and therefore this is outside the scope of disclosure.

Operating expenditure was £303.8m (£305.4m in 2016/17) which is a reduction of £1.6m. The Trust's costs are divided into the following areas:



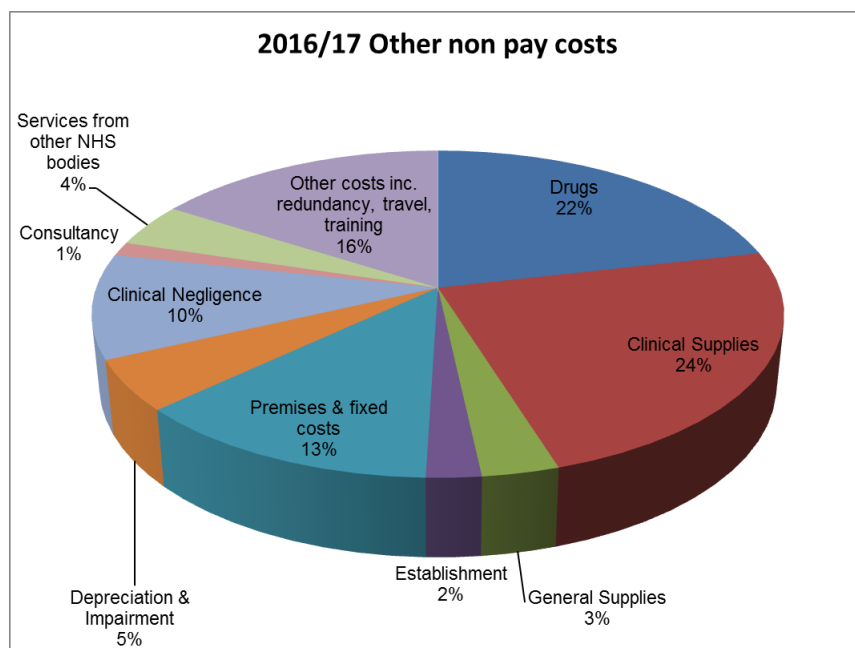
Pay costs account for 70% of our operating expenses, and our pay spend is split over the following categories:



Pay costs in 2017/18 were £212.96m (£207.3m in 2016/17). The Trust has increased its permanent medical staffing costs in year with a focus on recruitment to key specialty posts where previously agency staff at premium rates had been deployed. Services have continued to use agency staff at premium rates to support the level of activity in the hospital where substantive staff were not available to fill vacancies. Temporary staffing costs have reduced to £12m in 2017/18 from £13.5m in 2016/17. Investment has continued in year in an international recruitment programme for targeted

specialties for medical staff. Programmes have also been in place for nursing, focussing on retention schemes for existing staff.

Non-pay expenditure in 2017/18 was incurred as follows:



The Trust undertook a revaluation of land and buildings under the Modern Equivalent Asset Valuation (MEAV), where the Trust assesses the difference in configuration of a replacement site were the hospital to be rebuilt. This was undertaken for the first time in 2016/17 and resulted in an impairment charge of £4.1m. At the end of 2017/18 the same valuation was undertaken but the replacement building value had increased in year and resulted in an impairment reversal of £4.1m in-year, which reduces operating expenditure. This is detailed further in the notes to the accounts.

Clinical negligence costs increased for all trusts throughout the country again in 2017/18 and the impact for the Trust was £0.9m, a total cost of £9.4m in year.

Premises costs have increased in year where the Trust has incurred additional costs for Community properties as part of changes in services linked to Stockport Neighbourhood Care developments and has also invested in a replacement curtain programme across the Trust to improve ward environments. Additional costs have been incurred on transformation projects for the Stockport Together programme where transformation funding has been received in line with the economic business cases agreed with the partner organisations. This has predominantly been incurred on staff costs in 2017/18.

## Balance Sheet

The regulations relating to the calculation of the Public Dividend Capital (PDC) and current commercial interest rates mean that it is more beneficial for the Trust to keep bank balances in the government bank account. Therefore we only earned £0.1m interest during 2017/18, which is the same level as earned in the previous financial year. Our year-end cash balance was £15.5m

compared to an opening cash position of £23.7m. The Trust will be applying for revenue support from the Department of Health's capital and cash department in 2018/19.

## **Charitable Funds**

The Board acts as Corporate Trustee in respect of its charitable funds. Our 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, the Trust's website or from the Charities Commission website.

The Charitable Funds Committee oversees 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 Charities Commission for NHS Charities in general.

In 2017/18, Charitable Funds income was £320,000 and the Trust is extremely grateful for donations of £85,000, legacies of £171,000 and fundraising income of £20,000. The Charity also received £45,000 investment income. Expenditure in 2017/18 was £86,000 which included purchases of new chairs for expectant mothers on Delivery Suite, a defibrillator and monitors for the Older People's wards and a hoist at Swanbourne Gardens for the Children's respite room. The Charity has also supported staff welfare and training activities.

## **Financial Outlook**

The Trust has experienced another financially challenged year where the Trust delivered a loss of £22m. This is the third financial year where the Trust has recorded a deficit position; 2016/17 deficit of £6.3m and 2015/16 deficit of £12.9m. The Trust delivered a financial plan marginally above what was planned and this is reflected within the financial controls section of the Single Oversight Framework. In order to achieve its plan the Trust has delivered a cost improvement programme of £12m in year against a target of £15m; however a significant proportion of this total was non-recurrent which therefore adds to the challenge in 2018/19.

The underlying deficit for the Trust going into 2018/19 is £49m, taking into account non-delivery of recurrent CIP, inflationary pressures, including increase in staff costs and increase in NHSLA premiums, and a contribution towards the cost of new models of care. The Trust is planning a cost improvement plan of £15m in 2018/19, which results in an overall deficit of £34m. The Trust's cash balance has reduced significantly over the past three years as the deficit position has increased and the Trust will need to apply for revenue support during the financial year. The Board of Directors is aware of the implications of the application process and additional terms and conditions that need to be met to access the support.

Delivery of the full cost improvement programme on a recurrent basis is imperative and progress with delivery will be closely monitored by the Board of Directors. The Trust plans to deliver its £15m cost improvement programme through a combination of themes which include

- Improving patient flow
- Improving efficiency in theatres
- Improving efficiency in outpatients

- Workforce efficiency and effectiveness
- Procurement and medicines management
- Clinical support services
- Corporate and Estates services

The Trust is refreshing its medium term financial strategy with the focus on securing quality service for patients and sustainability. One of the key components of the strategy is the work with our partners on the Stockport Together programme in the local health and care economy, whereby services will transform into delivery in non-traditional acute hospital settings. The Greater Manchester Health & Social Care Partnership is continuing with the specialty review across Theme 3 and Theme 4 and the effect on services, particularly in relation to cancer and the Trust's financial modelling is linked closely to this work.

### **Capital Planning 2018/19**

The Trust is planning capital expenditure of a range between £9m and £15m in 2018/19 compared to a plan of £13.6m in 2017/18. The range is dependent on the allocation of capital from Healthier Together.

A summary of planned investments at the base position is as follows:

<b>Capital description</b>	<b>Plan 2018/19 £k</b>
Equipment	2,907
Property Schemes	1,380
Estates – backlog maintenance	761
Estates – other	944
Information Management & Technology	3,579
<b>Total Capital Plan</b>	<b>9,571</b>

The property schemes predominantly relate to the creation of an Urgent Treatment Centre on the Stepping Hill site.

Information management and technology schemes include the completion of the Acute and Community Electronic Patient Record projects.

The equipment programme includes the on-going replacement of assets across the hospital and in 2018/19 the largest item within the programme is the replacement of the gamma camera within the Radiology department.

## Environmental Matters

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

### Introduction

Our vision is to provide high quality health care services in an environmentally sustainable manner. 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 rising cost of natural resources. We are taking active steps to improve our energy efficiency, reduce our water consumption and minimise the impact of the waste we generate. The Trust remains committed to supporting the NHS in achieving challenging national targets and a programme of sustainability improvements was delivered during 2017/18. As in previous years, the majority of actions focused on making improvements to enhance the energy efficiency of our buildings.

Our Carbon Management Implementation Plan (CMIP), which has been in place since 2008, aims to reduce carbon emissions through:

- Reduced energy use through rationalisation and efficient design
- Implementation of a Green Travel plan through provision of low carbon travel, transport and access
- Increased local procurement
- Reduction of waste levels and increased recycling of waste
- Reduction in water use and associated waste
- Organisation and workforce awareness and development

We have continued to deliver significant 'carbon savings' through design innovation including:

1. Voltage Optimisation Electrical Energy Saving techniques to provide a reduced supply voltage for site equipment. This improves power quality by balancing phase voltages and reducing the Trust's electricity demand and cost.
2. Installation of cost effective Duplex Stainless Steel Plate Heat Exchangers to optimally improve energy efficiency and minimise waste water pollution.
3. Reducing energy costs through the replacement of old or inefficient boilers with new systems designed to use as much as 30-40% less energy.
4. Increased insulation of roof spaces and exposed pipework and valves.
5. Reduced mechanical ventilation by improving airflow and natural ventilation through the installation of new windows.
6. Replacement of inefficient engineering plant.
7. Continued use of green technologies such as LED lighting and heat recovery units
8. Replacement of Trust vehicles with low emission models. The new vehicles operate using efficient technology or alternative fuels, rather than diesel, and reduce both running costs and the environmental impact of the vehicle fleet.
9. Introduction of an intelligent Building Management System which supports more efficient management of heating systems.

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

Sustainable Development Management Plan (SDMP) in place in accordance with the NHS Carbon Reduction Strategy 2009. This plan sets out the Trust's 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 24% reduction in energy use and carbon emissions by 2020. The main actions being taken to achieve this are summarised below.

### **Key Objectives**

The Trust has carried out a significant amount of work to reduce carbon emissions and achieve wider sustainability goals. Our key objectives for environmental and sustainability managements include:

- Building on our Carbon Management Programme and ensuring a long term vision for sustainable energy management for the Trust.
- Ensuring that environmental protection and social issues, including prevention of pollution, are considered within the Trust's strategic planning, management and operations.
- Reduce the Trust's environmental impacts in the areas of water and waste, including Capital Planning management schemes.
- Continue to make better use of the Trust's occupied floor space and disposing of under utilised assets.
- Increased recycling and waste reduction.
- Fulfil all compliance obligations relating to environmental management.
- Environmental/Sustainability Key Performance Indicators to be reported and tracked at a local level and reported monthly as part of Directorate 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.
- Increase engagement with staff and the public at all levels through a range of communications channels.
- Embed sustainability principles in the organisation's current processes and policies whenever possible.
- Capital planning processes to take into account sustainability options and to explore the wider funding route i.e. SALIX, Environmental Funders Network and CIBSE guidance.

### **Carbon and Energy Management**

Our approach to carbon and energy management is based on; reduction in energy consumption, the supply of energy as efficiently as possible and the supply of 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. Automatic utility metering continues to be rolled out across the estate which provides half hourly gas, electricity and water consumption data for Trust buildings. Automatic meter reading (AMR) enables the Trust to scrutinise consumption patterns to identify and address inefficiencies whilst also enabling greater financial control of energy budgets by eliminating estimated readings.

### **Energy and Water Consumption**

The Trust's consumption of energy and water during 2017/18 is summarised in the table below along with comparative performance in 2016/17 and 2015/16. The increase in consumption with both electricity and gas from years 2015/16 to 2016/17 is a result of the construction and occupation

of the new build D Block Surgical and Medical facility which opened in October 2016. The slight decrease in electricity and gas consumption from years 2016/17 and 2017/18 is the result of some minor capital schemes which incorporated the installation of more economical equipment such as Plate Heat Exchangers and LED lighting.

Table 1 – Energy and Water Consumption

	<b>ELECTRICITY (kWh)</b>	<b>GAS (kWh)</b>	<b>WATER m<sup>3</sup></b>
<b>2015 - 2016</b>	12,572,918	27,282,955	142,789
<b>2016 - 2017</b>	12,907,495	31,040,831	142,962
<b>2017 - 2018</b>	12,848,845	30,185,153	163,383

Water consumption increased in 2017/18, the main cause of which was due to a significant leak on site which took some time to locate. We actively work to minimise water consumption through the use of water efficient technology across the estate such as the installation of low flush WCs, reduced flow showers and taps. We have also undertaken pipe work infrastructure replacements due to excessive leaks within underground service ducts. Reduction of consumption will continue to be an area of focus during 2018/19. However, we are conscious of the need to balance water efficiency initiatives with the need to maintain robust infection control regimes and to guard against the risks of legionella contamination of water systems by regular flushing of water outlets.

## **Waste**

The Trust has made good progress with waste management and recycling during 2017/18. This was a specific area of focus for a newly-appointed Support Services Manager, with direct responsibility for waste management and significant improvements have been seen across both site general waste and recycling and clinical waste. Following the Trust's move to extend the offensive clinical waste stream across the whole organisation, we have seen a large reduction in waste classified as hazardous and this has reduced our total waste to incineration by 8%.

We continue to operate a Waste Management Policy to ensure both best use of resources and compliance with relevant environmental legislation. The policy aims to minimise waste and to maximise recovery, re-use and recycling rates. The Trust has several different waste streams and continues to recycle a range of items including general waste, batteries and oil from the kitchens. Rigorous monitoring of waste contracts, and generation of revenue through recycling, serve to reduce both costs and impact on the environment.

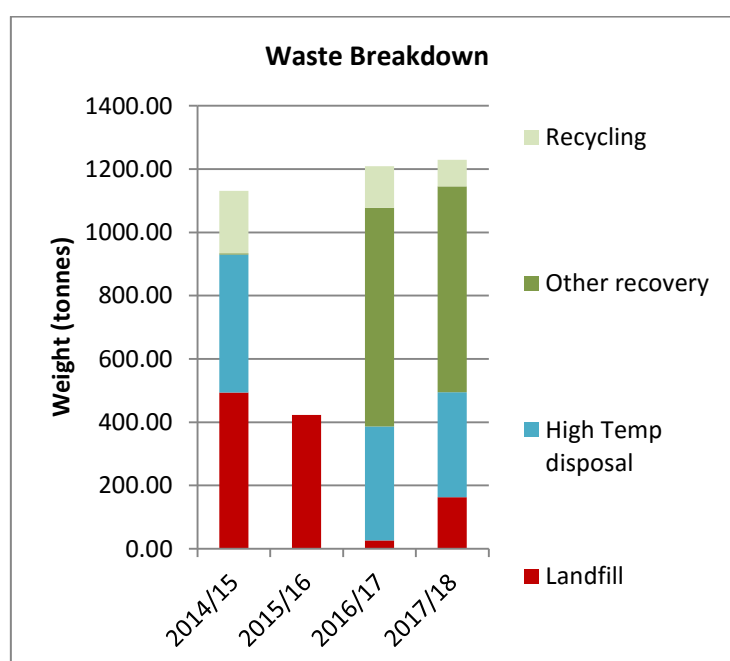
An external audit carried out in July 2017 by Specialist Training & Consultancy Services Limited, the Trust's independent Waste & Dangerous Goods Consultants, provided assurance that the Trust was fully compliant in relation to healthcare waste management practices. A number of recommendations were made to allow the Trust to move forward in improving our practices, introduce cost improvement initiatives and to work towards potential rebates from waste recovery and recycling schemes. The Trust also is working with a recently appointed Domestic Waste Contractor, to identify opportunities to further enhance waste management services.

Tables 2 and 3 below summarise improvements made by the Trust over the past four years with the overall aim of reducing its carbon footprint.

**Table 2 – Waste Stream Tonnage**

Waste		2014/15	2015/16	2016/17	2017/18
Recycling	(tonnes)	197.00	0.00	131.30	84.58
	tCO <sub>2</sub> e	4.14	0.00	2.63	1.78
Other recovery	(tonnes)	4.00	0.00	692.00	650.46
	tCO <sub>2</sub> e	0.08	0.00	13.84	13.66
High Temp disposal	(tonnes)	436.00	0.00	360.00	332.35
	tCO <sub>2</sub> e	95.92	0.00	78.84	73.12
Landfill	(tonnes)	494.00	423.00	26.00	162.38
	tCO <sub>2</sub> e	120.74	103.39	6.35	50.34
Total Waste (tonnes)		1131.00	423.00	1209.30	1229.77
% Recycled or Re-used		17%	0%	11%	7%
Total Waste tCO <sub>2</sub> e		220.88	103.39	101.66	138.89

**Table 3 – Waste Breakdown by Type**



### Smoke-free Hospitals

We want to look after the health of everyone who uses our hospital and the Trust is committed to providing a clean and healthy environment for patients, visitors and staff. A complete smoking ban has been in place on Trust property since 2005 and during 2017/18 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.

In October 2017 the Trust supported the 'Stoptober 28-day stop smoking challenge', where

everyone quits together, supported by employers, communities, charities and other partners, as well encouraging each other. Advice and information to support smokers in giving up the habit was available from promotion stands throughout the hospital.

### **Green Travel Plan**

The Trust continues to operate a Travel Plan which contains specific mode share targets which will relate to an action plan of Travel Plan measures. Additionally, the Travel Plan continues to reference the supporting work undertaken; TRICS surveys, traffic surveys and a parking study, to inform the Plan targets and measures.

The purpose of the Travel Plan is to:

- Encourage the use of modes of transport to and from the site other than the car;
- Discourage the use of single occupancy car travel to the site;
- Make provision for staff / patients / visitors to travel to the site by alternative modes of transport other than the car;
- Ensure that on-site car parking is effectively managed;
- Ensure that parking demand does not exceed on-site provision or place a demand on nearby streets and car parks; and
- Ensure that the transport needs of the hospital situated within the site are met in a sustainable way.

The Trust's Travel Plan is a long-term strategy for the site that seeks to deliver sustainable transport objectives through positive action, and is subject to regular review (DfT Good Practice Guidelines: Delivering Travel Plans through the Planning Process, 2009). The Travel Plan aims to make the site more accessible to all users, whether or not they have access to a car, and helps to promote social equality within the local community.

### **Sustainable Procurement**

The Trust is committed to the principles of sustainable development to support central Government and Department of Health commitments in this area of policy, and the improvement of the nation's health and wellbeing. The Trust recognises that it has an influential role 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.

The Trust's Procurement Team has adopted a 'whole life cost' approach by assessing the environmental impact of products from production to disposal costs. This approach will generate benefits both to the organisation and to society and the economy, as well as minimising impact on the environment. The Trust also has in place a comprehensive Anti-Fraud, Bribery & Corruption Policy which was subject to review by the Trust's local Anti-Fraud Specialist prior to approval by the Audit Committee on 20 March 2018.

# Accountability Report

## Directors' Report

### Board of Directors and Board Committees

The Board of Directors is responsible for setting the strategic direction and managing the business of the Trust and, subject to any relevant requirements of the Trust's Constitution, exercises all the powers of the Trust. The Board of Directors therefore has an overall responsibility for delivering the activities of the Trust and is accountable for the operational performance of the Trust as well as the definition and implementation of strategy and policy.

The Board of Directors takes decisions with regard to:

- **Quality Issues** – which include Clinical Effectiveness, performance against Quality Indicators, Infection Control, Patient Experience, Risk Management and Staff Development.
- **Strategic and Developmental Issues** – this includes decisions with regard to business planning, the Trust's annual Operational Plan, decisions to invest in additional capacity and site development, the Trust's Capital Programme and other strategic issues affecting the Trust as they arise.
- **Finance and Performance** – this includes taking decisions with regard to the Trust's financial performance as well as its performance against all key performance indicators.
- **Governance Issues** – this includes decisions relating to the establishment of effective governance arrangements across the organisation.

Day to day management of the Trust is undertaken by the Chief Executive and Executive Directors who are responsible for taking decisions, particularly with regard to financial and performance issues and quality matters, subject to the levels of delegated authority set out in the Trust's Scheme of Delegation and Standing Financial Instructions.

The Board of Directors is comprised of a Chairman, six Non-Executive Directors and six Executive Directors. The Board considers each of the Non-Executive Directors to be independent in character and judgement and has identified no relationships or circumstances that are likely to affect, or appear to affect, their judgement. The criteria considered by the Board in determining the independence of the Non-Executive Directors were:

- Whether the individual had been an employee of the Trust within the last five years
- Whether the individual has, or has had within the last three years, a material business relationship with the Trust either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Trust
- Whether the individual has received, or receives, remuneration from the Trust in addition to a Director's fee, participates in a performance-related pay scheme or is a member of the Trust's pension scheme
- Whether the individual has close family ties with any of the Trust's advisers, directors or senior employees

- Whether the individual holds cross-directorships or has significant links with other Directors through involvement in other companies or bodies
- Whether the individual has served on the Board of the Trust for more than six years from the date of their first appointment
- Whether the individual is an appointed representative of the Trust's university, medical or dental school.

During 2017/18 the Board of Directors met on 10 occasions. Details of individual directors and their attendance at meetings are as follows:

**Gillian Easson – Chair (until 31 May 2017)**

Attendance: 2/2

Background

Following graduation from Cambridge University, Gillian Easson qualified as a solicitor in Stockport and became one of the North West's first female prosecuting solicitors. In 2000, she was appointed a Non-Executive Director of the Christie Hospital, a governor of UMIST and in 2004, a founder governor of the University of Manchester, becoming the first Deputy Chair in 2007. In 2012 she was appointed as Pro-Chancellor of the University of Manchester and in July 2014 she became a member of the NHS Providers Board. Gillian has over a decade's public sector experience in both the NHS and higher education sectors, together with significant experience of regulation and strategic oversight of organisational risk and change. Gillian was appointed as a Non-Executive Director of Stockport NHS Foundation Trust on 1 January 2007 and was also Deputy Chairman until 31 October 2012. She was initially appointed as Chairman of the Trust on 1 November 2012.

**Adrian Belton – Chair (from 1 June 2017)**

Appointed on 1 June 2017 until 31 May 2020

Attendance 8/8

Background

Adrian Belton has a wealth of public and private sector experience, at both national and regional level. He has held chief executive roles at the Construction Industry Training Board (CITB) and FERA, formerly the national Food and Environment Research Agency. Adrian led the merger of four organisations to create FERA, and also has integration experience from his times as an executive director of Nottingham City Council and subsequently in the creation of Natural England as a new non-departmental public body.

Adrian previously worked at board level within banking and financial services, with Risk Director roles at Barclays and the Bradford & Bingley Group. In addition, he has held a number of non-executive roles in the previous 10 years. These include chairman of the Institute of Environmental Management & Assessment and a lay member on the Council of Sheffield University where he sits on the Audit Committee.

**Malcolm Sugden – Non-Executive Director (Deputy Chairman)**

Re-appointed on 1 April 2015 until 31 March 2018

Attendance: 10/10

### Background

Before his appointment as Non-Executive Director of Stockport NHS Foundation Trust, Malcolm was a Non-Executive Director at Tameside and Glossop Primary Care Trust from July 2010 and took an active role sitting on finance and audit committees. Previously, Malcolm had worked as an Executive Finance Director for Electricity North West which held the licence to distribute electricity across the North West of England. The business had a turnover approaching £350 million providing services to around 2.4 million customers and this work provided excellent experience in dealing with large scale accounting and other strategic financial matters. Malcolm lives in Ashton Under Lyne.

### **Mike Cheshire – Non-Executive Director (Senior Independent Director)**

Reappointed on 1 September 2016 until 31 August 2019

Attendance: 10/10

### Background

Dr Mike Cheshire is a hugely experienced clinician, having worked as a consultant physician, specialising in geriatric and general medicine for many years, including nearly three decades working at Central Manchester Hospitals NHS Foundation Trust. He was Clinical Vice President at the Royal College of Physicians, London from 2007 to 2010. Dr Cheshire has also held a number of other important management and regional responsibilities, including Director of Post Graduate Education (1997-2001) and clinical head of intermediate care for Central Manchester Primary Care Trust (2004-2007). From 2009 until disestablishment, Dr Cheshire was the Medical Director for NHS North West.

### **John Sandford – Non-Executive Director (Chair of Audit Committee)**

Re-appointed on 1 July 2017 until 30 June 2018

Attendance: 8/10

### Background

John Sandford has a degree and is a chartered accountant who worked for many years with KPMG. He was an audit partner / director responsible for audit opinions, managing teams and setting audit strategy, until his retirement from the organisation on 31 December 2010. Following his retirement from KPMG, Mr Sandford has established a joint venture with a local firm of chartered accountants and has developed a financial consulting business in Stockport. Mr Sandford lives in Bramhall, Stockport, and is married with two children. He has a range of local community interests, together with being a keen cricketer and golfer.

### **Catherine Anderson**

Appointed on 1 January 2016 until 31 December 2018

Attendance: 9/10

### Background

Catherine Anderson has held senior management roles within General Electric Company, the University of Liverpool and Manchester Metropolitan University. As Head of Customer Services at Manchester Metropolitan University she established the largest department in the university by transforming and merging 10 departments. Catherine now runs her own consultancy which helps businesses to improve their performance.

**Angela Smith**

Appointed on 1 April 2016 until 31 March 2019

Attendance: 9/10

**Background**

Angela Smith has held senior human resources management roles with Virgin Management Ltd and Granada Hotels and Leisure. During her 17 years at Virgin, Angela oversaw significant organisational change and redesign at the company and ensured Virgin was an employer of choice. Angela now runs her own consultancy firm providing strategic HR advice to organisations and entrepreneurial businesses. She is also a non-executive director for PossAbilities, a social enterprise that supports adults and children with disabilities to become more independent and experience new opportunities.

**Catherine Barber-Brown**

Appointed on 1 September 2016 until 31 August 2019

Attendance: 10/10

**Background**

Catherine Barber-Brown has held senior roles at the Britannia Building Society and Co-operative Bank since 2003. She was most recently Head of Strategy for the Co-operative Bank, whilst earlier roles spanned Change Management and Procurement. Prior to this, Catherine worked for ten years at international organisations Barclays de Zoete Wedd and Credit Suisse. Catherine left the Co-operative Bank in 2016 to set up her own consultancy. She is also a member of the University of Manchester Nominations Committee and General Assembly and a School Governor.

**Ann Barnes - Chief Executive (until 31 December 2017)**

Attendance: 7/7

**Background**

Ann Barnes joined Stockport NHS Foundation Trust in 2000 as Director of Operations and was appointed Chief Executive in January 2013. She has worked in the NHS since 1979 and during the past 37 years has worked both at regional and hospital level across the full spectrum of district general hospital service provision. Building on a distinguished career across the NHS, Ann has spent all of her health management career in Greater Manchester health organisations, managing a vast majority of clinical and support services in the acute, community and mental health sectors. She has a strong commitment to staff engagement and development and team working across the organisation, and is passionate to the values of the NHS and to the provision of quality healthcare for all.

**Helen Thomson - Interim Chief Executive (from 1 January 2018)**

Attendance: 7/7

**Background**

Helen Thomson brings over 20 years Board experience, with impressive results in strategic development and operational delivery. She originally trained as a nurse, before becoming a director of nursing and midwifery, and has worked within both acute and community provider organisations.

More recently, as an independent healthcare consultant, Helen has led work for large NHS Trusts in Yorkshire, Staffordshire and Greater Manchester on quality strategy, urgent care improvement, service reconfiguration and clinical reviews.

**Judith Morris – Director of Nursing & Midwifery (until 31 July 2017)**

Attendance: 3/3

Background

Judith Morris began her career at Manchester Royal Infirmary and became one of the first intake to study for the new Bachelor of Nursing qualification at the University of Manchester. She became a Nursing Tutor in 1987 and went on to work in various nursing specialist roles, being appointed as Assistant Director of Nursing with the then Stockport Healthcare Trust. She continued in that role when the Stockport Trusts merged in 2000 and became Deputy Director of Nursing and Midwifery in 2004 and Director of Nursing and Midwifery in 2008.

**Alison Lynch - Chief Nurse & Director of Quality Governance (from 21 October 2017)**

Attendance: 5/5

Background

Alison first qualified as a nurse in Salford in 1988 and since then has had a wide variety of clinical and managerial roles across Greater Manchester and Cheshire & Merseyside. She was previously the director of nursing and quality at Mid-Cheshire Hospitals NHS Foundation Trust for two years. During this time she was instrumental in supporting progress in the patient quality, safety and experience journey, personally leading a number of successful quality improvement and harm reduction strategies.

Alison has particular interests in developing and engaging staff toward providing the best possible care to patients, especially the most vulnerable patients, and in developing new roles that cross boundaries in support of services working closer together. Alison also has a particular interest in nurse leadership and the care of our most vulnerable patients.

**Colin Wasson - Medical Director**

Attendance: 7/10

Background

Colin Wasson was appointed as Medical Director on 1 April 2016. He is a consultant in intensive care and has been at the forefront of service innovation and improvements since first joining the organisation in 2002. During his time at the Trust, Colin has worked as audit lead, Clinical Director of Critical Care and Associate Medical Director for Surgical & Critical Care.

**Feroz Patel - Director of Finance**

Attendance: 9/10

Background

Feroz Patel began his career in the NHS as a National Financial Management Trainee in 1999 and has trained at Lancashire Teaching Hospitals NHS Foundation Trust and Salford Royal NHS Foundation Trust. Feroz qualified as a Chartered Public Finance Accountant on the scheme and since graduating he has held a number of senior finance roles across provider and commissioner

organisations. Feroz joined Stockport NHS Foundation Trust in 2015 from Blackpool Teaching Hospitals NHS Foundation Trust, where he worked for eight years and held the roles of Associate Director of Finance, Acting Director of Finance and Deputy Director of Finance.

### **Jayne Shaw - Director of Workforce & Organisational Development**

Attendance: 9/10

#### Background

Before joining the Trust as Interim Director of Human Resources on 1 January 2013, Jayne Shaw spent twelve months as the Interim Director of Workforce at Mid Cheshire NHS Foundation Trust. prior to this, she was the Director of Human Resources and Organisational Development at Alder Hey Children's NHS Foundation Trust for five years. Jayne's experience in human resources spans a range of roles and organisations across the NHS. Jayne was appointed as Director of Workforce & Organisational Development on 22 August 2013.

### **Sue Toal - Chief Operating Officer**

Attendance: 8/10

#### Background

Sue Toal, who is also a registered nurse, joined the Trust as interim Unscheduled Care Programme Director and was previously at Salford Royal managing divisions including surgery, theatres & anaesthesia and neurosciences & renal. Sue was appointed as Acting Chief Operating Officer in May 2016 and as substantive Chief Operating Officer in March 2017.

### **Paul Buckingham - Director of Corporate Affairs**

Attendance: 10/10

#### Background

Paul Buckingham joined the Trust in February 2015 as Company Secretary. He had previously been the Corporate Secretary at North West Ambulance Service NHS Trust since establishment of the Trust in 2006 and had undertaken procurement and contracting roles after joining the ambulance sector in 1998. Prior to working in the NHS, Paul completed a 20-year engagement as Logistics Officer in the Royal Navy. Paul was appointed as Director of Corporate Affairs with an expanded portfolio on 1 January 2017.

### **Hugh Mullen - Executive Director of Support Services**

Attendance: 9/10

#### Background

Hugh Mullen joined the Trust in January 2017 and is employed on a fixed term contract which expires in April 2019. Hugh brings 38 years extensive NHS experience, which includes senior management roles in a number of acute and community health provider organisations in this region. He was Director of Operations for six years at Salford Royal and more recently Director of Operations at Pennine Acute Hospitals Trust which runs North Manchester & Fairfield General Hospitals, The Royal Oldham Hospital, Rochdale Infirmary & community services.

## Balance, Completeness and Appropriateness of the Membership of the Board

While there have been a number of personnel changes in terms of Board roles during 2017/18, there have been no changes to the composition of the Board of Directors in terms of voting positions on the Board. The Board considers that the skills and experience of the Non-Executive Directors (see below), aligned with the skills and experience of the Executive Directors, provides a Board of Directors which is balanced, complete and appropriate.

Skill	Responsible Non-Executive Director
Clinical	Mike Cheshire
Financial Acumen	John Sandford / Malcolm Sugden
Commercial	Adrian Belton / Catherine Anderson
Workforce	Angela Smith
Transformational	Catherine Barber-Brown

In accordance with statutory requirements, the Trust maintains a register of interests of the Board of Directors which is available upon request for inspection by members of the public (please contact Paul Buckingham, Director of Corporate Affairs on tel no 0161 419 5166 or e-mail [paul.buckingham@stockport.nhs.uk](mailto:paul.buckingham@stockport.nhs.uk) if you wish to have access to the register).

## Performance Evaluation

Six-monthly development sessions for the Board of Directors are scheduled in April and October of each year. These sessions provide the opportunity for Board members to reflect on the collective performance of the Board and undertake development activities aimed at enhancing Board and individual effectiveness. During 2017/18 these have focused on the following subject areas:

- Workforce planning
- Understanding Payment by Results and Block Contracts
- Enhancing Board practice and effectiveness
- Understanding the 'Model Hospital'
- Developing a Quality Improvement Plan
- Developing as a Unitary Board
- Understanding Organisation Culture

The Board of Directors completed a self-assessment against the Well-Led Review framework in November 2017 and the outcomes of this assessment have been used to inform both changes in Board practice and development activities. One particular initiative resulting from the self-assessment will be the introduction in 2018/19 of more regular development time for the Board of Directors. The Board will be undertaking development activities on a monthly basis with a full development day each quarter.

All Directors have individual appraisals on an annual basis which are carried out by the Chairman for the Non-Executive Directors and the Chief Executive and by the Chief Executive for the Executive Directors. Appraisal of the Chairman is led by the Senior Independent Director in accordance with arrangements agreed with the Council of Governors. All Directors have individual personal development plans.

## Engagement with Governors

Members of the Board of Directors are able to develop an understanding of the views of Governors and members through regular attendance at Council of Governors meetings and participation in the Annual Members Meeting. Our Non-Executive Directors also attend meetings of the various Committees of the Council of Governors and have the opportunity to further develop their understanding of Governors' views through participation in joint Governor and Non-Executive Director meetings.

## Audit & Risk Committee

The Trust has an Audit & Risk Committee which meets at least five times a year. The membership of the Committee is detailed below. Attendance at meetings during 2017/18 is shown in brackets.

- John Sandford (Chair of the Audit Committee) - Non-Executive Director (attendance 5/5)
- Malcolm Sugden (Deputy Chair of the Audit Committee) - Non-Executive Director (attendance 4/5)
- Angela Smith - Non-Executive Director (attendance 4/5)
- Catherine Barber-Brown - Non-Executive Director (attendance 3/4)

The Director of Finance, Director of Corporate Affairs, Deputy Director of Finance and the Chief Nurse (as executive lead on risk management) together with representatives from both Internal and External Audit are routinely in attendance at meetings. Other Directors and senior managers attend meetings by invitation.

The Audit & Risk Committee has Board-approved Terms of Reference which are subject to annual review. Its primary purpose is to conclude upon the accuracy and effective operation of the Trust's overall control system. In performing its role, the Committee's work is predominantly focused upon the framework of risks, controls and related assurances that underpin the delivery of Trust objectives. The Committee reviews the disclosure statements that flow from the Trust's assurance processes, in particular, the Annual Governance Statement and compliance with the NHS Foundation Trust Code of Governance.

The Audit & Risk Committee also independently monitors, reviews and reports to the Board on the processes of governance and, where appropriate, facilitates and supports, through its independence, the attainment of effective processes. Regular progress reports from Internal Audit are considered, and a robust follow-up process is in place to provide the Committee with assurance on the implementation of recommendations arising from audit work. The Audit & Risk Committee has approved a policy for use where external audit are required to provide non-audit services to ensure that objectivity and independence is safe-guarded.

With regard to discussion of key matters, during the course of the year the Committee has:

- Reviewed the outcomes of internal audit reports
- Reviewed the Head of Internal Audit Opinion

- Received follow-up reports on internal audit recommendations to provide assurance that actions had been completed
- Approved the internal and external audit plans for the coming year
- Received technical updates and information relating to the health sector from both internal and external audit
- Reviewed assurance reports on the effectiveness of the risk management system
- Reviewed and, where appropriate, approved the Annual Accounts, Annual Governance Statement and Annual Report for 2017/18
- Reviewed compliance with the NHS Foundation Trust Code of Governance
- Received management assurance reports on areas where internal audit work had resulted in an assessment of limited assurance
- Obtained assurance on delivery of the Clinical Audit programme
- Received assurance reports on the Trust's readiness of General Data Protection Regulation (GDPR) implementation
- Approved the Costing Process and Accounting Policies for 2017/18
- Completed an annual review of the Committee's Terms of Reference
- Reviewed Anti-Fraud service progress reports and benchmarking information
- Reviewed the Going Concern Report in advance of Board consideration on 29 March 2018.

The External Audit Plan for audit of the financial statements for 2017/18 was considered and approved by the Audit Committee on 6 February 2018. The plan identified a number of significant audit risks as follows:

- Recognition of NHS Revenue
- Management Override of Controls; and,
- Going Concern

The Committee received assurance on the auditor's planned approach for coverage of these risk areas and was assured that appropriate focus would be applied during the audit period. Committee members gained assurance on the effectiveness of controls in place for the risk areas through discussions with senior managers from the Trust's finance team.

The Audit & Risk Committee met on 6 February 2018 and approved the accounting policies note for the Annual Accounts 2017/18.

## **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 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 is approved each year by the Audit Committee. This is delivered by appropriately qualified and trained Internal Auditors led by a nominated Audit

Manager. The Internal Audit plan was fully delivered during 2017/18 and the total cost of the service was £70,273.

## **Countering Fraud and Corruption**

During 2017/18 the Trust's Anti-Fraud Specialist and the Anti-Fraud service was provided by Mersey Internal Audit Agency (MIAA). The Trust's 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 attends Audit Committee meetings to provide updates on the progress of the annual work plan and investigations. The total cost of the service, including investigation work, in 2017/18 was £26,240.

The Trust has 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 at induction and mandatory training. The policy continues to be supplemented by the Trust's Freedom to Speak Up Guardian which was a post introduced in response to a recommendation arising from the Francis Report.

## **External Audit**

External Audit services were provided throughout 2017/18 by Deloitte LLP following appointment as the Trust's External Audit provider by the Council of Governors with effect from 1 October 2014 following a competitive tender process. The cost of the External Audit service totalled £64,686 comprised of £48,222 for the Trust accounts, £11,760 for audit work on the Quality Report and £4,704 for Charitable Funds. All figures are inclusive of VAT.

Deloitte LLP was also appointed as the External Audit Provider for Stepping Hill Healthcare Enterprises (the Pharmacy Shop) and the fees in preparation for the accounts since the commencement, included within the consolidated accounts, is £7,200 inclusive of VAT.

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**

The Trust's Accounting Officer (Chief Executive) delegates the responsibility for preparing the accounts to the Director of Finance. Preparation of the accounts is 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 approve 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.

## Accounting Policies

The Annual Accounts have been prepared under a direction issued by NHS Improvement under the National Health Service Act 2006. They have also been prepared in accordance with International Financial Reporting Standards (IFRS) and under the direction of NHS Improvement's NHS Foundation Trust Annual Reporting Manual (ARM) and the Department of Health Group Accounting Manual.

The accounting policies for pensions and other retirement benefits are set out in note 1.3 to the accounts, and details of senior managers' remuneration can be found in the Remuneration Report on page 58. Note 7.1 to the Accounts provides further information about employees who have retired early on ill-health grounds during the year. The 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

Under current financial constraints, and due to 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 decision was taken following extensive dialogue with our supplier base that was broadly understanding of the change.

All suppliers' payment terms were reviewed and the Trust continues to work with small and medium enterprises to ensure they are not disproportionately affected by the change. The Trust now has a policy of payment within 60 days, introduced in July 2016, and performance against the policy in the previous two financial years is as follows:

	2017/18	2016/17
Total number of invoices within 60 days	87.5%	81.4%
Total value of invoices within 60 days	88.2%	89.9%

No significant interest was paid under the Late Payments of Commercial Debts (Interest) Act 1988.

## Review of the Effectiveness of the System of Internal Control

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. The Annual Governance Statement on page 93 describes how this is undertaken. The Board used the Review of Undertakings carried out by NHS Improvement as a proxy for its review of internal control.

## Nominations Committee

The Trust has a Nominations Committee for the appointment of the Chairman and Non-Executive Directors. The Committee has a standing membership of five Governors (including the Lead Governor), the Chair, Chief Executive and the Senior Independent Director. The Chair of the Trust is Chair of the Committee. Membership during 2017/18 was as follows:

Name	Position
Gillian Easson	Chair (until 31 May 2017)
Adrian Belton	Chair (from 1 June 2017)
Les Jenkins	Public Governor (Lead Governor)
Eve Brown	Public Governor
Ron Catlow	Public Governor
Gerry Wright	Public Governor
Roy Greenwood	Public Governor
Ann Barnes	Chief Executive (until 31 December 2017)
Helen Thomson	Interim Chief Executive (from 1 January 2018)
Mike Cheshire	Non-Executive Director (Senior Independent Director)

The Committee's business during 2017/18 included planning and commencement of the process for recruitment of a Non-Executive Director. The Committee commissioned the services of Gatenby Sanderson Ltd to support the search and recruitment process for this appointment.

### **Termination of Appointment of the Chairman and other Non-Executive Directors**

Arrangements for any potential termination of appointment of either the Chairman or other Non-Executive Directors fall within the remit of the Council of Governors, in accordance with paragraph 26.2 of the Constitution of Stockport NHS Foundation Trust.

### **Council of Governors**

The Council of Governors presently has 26 seats, of which 24 represent the public (20) and staff (4) and are elected by our Members. The remaining 2 are appointed by partnership organisations which include the Stockport Metropolitan Borough Council and the education sector. The Council of Governors meets formally four times per year. Ad hoc meetings of the Council are called as required.

The responsibilities of the Council of Governors include:

- The appointment / removal of the Chairman and other Non-Executive Directors.
- The approval of the appointment (by the Non-Executive Directors) of the Chief Executive.
- Approval of the remuneration and allowances and the other terms and conditions of the Non-Executive Directors.
- The appointment / removal of the Trust's External Auditor.
- Receiving the Annual Accounts, any report of the External Auditor on the Annual Accounts and the Annual Report.
- The provision of views to the Board of Directors when the Board of Directors is preparing the document containing information about the Trust's forward planning.

- Responding as appropriate when consulted by the Board of Directors in accordance with the Constitution.
- Undertaking such functions as the Board of Directors shall from time to time request.
- Preparing and reviewing the Trust's Membership Development Strategy, its policy for the composition of the Council of Governors and of the Non-Executive Directors.

During 2017/18 the Council of Governors reviewed its Committee arrangements, in order to enhance Committee effectiveness, and the review resulted in establishment of the following three Committees, each of which meets on a quarterly basis:

- Governance & Membership Committee
- Patient Experience Committee
- Quality Standards Committee

Governor Committees have met throughout 2017/18 and provide reports and recommendations to the Council of Governors at their quarterly meetings.

The Council of Governors work closely with the Board of Directors and during 2017/18 Directors have routinely attended meetings of the Council of Governors. The Governors have not exercised their power under paragraph 10c of Schedule 7 of the NHS Act to require one or more Directors to attend a Governors' meeting. The Council of Governors receives at each of their meetings reports from the Chief Executive on current performance and operational issues and also on strategic issues. The Trust ensures that Governors are provided with opportunities to develop their skills and knowledge, including participation at the North West Governors' Forum.

At a Council of Governors meeting held on 21 March 2018, Governors were given the opportunity to provide their opinions, and those of the members they represent, on the content of the draft Operational Plan 2018-19 which set out the Trust's strategy, priorities and objectives for the following year. Members of the Board of Directors were present at this meeting to hear the views expressed by Governors.

During 2017/18 the Council of Governors adopted a 'new ways of working' approach to enhance Governor / Non-Executive Director engagement and improve the effectiveness of Council of Governors meetings. This resulted in the introduction of a formal preparatory session with the Chair prior to each Council meeting. Governors have also regularly joined Patient Safety Walk-rounds to provide a Governor perspective on the Trust's arrangements and a number of Governors participated in a 'mock' CQC inspection in October 2017 to test ward performance against quality standards. A number of our Governors have also been involved throughout the year in Patient Led Assessment of the Care Environment (PLACE) activities.

Directors and Governors have been involved in the following areas of membership engagement:

- a) The Trust produces a newsletter for all its members which is circulated three times per year. The publication provides members with details of what is happening within the Trust with regard to developments in services and other topical issues such as influenza

vaccination. The newsletter also provides details of Governors and how they can be contacted and has a section that invites members to contact the Trust if they have any issues or comments that they wish to raise with us. The Trust adopted an electronic format for production and distribution of the newsletter during 2017/18 and Governors views were sought to inform the design and approach for the new-style interactive document.

- b) The Trust's internet site provides details of Governors and how they can be contacted. The website also provides information about developments within the Trust and provides a link for members to communicate either with the Governors or with the Trust. Board papers are also posted on the Trust's internet site.
- c) Receiving feedback from Trust members who have become involved with the Trust at local level including attendance at the Annual Members' Meeting, participation in member information sessions and membership recruitment activities.

Governors operate on a non-paid voluntary basis but the Trust does reimburse travel expenses. In 2017/18, four Governors were reimbursed a total of £620 (two Governors reimbursed a total of £210 in 2016/17).

## Elections 2017/18

Elections were held in 2017/18 in the following constituencies. The outcomes of the elections are shown in brackets:

Public:

- Heatons & Victoria (four Governors elected)

Staff:

- (By-election) Staff (one Governor elected unopposed)

Results of these elections, which were held under the independent scrutiny of Electoral Reform Services, were announced at the Annual Members' Meeting on 12 October 2017.

## Membership of the Council of Governors

Details of our elected Governors and their attendance at meetings during 2017/18 are provided in the following tables:

Name	Constituency	Elected Until	Attendance at formal Governors' meetings
Yvonne Banham	Staff	Annual Members' Meeting 2018	3/5
Isabel Daniel	Staff	Annual Members' Meeting 2018	2/5
Christopher Hudsmith	Staff	Annual Members' Meeting 2018	5/5

<b>Name</b>	<b>Constituency</b>	<b>Elected Until</b>	<b>Attendance at formal Governors' meetings</b>
<b>Caroline Mitchell</b>	Staff	Annual Members' Meeting 2018	2/2
<b>Robert Cryer</b>	Public – Bramhall & Cheadle	Annual Members' Meeting 2019	5/5
<b>Charles Galasko</b>	Public – Bramhall & Cheadle	Annual Members' Meeting 2019	4/5
<b>Maureen Harrison</b>	Public – Bramhall & Cheadle	Annual Members' Meeting 2019	4/5
<b>Tony Johnson</b>	Public – Bramhall & Cheadle	Annual Members' Meeting 2019	5/5
<b>Linda Appleton</b>	Public – Tame Valley & Werneth	Annual Members' Meeting 2018	3/5
<b>Roy Driver</b>	Public – Tame Valley & Werneth	Annual Members' Meeting 2018	2/5
<b>Alan Gibson</b>	Public – Tame Valley & Werneth	Annual Members' Meeting 2018	2/5
<b>Roy Greenwood</b>	Public – Tame Valley & Werneth	Annual Members' Meeting 2018	5/5
<b>Lesley Auger</b>	Public – Heatons & Victoria	Annual Members' Meeting 2017	2/3
<b>Eve Brown</b>	Public – Heatons & Victoria	Annual Members' Meeting 2020	5/5
<b>Catherine Barton</b>	Public – Heatons & Victoria	Annual Members' Meeting 2020	1/2
<b>Gerald Wright</b>	Public – Heatons & Victoria	Annual Members' Meeting 2020	2/5
<b>Tad Kondratowicz</b>	Public – Heatons & Victoria	Annual Members' Meeting 2020	2/2
<b>Ronald Catlow</b>	Public – Marple & Stepping Hill	Annual Members' Meeting 2019	4/5
<b>Melanie Cooke</b>	Public – Marple & Stepping Hill	Resigned in June 2017	1/1
<b>Les Jenkins</b> <i>(Lead Governor)</i>	Public – Marple & Stepping Hill	Annual Members' Meeting 2019	5/5
<b>Richard King</b>	Public – Marple & Stepping Hill	Annual Members' Meeting 2019	3/3
<b>Julie Wragg</b>	Public – Marple & Stepping Hill	Annual Members' Meeting 2019	2/5
<b>Lance Dowson</b>	Public – High Peak	Annual Members' Meeting 2018	3/5
<b>Lynne Woodward</b>	Public – High Peak	Annual Members' Meeting 2018	4/5
<b>Barbara Vaughan</b>	Public – Tameside	Annual Members' Meeting 2018	0/5
<b>Raees Khan</b>	Public – Outer Region	Annual Members' Meeting 2018	1/5
<b>Tom McGee</b>	Appointed – Stockport MBC	Annual Members' Meeting 2019	4/5

In accordance with the statutory requirements, we keep a register of interests of the Council of Governors which is available upon request for inspection by members of the public (please contact

Paul Buckingham, Director of Corporate Affairs, on 0161 419 5164 or [paul.buckingham@stockport.nhs.uk](mailto:paul.buckingham@stockport.nhs.uk) if you wish to have access to the register). The same contact point can be used for members wishing to communicate with Governors.

## Membership

### Eligibility requirements

Membership of the NHS Foundation Trust is open to any individual who:

- is over 11 years of age; and
- is entitled under our Constitution to be a member of one of the public constituencies or one of the classes of the staff constituency (as below).

### Public Constituencies

The Trust has adopted an “opt-in” membership system for our public constituency which is open to individuals who:

- are not a member of another public constituency
- complete an application form in whatever form the Council of Governors specifies, and
- are not eligible to be members of any of the classes of the staff constituency
- live within one of the six geographic areas set out below.

The areas of the Trust are as detailed below.

Four areas covered by Stockport Metropolitan Borough Council as follows:

**1) Bramhall and Cheadle – containing the following Local Authority wards:**

Bramhall North, Bramhall South, Cheadle Hulme South, Cheadle and Gatley, Cheadle Hulme North and Heald Green.

**2) Tame Valley and Werneth – containing the following Local Authority wards:**

Brinnington and Central, Reddish North, Reddish South, Bredbury and Woodley, Bredbury Green and Romiley.

**3) The Heatons and Victoria – containing the following Local Authority wards:**

Heatons North, Heatons South, Davenport and Cale Green, Edgeley and Cheadle Heath, Manor.

**4) Marple and Stepping Hill – containing the following Local Authority wards:**

Marple North, Marple South, Hazel Grove, Offerton, Stepping Hill.

One area covering High Peak and Dales and Tameside and Glossop:

**5) High Peak and Dales and Tameside and Glossop – which covers the following wards:**

- The wards that fall within the Metropolitan Borough Council of Tameside

- **The following wards in High Peak:**

Barms, Blackbrook, Burbage, Buxton Central, Chapel East, Chapel West, Corbar, Cote Heath, Hayfield, Limestone Peak, New Mills East, New Mills West, Sett, Stone Bench, Temple, Whaley Bridge, Dinting, Gamesley, Hadfield North, Hadfield South, Howard Town, Old Glossop, Padfield, Simmondley, St John's, Tintwistle, Whitfield.

One area covering a wider district around our hospital:

**6) Outer Region – the areas covered by the metropolitan councils / districts of:**

Cheshire East, Manchester, Trafford, Salford, Oldham, Rochdale, Bury, Bolton, Wigan and those wards in High Peak not covered under 5) above.

## **Staff Constituency**

The Trust has adopted an “opt-out” membership system for the staff constituency. Membership of the staff constituency is open to individuals:

- who we employ under a contract of employment and who either
  - are under a contract which has no fixed term or a fixed term of at least 12 months, or
  - have been continuously employed for at least 12 months, or
- who are not employed by us but who are employed by some other body and who exercise functions for the purposes of the Trust; and who have exercised these functions for a continuous period of at least 12 months. For the avoidance of doubt, this does not include those who assist or provide services to the Trust on a voluntary basis.

All individuals who are entitled to become members of the staff constituency and who:

- have been invited by us to become a member, and
- have not informed us that they do not wish to do so

shall become members.

## **Membership Numbers**

### **Public Members by Constituency (as at 31 March 2018)**

<b>Constituency</b>	<b>No. of Members</b>
Bramhall and Cheadle	2,551
Tame Valley and Werneth	2,012
The Heatons and Victoria	2,083
Marple and Stepping Hill	2,626
High Peak and Dales and Tameside and Glossop	1,416
Outer Region	782
<b>Total</b>	<b>11,470</b>

## Staff Members (as at 31 March 2018)

Constituency	No. of Members
Staff	4,988

## Membership Development & Involvement

In 2017/18 we continued to progress our Membership Strategy and developed a full plan detailing a number of objectives, the implementation of which is led and monitored by the Council of Governors through the Governance & Membership Committee.

The Governance & Membership Committee oversees:

- The development and implementation of the membership development strategy and plans.
- Membership recruitment and development.
- Communication with members, including the ongoing development of the Trust's internet and membership newsletter.

The Membership Strategy sets out a framework to deliver and develop the benefits of membership. The document sets out how we intend to sustain and build on our membership numbers and sets out the relationship we seek to have with our membership body and what benefits both parties can expect to derive from that relationship. Guiding principles of the Membership Strategy are that:

- We should regularly check to determine that we are seeking representation from all aspects of our local society within our membership.
- The activities of membership should be of value to both individuals and to the Trust.
- Activities undertaken should be prioritised to ensure achievability both in terms of time and resources.

We feel that the Trust can derive significant benefits from its membership body in the following ways:

- Engaged ambassadors who will support the Trust through good and not so good times.
- The future workforce could be found within a strong young person membership.
- Future governors will be found here.
- Through listening to our members in local constituencies, we can ensure we have plans to satisfy their perceptions of what it means to be a good neighbour and to contribute to the community.

During 2017/18 events for members which took place in the Trust included:

- 'Care Closer to Home' – a talk on the Multi-Specialty Community Provider - 4 April 2017
- 'Cancer: Caring & Curing' Health Talk - 4 July 2017

- Operation! - tour of our operating theatres - 12 September 2017
- Annual Members' Meeting - 12 October 2017
- 'Diabetes: Reduce Your Risk' Health Talk - 7 November 2017

Our regular communication with members includes:

- Our "Stepping Up" members' magazine
- A welcome pack for new members
- The members' section on the Trust's website
- Use of social media, including Twitter and Facebook
- Regular e-mail updates to members who have provided an e-mail address
- An organised programme of events aimed at both members and members of the public offering public health messages and delivered with the support of Governors
- Events which facilitate communication between Governors and members advertised in "Stepping Up", on the Trust's website, in the local press, on Twitter and by means of posters on Trust sites.

Member events planned to take place during 2018/19 include:

- 'Love Hearts' Health Talk about Heart Disease - 4 April 2018
- 'As Good as New' Health Talk about Joint Replacement - 24 July 2018
- 'Take a Look Inside' Tour of our Radiology Department - 18 September 2018
- Annual Members' Meeting - 4 October 2018
- 'Eye-Opener Health Talk about Eyesight & Cataracts - 20 November 2018

Performance indicators have been set for all of our engagement events and these will be used by the Governance & Membership Committee to evaluate the success of our activities during 2018/19.

## **Quality Governance Reporting**

The Trust has systems and processes in place to ensure the robust governance of service quality. Indicators of service quality, which include performance against national targets, as well as national and local measures on clinical quality, financial and workforce issues, are reported and monitored at business group level. The business groups are held to account by the executive team for achievement of these metrics at monthly performance reviews. Outcomes from these reviews are reported to the relevant Board assurance committees which in turn, report to the Board of Directors via key issue reports. The Board also receives a monthly compliance report which highlights the exceptions to meeting national and local indicators and this is supported by detailed data within the Integrated Performance Report (IPR). The Board of Directors also considers a 'Patient Story' and a Safe Staffing Report at each meeting.

Risks to quality may be identified and assessed at any level of this process and will then be monitored via business group, corporate or strategic risk registers depending on the severity of the risk. In addition to the arrangements described above, we introduced two weekly 'summits' during 2017/18. A Patient Safety Summit serves to monitor patient safety incidents and identify themes and immediate lessons learned for sharing widely across the Trust. At the Patient Quality Summit we plan means of embedding and assuring safe, high quality care for our patients.

## **Quality Improvement Strategy**

Improvements in the quality of healthcare and progress towards meeting national and local targets are monitored formally through the Trust's quality governance reporting structure, from business group to Board of Directors, via performance reviews and the Board assurance committees. The Integrated Performance Report tracks the progress through this structure. During 2017/18 we have continued to deliver the Trust's Quality Improvement Strategy 2015-20, with progress towards the objectives monitored at the Quality Governance Committee which reports to the Quality Committee. During Quarter 4 2017/18, we refreshed the Quality Improvement Strategy and worked with stakeholders to identify and plan our quality indicators and improvement targets for 2018/19. Detailed information on progress to date and the revised quality indicators for 2018/19 can be found in the Trust's Annual Quality Report on page 106.

## **Clinical Audit**

Clinical audit is well established in the Trust as an effective means of monitoring quality in an on-going systematic manner. The Trust engages in a full annual programme of both local and national audits, with the results informing service improvements. Clinical audit results are shared within business groups at quarterly audit days, whilst also being reported from the Clinical Audit Steering Group through the quality governance reporting structure described above. The Trust invested in new Audit Management & Tracking (AMaT) system during 2017/18 to enhance monitoring and transparency of clinical audit and quality improvement projects. The new system was implemented in January 2018. Full details of the 2017/18 clinical audit programme can be found in the Annual Quality Report on page 106.

## **Care Quality Commission Reviews**

The Trust is fully registered with the Care Quality Commission (CQC) for all its services and locations and was not subject to any enforcement actions during 2017/18. The CQC carried out unannounced inspections of Urgent and Emergency Services and Medical Care in March and June 2017 and found that insufficient improvement had been made to address weaknesses first identified in 2016. The Trust received a letter from the CQC requiring a number of immediate actions following the June 2017 inspection and the report was subsequently published on 3 October 2017. The Board of Directors accepting the report findings without reservation and acknowledged that the Trust had clearly fallen short in some key areas.

We have made a number of significant and important changes since the inspection in June 2017, including actions to strengthen the joint working of our doctors and nurses in the emergency department and medical care services. We also implemented an enhanced medical leadership structure, with an increased number of Clinical Directors, headed by the Medical Director. We have improved how we care for our most vulnerable patients, including those who lack capacity to make decisions. We have active, early risk assessments in our emergency department, a Mental Health Liaison team and much stronger cross-organisational working practices with colleagues from partner organisations. The Board has made it clear that secrecy, not speaking up and not working together for the good of all our patients has no place in our Trust.

The Board of Directors considers that we have skills, dedication and ambition to satisfactorily address all of the issues identified by the CQC and ensure that we give the best possible care to

every patient. The successful implementation of our quality improvement plans will ensure that improvements are made, embedded and sustained for all Trust services.

## **Commissioning for Quality & Innovation (CQUIN)**

A proportion of the Trust's income in 2017/18 was conditional on achieving quality improvement and innovation goals agreed with Commissioners through the Commissioning for Quality and Innovation payment framework (CQUIN). The level of income associated with these goals in 2017/18 was £5.5m and the programme included a wide range of national indicators such as; timely treatment for sepsis, take-up of flu vaccinations and antibiotic consumption. We made good progress against all CQUIN indicators during 2017/18 and full details can be found in the Trust's Annual Quality Report on page 106.

## **Service improvements following staff or patient surveys**

The Trust captures patient feedback in a variety of ways which include:

- Annual national surveys e.g. the national inpatient survey
- The Friends and Family Test
- Monthly iPad surveys
- Complaints and compliments

In addition, many of our services ask patients to complete bespoke questionnaires in order to gather local insight and understanding of care delivery. Feedback from these different approaches enriches our understanding of the patient and family experience and strengthens our ability to identify themes and trends that highlight areas for improvement. The feedback also identifies where we are getting things right, which can be a great motivator for staff.

We undertake an annual review of the questions used for our iPad surveys to ensure that all questions are relevant and up to date. The review also allows us to focus on aspects of care where it has been identified that a greater level of surveillance or a greater understanding of a particular issue is required. The surveys themselves are carried out by our volunteers who support patients in completing the surveys. We ensure that volunteers receive feedback themselves on survey outcomes by means of updates in the bi-monthly Volunteers Newsletter. Patient stories continue to be a feature at the monthly meetings of the Board of Directors and are also used to support staff training as appropriate, illustrating a particular aspect of care from the patient's point of view.

Examples of service improvements introduced as a result of feedback during 2016/17 include:

- Audits carried out by night sisters to monitor compliance with Noise at Night standards
- We reviewed the information available to patients and their families on wards to ensure a standardised approach. Safety & Quality boards display; the name of the nurse in charge, staff on duty, Friends & Family results, satisfaction survey results and Safety Collaborative information
- A support group for former patients of the High Dependency / Intensive Care units has proved successful. The group provides patients and their relatives with the opportunity to share experiences to help make sense of what for many will have been a frightening experience
- Work has been undertaken in the Emergency Department to ensure the privacy and dignity of patients

- A review of patient menus was completed and an electronic ordering system was introduced. The catering team carry out monthly reviews to assess the patient mealtime experience. The team assesses taste of the food, temperature, quality of food and seek feedback from patients. Outcomes are reported to the Trust's Nutrition & Hydration Group.
- Where appropriate, breakfast clubs have been introduced in ward areas which allows patients to sit around a dining table rather than have meals at their bedside. This approach encourages mobility, normality and interaction with other patients.

## **Improvements in patient / carer information**

Dementia packs are readily available for the families and carers of patients with dementia. Each pack contains a copy of "This is me", a document which provides a snapshot of an individual's current life e.g. preferred name, likes and dislikes, which can help staff to care for the patient and develop therapeutic relationships both in and out of the hospital setting. The pack also provides information for additional support services family members may wish to access.

Bedside booklets were replaced in all ward areas during 2017/18 and the booklets provide patients and/or relatives / carers with information on the admission process, what to expect during their time in the hospital and what to expect on discharge. A review of our Discharge Leaflet was also undertaken to ensure that all information was up to date and of practical use to patients and their families. We plan to further develop our Patient Experience and Carers strategies during 2018/19 with the aim of ensuring that patients, families and carers are at the heart of all that we do.

## **Complaints Handling**

The Trust received 471 formal complaints in 2017/18 compared with 687 in 2016/17 and 787 in 2015/16. The reduction in numbers of complaints is, in part, due to a particular emphasis put on resolving informal complaints in a timelier manner. The main themes of complaints received in 2017/18 related to:

- Treatment;
- Communication;
- Appointment / Admission;
- Patient Care; and
- Staff Values & Behaviours

These themes are monitored by means of a quarterly Patient Experience Report which is reviewed by Patient Experience Group and includes details of improvements to practice as a result of patient feedback. A particular development in 2017/18 has been a focus on robust and timely investigation of complaints and an emphasis on ensuring that all complainants receive a comprehensive and complete response.

In 2017/18 eleven cases were accepted for review by the Parliamentary & Health Service Ombudsman (PHSO); four reviews remain ongoing. Ten final reports were received from the PHSO in 2017/18, three complaints were partially upheld and seven were not upheld. The reasons for upholding a complaint included the lack of an appropriate apology, insufficient record keeping, delay to undertake tests, method of treatment and poor communication with patients, family and other health professionals. Responses to upheld complaints include apology and financial restitution, and an action plan is developed to mitigate the risk of reoccurrence.

## Remuneration Report 2017/18

### Remuneration and Appointments Committee

The Board of Directors has established a Remuneration and Appointments Committee. Its responsibilities include the review and consideration of remuneration and conditions of service of the Chief Executive, Executive Directors and a small number of other senior managers and appointments to Executive Director positions.

#### Chairman's Statement

The Remuneration and Appointments Committee met on nine occasions during the reporting period to consider the following business:

- Recruitment of a Chief Executive
- Inflationary Pay Award
- Executive Team Composition
- Appointment of Interim Director of Nursing
- Director of Support Services - Fixed Term Appointment
- Appointment of Managing Director (Stockport Neighbourhood Care)
- Appointment of Interim Chief Executive
- Deputy Chief Executive Responsibilities
- Appointment of Interim Director of Workforce

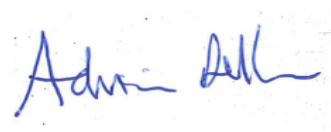
In determining and reviewing remuneration for Executive Directors, the Committee takes into account relevant benchmarking with other NHS and public sector organisations, guidance from NHS Improvement, national inflationary uplifts recommended for other NHS staff, and any variation or change to the responsibilities of Executive Directors. With regard to remuneration, the one major decision taken by the Committee in respect of senior managers' remuneration during 2017/18 was to agree that Executive Directors and other senior managers covered by the Committee would receive the national 1% inflationary pay award for the period April 2017 to March 2018. All Executive Directors are subject to an annual appraisal which is completed with the Chief Executive. The appraisal for the Chief Executive is completed with the Chairman. As with all other staff in the organisation, performance against agreed objectives is discussed at appraisal meetings together with objectives for the forthcoming year.

Membership of the Committee and attendance at meetings during 2017/18 is detailed in the table below:

Name	Title	Attendance
Mrs G Easson (until 31 May 17)	Chair	2/2
Mr A Belton (from 1 Jun 17)	Chair	7/7
Mr M Sugden	Deputy Chair	9/9
Mrs C Anderson	Non-Executive Director	8/9
Mrs C Barber-Brown	Non-Executive Director	8/9
Dr M Cheshire	Non-Executive Director	8/9
Mr J Sandford	Non-Executive Director	7/9
Ms A Smith	Non-Executive Director	6/9

The Chief Executive and Director of Workforce & Organisational Development attend meetings other than when matters being discussed would result in a conflict of interest. Minutes of meetings are recorded by the Company Secretary. The Committee did not receive any external advice or services during the period covered by this report.

The contracts of employment of all substantive Executive Directors, including the Chief Executive, are permanent and are subject to a six month notice period. The exception relates to the Director of Support Services position which is subject to fixed term contract arrangements scheduled to complete in April 2019. No performance-related pay scheme (e.g. pay progression or bonuses) is currently in operation within the Trust and there are no special provisions regarding early termination of employment. The Foundation Trust has not released an Executive Director to serve as a Non-Executive Director elsewhere. Pension entitlements are included in the Remuneration Table and there are no special provisions regarding early termination of employment. No early termination payments were made during the year, to any Executive Director or previous Executive Director.



**Adrian Belton**  
**Chair**  
**24 May 2018**

## **Business Expenses**

As with all staff, the Trust reimburses the business expenses of Non-Executive Directors and Executive Directors that 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:

	2017/18	2016/17
Total number of Directors in office	18	18
Number of Directors receiving expenses	7	8
Aggregate sum of expenses paid to Directors	£2,860	£3,373

## **Off-Payroll Arrangements**

As part of the remuneration report, we are required to present the following tables showing the numbers of staff employed through other means than the payroll, classed as off-payroll staff. These are staff that are paid the equivalent of more than £245 per day and have an engagement lasting longer than six months. It is Trust policy that employees are paid via the Trust's payroll and therefore these arrangements apply to staff contracted through an agency which then pays the individual via their own personal service company or via the agency payroll. The arrangements apply to a number of interim managers but not to medical agency staff.

Table 1

	2017/18	2016/17
No of existing arrangements as of 31 March 2018	Nil	Nil
Of which:		
Less than one year at time of reporting	-	-
Between one and two years at time of reporting	-	-
Between two and three years at time of reporting	-	-
Between three and four years at time of reporting	-	-
Four or more years at time of reporting	-	-

Table 2

	2017/18	2016/17
No of new engagements, or those that reached 6 months duration, between 1 April 2017 and 31 March 2018 of which:	Nil	1
- Number assessed as within the scope of IR35	-	-
- Number assessed as not within the scope of IR35	-	-
Number engaged directly (via PSC contracted to trust) and are on trust's payroll	-	-
Number of engagements reassessed for consistency / assurance purposes during the year	-	-
Number of engagements that saw a change to IR35 status following the consistency review	-	-

Table 3

	2017/18	2016/17
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.	21	18

## 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 the terms of the normal pension scheme provisions, require Treasury approval before they are offered. The Trust did not offer a Mutually Agreed Resignation Scheme or Voluntary Redundancy Scheme in 2017/18 but did so in 2016/17.

The following tables show the exit packages for 2017/18 and comparator to 2016/17:

## 2017/18

Exit package cost band (including any special payment element)	Number of compulsory redundancies 2017/18	Number of other departures agreed 2017/18	Total number of exit packages 2017/18
<£10,000	-	-	-
£10,001 - £25,000	1	-	1
£25,001 - £50,000	-	-	-
£50,001 - £100,000	1	-	1
£100,001 - £150,000	-	1	1
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
<b>Total number of exit packages by type</b>	<b>2</b>	<b>1</b>	<b>3</b>
Total resource cost	£87,475	£100,289	<b>£187,764</b>

## Comparator to previous year

Exit package cost band (including any special payment element)	Number of compulsory redundancies 2016/17	Number of other departures agreed 2016/17	Total number of exit packages 2015/16
<£10,000	-	9	<b>9</b>
£10,001 - £25,000	-	18	<b>18</b>
£25,001 - £50,000	1	7	<b>8</b>
£50,001 - £100,000	-	12	<b>12</b>
£100,001 - £150,000	-	3	<b>3</b>
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
<b>Total number of exit packages by type</b>	<b>1</b>	<b>49</b>	<b>50</b>
Total resource cost	£47,437	£1,862,198	<b>£1,909,634</b>

The non-compulsory elements are further broken down in the following table:

	2017/18		2016/17	
	Payments agreed number	Total value of agreements £000	Payments agreed number	Total value of agreements £000
Exit packages: other non-compulsory departure payments				
Voluntary redundancies including early retirement contractual costs	1	100	45	1,663
Mutually agreed resignations (MARS contractual costs)	-	-	3	110
Early retirements in the efficiency of the service contractual costs	-	-	-	-
Contractual payments in lieu of notice	-	-	2	47
Exit payments following Employment Tribunals or court orders	-	-	1	89
Non-contractual payments requiring HMT approval	-	-	-	-
<b>Total</b>	<b>1</b>	<b>100</b>	<b>49</b>	<b>1,862</b>

## Consultancy Costs

The Trust purchases expert advice in order to deliver key projects where the Trust does not have internal expertise or in some circumstances may not have the capacity. The consultancy costs for 2017/18 are summarised as follows:

Consultancy area	£000	Note
<b>Strategy:</b> 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	(354)	(a)
<b>IT/IS:</b> 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	954	(b)
<b>Human Resource, training and education:</b> 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 development of training and education strategies	114	(c)
<b>Programme and Project Management:</b> 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 ensure expected benefits of a project are realised	267	(d)
<b>Property and Construction:</b> 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	46	(e)

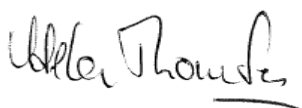
<b>Finance:</b> The provision of objective finance advice including advice relating to corporate financing structures, accountancy, control mechanisms and systems. This includes both strategic and operational finance.	-	-
<b>Technical:</b> The provision of applied technical knowledge. To aid understanding, this can be sub-divided into: - Technical Studies: Research based activity including studies, prototyping and technical demonstrators	61	(f)
<b>Procurement:</b> The provision of objective procurement advice including advice in establishing procurement strategies	143	(g)
<b>Total cost 2017/18</b>	<b>1,231</b>	

- (a) The Trust undertook a Financial Improvement Programme in 2016/17 with KPMG LLP and this relates to a refund of VAT on the cost incurred.
- (b) The Trust is investing in Acute and Community EPR services and this relates to the consultancy costs associated with the programmes.
- (c) The Trust is undertaking joint working with Stockport Metropolitan Borough Council to review its corporate services and the Trust's contribution was £50k. The Trust has also incurred costs on training for quality initiatives of £47k and has commissioned specialist HR investigations at a cost of £18k.
- (d) The largest area under the property category relates to commissioning of a six-facet survey of the estate at a cost of £33k. The other costs relate to specialist advice.
- (e) The Trust received income of £14k to match the consultancy costs for Stockport Together incurred in this category.
- (f) The Trust has used specialist VAT advisors for general advice and specific projects relating to contracts at a cost of £56k. The Trust also incurred costs of £5k for specialist advice relating to review of the Trust's deprivation of liberty safeguards (DoLS).
- (g) The Trust incurred costs of £143k relating to specialist procurement advice on behalf of the Greater Manchester network which was directly offset by income. The Director of Finance is the lead for GM Health & Social Care Partnership procurement workstream.

### **Fair pay multiple / Median pay**

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director in Stockport NHS Foundation Trust in the financial year 2017/18 was £195k - £200k (2016/17 £205k-£210k). In 2017/18 this was 7.7 times the median remuneration of the workforce which was £25,772, in 2016/17 the fair pay multiple was 8.3 times and the median remuneration was £25,057.

In 2017/18 no employees (2016/17 no employees) received remuneration in excess of the highest paid director. The Trust has paid two director posts (three individuals due to the change in Chief Executive) 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 Committee uses the Annual Remuneration Survey undertaken by NHS Providers to satisfy itself that the salaries are reasonable and in line with other Foundation Trusts of a similar size.



**Helen Thomson**  
**Interim Chief Executive**  
**24 May 2018**

Notes to the Remuneration Table (which is subject to audit)

1. Mrs A Barnes retired from her post as Chief Executive on 31 December 2017. Mrs H Thomson was appointed as Interim Chief Executive on 1 January 2018.
2. Mrs G Easson completed her term of office as Chair on 31 May 2017. Mr A Belton was appointed as Chair from 1 June 2017.
3. Mrs J Morris retired from her post as Director of Nursing & Midwifery on 31 December 2017, having worked on secondment to NHS England from 30 June 2017. Mrs R Holt was Acting Director of Nursing, on secondment from NHS England from 18 July 2017 to 22 October 2017. Ms A Lynch was appointed as substantive Director of Nursing from 23 October 2017.
4. For Mrs A Barnes and Mrs J Morris, no cash equivalent transfer value (CETV) is shown at 31 March 2018 as this is no longer applicable on reaching pension age in the 1995 Scheme. Similarly, there are no accrued pension related benefits due to retirement on 31 December 2017.
5. Mr H Mullen was appointed as Director of Support Services on 1 November 2018 having previously worked on secondment for the Trust.
6. Mrs J Shaw, Director of Workforce & Organisational Development left the Trust on 31 March 2018.
7. Mrs D Lynch, Acting Director Strategy & Planning, left the Trust on 30 April 2017.
8. Mrs C Drysdale was appointed as Managing Director Stockport Neighbourhood Care on 1 January 2018.
9. Dr C Wasson's salary as Medical Director reflects his full salary which is split 65% for his Executive Director role and 35% for his clinical role.
10. In 2016/17 Mr A Burn was seconded to the Board of Directors as Financial Improvement Director for 73 days between May and October 2016. The cost reported in the Remuneration Report was the KPMG LLP cost to the organization for the secondment and not the direct salary of the Financial Improvement Director. No costs were incurred in 2017/18.

# **Salary and Pension Entitlements of Senior Managers**

## **Remuneration**

Name	Start Date of Office	Salary and allowances (in bands of £5,000) 2017/2018	Salary and allowances (in bands of £5,000) 2016/2017	All Pension Related Benefits (in bands of £2,500) 2017/2018	Total (in bands of £5,000) 2017/2018	Real increase/decrease during the reporting year in the pension at pension age (in bands of £2,500)	Real increase/decrease during the reporting year in related lump sum at pension age (in bands of £2,500)	Value at the end of the reporting year of the accrued pension at pension age (in bands of £5,000)	Value at the end of the reporting year of related lump sum at pension age (in bands of £5,000)	Value of cash equivalent transfer value at the beginning of the reporting year (to the nearest £1,000)	Real Increase/Decrease in Cash Equivalent Transfer Value during the reporting year (to the nearest £1,000)	Value of the cash equivalent transfer value at the end of the reporting year (to the nearest £1,000)
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Executive Directors</b>												
Mrs A Barnes	01.03.2013	125 - 130	170 - 175		125 - 130							
Mrs H Thomson	01.01.2018	50 - 55			50 - 55							
Dr C Wasson	01.04.2016	195 - 200	205 - 210	60.0 - 62.5	255 - 260	2.5 - 5.0	0 - 2.5	60 - 65	150 - 155	935	75	1,019
Mrs J Morris	01.07.2008	90 - 95	115 - 120		90 - 95							
Mrs R Holt		30 - 35			30 - 35							
Mrs A Lynch		50 - 55	-	32.5 - 35.0	80 - 85	0 - 2.5	0 - 2.5	30 - 35	100 - 105	580	30	655
Mrs J Shaw	01.01.2013	110 - 115	110 - 115	20.0 - 22.5	135 - 140	0 - 2.5	0 - 2.5	45 - 50	135 - 140	821	76	905
Mr J Sumner*	26.11.2012	-	80 - 85	-	-							
Mr M Patel	03.08.2015	115 - 120	115 - 120	35.0 - 37.5	150 - 155	2.5 - 5.0	0 - 2.5	25 - 30	65 - 70	335	50	389
Mr P Buckingham	01.01.2017	90 - 95	20 - 25	87.5 - 90.0	175 - 180	2.5 - 5.0	10.0 - 15.0	20 - 25	65 - 70	367	114	485
Mrs S Toal	01.12.2016	105 - 110	95 - 100	62.5 - 65.0	170 - 175	2.5 - 5.0	10.0 - 12.5	50 - 55	150 - 155	908	128	1,045
Mr H Mullen	01.11.2017	50 - 55	-	20.0 - 22.5	70 - 75	0 - 2.5	0 - 2.5	60 - 65	185 - 190	1,286	40	1,392
Mrs C Drysdale	01.01.2018	25 - 30	-	575 - 577.5	600 - 605	5.0 - 7.5	15.0 - 17.5	25 - 30	70 - 72.5	-	100	414
Mrs D Lynch	01.12.2016	0 - 5	25 - 30	60 - 65	135 - 140	0 - 2.5	0 - 2.5	20 - 25	45 - 50	266	2	324
Mr A Burn** (KPMG Financial Improvement Director)			265 - 270									
<b>Non Executive Directors</b>												
Mrs G Easson *		0 - 10	40 - 45									
Mr A Belton*		45 - 50	-									
Mr J Sandford		15 - 20	15 - 20									
Mr M Sugden		15 - 20	15 - 20									
Dr M Cheshire		15 - 20	15 - 20									
Mrs A Smith		10 - 15	10 - 15									
Mrs C Anderson		10 - 15	10 - 15									
Mrs C Barber-Brown		10 - 15	5 - 10									
Mr J Schultz			5 - 10									
		2017/2018	2016/2017									
		£000	£000									
<b>Band of Highest Paid Director's Total</b>		195- 200	205 - 210									
		£	£									
<b>Median Total</b>		25,772	25,057									
<b>Remuneration Ratio</b>		7.7	8.3									

# Staff Report

## Our Workforce

We recognise the exceptional work of all our staff 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 a challenging year in 2017/18. These initiatives have included; implementation of a leadership management development framework, supporting a compassionate and inclusive leadership culture to engage staff at all levels and supporting the development of a robust performance culture.

Our services are delivered by a committed workforce and the average number of whole time equivalent (WTE) staff, employed on both a permanent and other basis, is detailed in the table below:

Category	Permanent	Other	2017/18	2016/17
Medical & dental	472	61	533	507
Administration & estates	757	3	760	814
Healthcare assistants & other support staff	1,080	127	1,207	1,145
Nursing, midwifery & health visiting staff	1,638	127	1,765	1,734
Nursing, midwifery & health visiting learners	-	-	-	-
Scientific, therapeutic & technical staff	657	10	667	638
<b>Total average numbers</b>	<b>4,604</b>	<b>328</b>	<b>4,932</b>	<b>4,838</b>
<b>Of which:</b>				
Number of employees (wte) engaged on capital projects	5	-	5	8

Staff costs for the year, with comparative 2016/17 costs, were as follows:

Category	Permanent £000	Other £000	2017/18 £000	2016/17 £000
Salaries & wages	145,256	12,987	158,243	152,803
Social security costs	13,512		13,512	13,216
Apprenticeship levy	791		791	
Employer's contributions to NHS pensions	18,144		18,144	17,646
Pension cost - other	23		23	32
Other post-employment benefits	-	-	-	-
Other employment benefits	-	-	-	-
Termination benefits	-	-	-	-
Temporary staff – external bank	-	10,487	10,487	10,103
Temporary staff – agency/contract	-	11,978	11,978	13,524
<b>Total gross staff costs</b>	<b>177,726</b>	<b>35,452</b>	<b>213,178</b>	<b>207,324</b>
<b>Of which:</b>				
Costs capitalised as part of assets	259	-	259	400

Staff costs for the Group include staff employed by the Trust subsidiary, Stepping Hill Healthcare Enterprise Limited.

Our employee workforce of 4,487 whole time equivalent staff relates to a headcount of 5,262 staff

as at 31 March 2018 and the profile of these staff can be shown by gender which is 80% Female and 20% Male; of which:

<b>Gender Headcount</b>	Male	Female	Total
Directors	8	7	15
Other Senior Managers	3	5	8
Other Employees	1,024	4,215	5,239

In 2017/18 we made successful appointments to 24 Consultant positions (23.1 wte) and 209 Qualified Nurses (185.08 wte) during the year up to 31 March 2018.

## **Recruiting and retaining our people**

We recognise that staff are fundamental to our success, both now and in securing our future. Consequently, there is a need for us to attract and retain staff of the highest calibre and to do this we ensure that our values and behaviours are inherent in our workforce and that we recruit the very best staff who are able to continually demonstrate high levels of skill and competence.

Employing over 5,260 staff in extremely diverse roles, we aim to ensure that there are opportunities for career development in each and every part of the business. This is important in retaining and developing the skills that our staff bring to us. All staff complete corporate and local induction and e-learning training which includes raising awareness of relevant Trust policies. We have a permanent headcount staff turnover rate of approximately 14%. The Trust's Recruitment & Retention Strategy, reviewed in October 2017, sets out the many challenges we face in achieving our aim of recruiting and retaining a workforce with the requisite skills, within an environment which supports flexible and healthy working practices and professional development to make the Trust an employer of choice.

Our Recruitment and Selection Policy provides for the equity of treatment for all candidates and prospective employees, including applications made by disabled persons. The Trust has pledged its support to the 'two ticks' scheme (positive about disabled people) guaranteed interview scheme.

Despite implementation of the Recruitment & Retention Strategy, we continued to experience difficulties in recruiting suitable candidates to a number of consultant vacancies. These difficulties reflect the national position and the affected areas include Radiology, Emergency Medicine and Acute Physicians. The most important method of securing substantive medical staff is attracting individuals to high performing, cohesive teams that are well led. Reputation of the specialty is a key factor, along with attractive service developments which enable specialist interests to be pursued. We work with Training Programme Directors to attract trainees due to obtain their Certificate of Specialist Training to ensure that the best calibre consultants know about specialty teams well in advance of their qualification.

Despite the challenges to recruitment of medical staff, we have been successful in making substantive appointments, particularly in surgical specialties. However, we have also successfully made appointments in some of harder to fill specialties such as Emergency Medicine, Radiology and the Department for Older People. During 2017/18 we participated in two schemes to attract appropriately experienced international candidates. The first scheme involved collaborative work with a specialist agency, with a particular focus on middle grade

doctors in the urgent care specialties, and we successfully appointed a number of doctors from India and the Middle East as a result of this scheme. The second initiative was a regional 'earn, learn, return' scheme which helped us to secure good quality candidates for positions in Critical Care, Paediatrics, Respiratory and Emergency Medicine.

We continued to experience challenges relating to numbers of qualified nursing vacancies throughout 2017/18 and the Trust was selected to participate in NHS Improvement's Retention Support Programme. This resulted in the development of four programmes of activity specifically focussed on registered nursing in the first instance. We also implemented a Nurse Adaptation course which enables non-EU nurses who qualified overseas and are resident in the United Kingdom to convert to Registered Nurses.

Whilst the challenges are significant, we are confident that with the participation and commitment of every member of staff at every level, we will achieve and maintain a skilled and dedicated workforce that is representative of the local community and capable of delivering high quality and compassionate patient care to the people of Stockport and surrounding areas. In summary our Strategy covers both recruitment and retention and the short, medium and long term objectives of the Trust, in relation to how it attracts, develops and retains our workforce. Plans have been reviewed and refined in the context of recruitment challenges and are expected to have a positive impact in 2018/19.

## **Health and Wellbeing**

Our commitment to the Health and Wellbeing of our staff is an area of priority and focus. We believe that the way to provide the best experience for our patients is to provide the best experience for our staff. We know that **Healthy Staff = Better outcomes for our patients** and understand that health and wellbeing applies as much to our employees as it does to our patients, their carers and families and our local population. We want to do as much as we can to support our staff to enable them to be at their best, be energised, be motivated and committed to their work and to reach their full potential.

Our 'Workforce Health & Wellbeing Strategy' brings together multiple strands with the aim of improving the health and wellbeing of staff. The key themes of this strategy are aimed at:

- Engaging all staff to identify, develop and improve their health and wellbeing, including; physical activity, smoking cessation, alcohol consumption, weight management and mental health;
- Encouraging staff to better recognise their physical and emotional needs and to feel more resilient, committed and able to contribute to the development of the Trust;
- Improving the health and wellbeing of staff by promoting the benefits of a healthy and supportive working environment; and
- Recognising the importance of wellbeing and ensuring assistance is provided to help staff to remain at work and return to work.

We have demonstrated our commitment to supporting our staff through facilities such as the availability of dedicated staff counselling support services, in-house Occupational Health services and access to staff fast-track physiotherapy, together with a number of other initiatives including:

- Programme of health and wellbeing campaigns
- Spiritual and pastoral care
- Preventive interventions e.g. stress risk assessments and facilitated team working

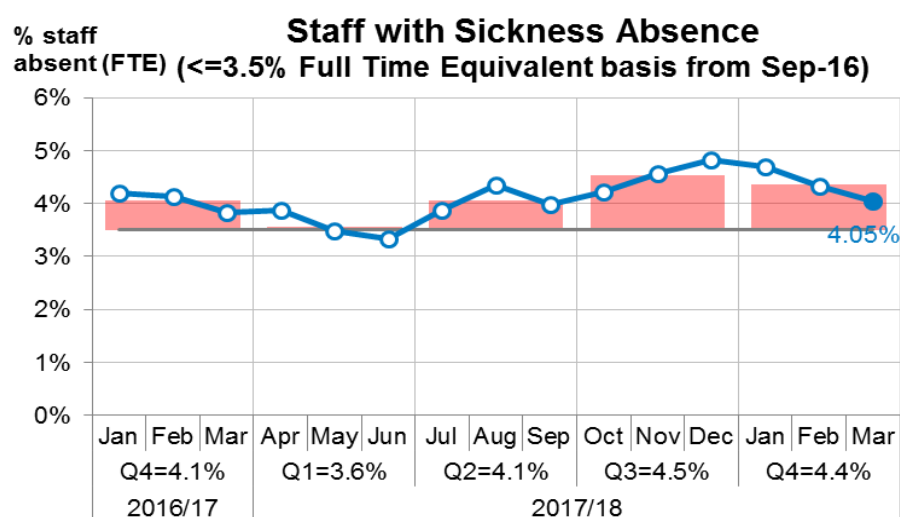
- Coaching and guidance for managers
- Personal resilience and mindfulness workshops
- Staff benefits and incentives
- Smoking cessation support and advice

Our Occupational Health Service is designed to maximise the physical, psychological and social health of all staff and to support managers by undertaking health interventions and providing advice on medical issues. In addition to core services of new employee health assessments, management referrals and immunisation / vaccination programmes, other services offered to staff include fast track physiotherapy, counselling, and lifestyle health advice. A range of health promotion support services are provided for staff including smoking cessation and raising awareness to prevent workplace incidents, such as sharps injuries. Vaccinating health care staff against potential workplace infections will protect staff from infection and mitigate the risk of transfer to patients. The Occupational Health service leads on the delivery of the staff flu vaccination each autumn with the assistance of many link nurses and achieved an uptake of 72% of clinical staff during 2017/18.

Our service continues to be successful in retaining accreditation of the national quality assurance scheme called Safe, Effective, Quality Occupational Health Service (SEQOHS) which provides assurance on quality and effectiveness and allows the service to continue to bid for new occupational health work in the region. The Trust continues to explore potential service reconfiguration of Occupational Health services with local trusts to maintain and enhance the services provided for NHS staff.

## Sickness Absence Data

The chart below details our sickness absence performance during 2017/18.



We have reviewed our sickness absence policy and supporting procedures, in partnership with our trade union colleagues, to enable staff and managers to better address the challenges presented by staff ill health. Progress towards an internal target of 3.5% absence continued to be a key objective for the Trust throughout 2017/18.

## **Working in Partnership**

We take a partnership approach to working with staff through our Joint Consultative and Negotiating Committee (JNCC) and Local Negotiation Committee (LNC). Both of these forums are attended by members of our Executive Team and include representatives from our staff side colleagues and trade union representatives. These meetings focus upon consulting with staff in a constructive manner in relation to key service changes across the Trust, as well as discussing and seeking approval of policies and procedures. Both forums share chairing arrangements between staff and management, and executive directors and senior managers are regularly in attendance. Major project developments will also include a local staff representative, as part of steering groups to ensure positive levels of union engagement. An example of such engagement during 2017/18 was staff side involvement through membership of a multi-disciplinary steering group which was established to review staff car parking arrangements.

## **Staff Engagement - Team Brief and Start the Year**

The Trust has a comprehensive cascade communication system which is initiated through a monthly Team Brief by the Chief Executive. Key messages are shared with all staff across the organisation, with an opportunity for staff to ask questions. It is designed to ensure that all staff are aware of the very latest developments and are kept abreast of the Trust's performance across all areas. Staff are encouraged to feed information back up the organisation using the normal management channels which include regular 'drop-in' sessions with the Chief Executive.

At the start of each year a formal presentation is delivered, again by a cascade system, to all staff. This sets out key achievements and milestones over the previous year, recognising good practice together with any learning opportunities. It also includes priorities for the forthcoming year. The programme is launched via a series of presentations led by the Chief Executive, supported by other Executive Directors and the Chair. These are followed up with local presentations within Business Groups to ensure as many staff as possible are included.

In recognition of the scale and pace of change in the strategic environment we developed a comprehensive internal Communication and Engagement Plan for 2017/18. The plan seeks to maximise staff involvement and increase opportunities for 'face to face' discussion to enhance internal communications and engagement to support successful transformational change. As well as helping to support people through change by keeping them well informed, the plan plays a key role in engagement and productivity; enhancing a culture of openness, honesty and trust.

At a time of significant transformation and challenge, maintaining an engaged workforce is more important than ever. Our staff have a valuable perspective on what is happening within the Trust and their teams. Their views of how their service is operating provide an important perspective to inform service delivery and to deliver transformation.

## **Equality, Diversity and Inclusion**

During 2017/18 we have continued on our journey and commitment to ensuring that our services and employment practices are fair, accessible and inclusive for the diverse communities which we serve and the workforce we employ. A culture of fairness and inclusion means that our patients, staff and anyone who comes into contact with the Trust feels valued and respected. Our Equality, Diversity & Inclusion Annual Report published on our website re-affirms our commitment to the principles of equality and diversity. It sets out an ambitious agenda for action, ensuring that we meet our general and specific duties for equality, as required by legislation, and that we work

effectively to meet the needs of our diverse workforce, patient population and the communities we serve.

Employees who become disabled during their employment are supported via a number of mechanisms, including a reasonable adjustment policy. This policy sets out what managers and staff need to know to support them in making decisions about applying for and considering requests for reasonable adjustments in the workplace and discussing requests from patients about how they could receive more accessible services across a range of different settings.

## **Governance**

In addition to our Public Sector Equality Duty reporting, our Equality, Diversity and Inclusion policy gives clear guidance around how to raise concerns and sets out our commitment to tackling discrimination in all areas, from recruitment and employment policies through to access to our services. Our employment policies are subject to regular review and update, in partnership with our staff side colleagues, to ensure that they continue to reflect best practice.

All new or revised policies are also subject to an equality impact assessment to ensure that our policies support the advancements of equality and do not have negative effects upon any particular groups. Completion of the assessments also serves to ensure that we comply with our duties under the Equality Act 2010.

## **Workforce Race Equality Standard (WRES)**

NHS England introduced the Workforce Race Equality Standard (WRES) in 2015 to ensure employees from black and ethnic minority (BME) backgrounds have equal access to career opportunities and receive fair treatment in the workplace. Our performance against these standards in 2017/18 and an associated action plan are published on the Trust's website. We established a WTRES Steering Group in 2017/18, chaired by the Trust Chair, to oversee and monitor WRES actions and ensure an organisation-wide approach. The Trust Chair, Mr A Belton, acts as the Board-level lead for Equality, Diversity & Inclusion. In addition, our EDI Manager, Ms S Nadeem, has been nominated to participate in the national WRES Experts programme.

## **Gender Pay Gap**

The Trust complied with the requirement to publish a Gender Pay Gap Report by 30 March 2018, as required by Gender pay reporting legislation. The legislation requires employers with 250 or more employees to publish statutory calculations each year that detail the pay gap between male and female employees. The Gender Pay Gap Report is available on the Trust's website and an action plan has been developed to progress initiatives to address any identified gaps.

## **Raising the profile of Equality, Diversity and Inclusion**

During 2017/18 we participated in a number of events which served to raise the profile of Equality, Diversity and Inclusion:

### **Manchester PRIDE**

The Trust was again represented at Manchester's annual lesbian, gay, bisexual and transgender (LGBT) festival, held over the August bank holiday weekend. Manchester PRIDE celebrates LGBT lives and works for greater mutual support and co-operation. The 2017 event was a great success and a fantastic opportunity for the Trust to lend support and raise awareness, both in terms of being an inclusive employer and health care provider.

### LGBT History Month Event

As part of the LGBT History Month celebrations 2018, the Trust held an event to explore and highlight inequalities faced by LGBT staff and patients. The event was opened by Mr A Belton, Trust Chair and was well attended by both staff and representatives from external organisations. John Amaechi, psychologist and bestselling author, attended the event as a keynote speaker.

### Hate Crime Awareness Event

As part of Hate Crime Awareness Week, the Trust worked in partnership with Stockport Metropolitan Borough Council, Greater Manchester Police and a range of voluntary services to raise awareness of hate crime and how to report it. We had information stands in the both the hospital and community locations to provide advice on; what constitutes a hate crime, who could be particularly vulnerable to such behaviour and how to support an individual who has been a victim of hate crime.

In addition to participation in events, we have continued to develop our Supported Internship Programme for young people with learning disabilities. The main aim of this project is to secure paid work either with the Trust or with an external employer. The course accommodates 10 people on 3 rotational placements throughout an academic year. The trainees have classroom based activity at the beginning and end of the day and by the end of the 12 months will gain a City and Guilds Entry 3 qualification – 'Personal progression through employment'.

In 2017/18 the Trust received funding from Health Education England to develop a Pre-Employment Programme (PEP) aimed at unemployed individuals between the ages of 18 and 65 to enhance their potential employment opportunities and confidence. The PEP is an entry-level vocation learning programme and is designed as a Level 1 Introduction to Adult Health & Social Care accredited programme. Learners are offered a guaranteed interview on successful completion of the PEP and live vacancies are identified by the Human Resources team at the point of delivery of the programme and are promoted throughout. As a result of the Level 1 accreditation, Learners are eligible to access opportunities such as apprenticeships, volunteering or further education. At 31 March 2018, the Trust had 15 Learners undertaking 6-week placements.

### **Summary of our Workforce Equality Monitoring Statistics 2017/18**

A diverse and culturally aware workforce is better placed to understand and respond to the needs of everyone in our community. Our staff are:

- 80% women;
- 26% aged under 35 years and 22% aged over 55 years;
- 14% are from black and minority ethnic communities (plus a further 5% from white minority ethnic backgrounds);
- 3% declared themselves to be disabled; 80% declared themselves to be non-disabled and the disability status of the remainder is not known / not declared;
- 74.6% disclosed as heterosexual, 1.7% as lesbian, gay or bisexual;
- 52% declared Christianity as their religion;
- The average age of our Board members is 55; none declared a disability; the make-up of the Board is 69% White British and 54% are female.

## Remuneration

Information relating to exit packages, off-payroll arrangements and consultancy costs is included in the Remuneration Report on page 58.

### 2017 National Staff Survey

The annual staff survey is a vital component in finding out the views of staff and helping to identify where improvements can be made at corporate, business group and staff group levels to improve staff experience and further enhance engagement and staff satisfaction. In 2017, all our staff were invited to complete the survey and were given the option to use either an online survey form or a hard copy survey form. In total, 2,160 staff completed the survey, a response rate of 41.8%. This is a 2.3% increase from the 2016 survey and compares with a national average of 43% for combined acute and community trusts.

The staff engagement score decreased from 3.75 in 2016 to 3.73 in 2017. This compares with a national average of 3.78. Our Culture and Engagement plan with associated activities is seen as a key initiative to improve outcomes in this area.

The tables below provide an overview of the best and worst scores when compared to all acute and community trusts.

#### Top 5 Ranking Scores for 2017

Five questions we scored BEST in	2017	
	Our Trust	National Average
Percentage of staff experiencing physical violence from staff in the last 12 months (the lower the score the better)	1%	2%
Percentage of staff experiencing harassment, bullying or abuse from patients, relative or the public in the last 12 months (the lower the score the better)	24%	27%
Percentage of staff experiencing harassment, bullying or abuse from staff in the last 12 months (the lower the score the better)	22%	24%
Percentage of staff experiencing physical violence from patients, relatives or the public in the last 12 months (the lower the score the better)	13%	14%
Percentage of staff experiencing discrimination at work in the last 12 months (the lower the score the better)	10%	10%

## Bottom 5 Ranking Scores for 2017

Five questions we scored WORST in	2017	
	Our Trust	National Average
Staff satisfaction with the quality of work and patient care they are able to deliver (the higher the score the better)	3.81 (out of 5)	3.90
Fairness and effectiveness of procedures for reporting errors, near misses and incidents (the higher the score the better)	3.64 (out of 5)	3.73
Staff satisfaction with resourcing and support (the higher the score the better)	3.20 (out of 5)	3.27
Percentage of staff colleagues reporting most experience of violence (the higher the score the better)	61%	67%
Effective team working (the higher the score the better)	3.68 (out of 5)	3.74

Focus groups and engagement events have been scheduled in order to both promote outcomes of the staff survey and gain feedback from staff on how to improve the staff experience. A key tool in this process will be continued use of a Culture and Engagement Plan which was implemented during 2017/18. The plan seeks to maximise staff involvement and increase opportunities for 'face to face' discussion and will enhance and improve our internal communications and engagement. Action plans to drive improvements will be monitored by the Workforce Efficiency Group with support from the Head of Organisational Development and Learning and assurance on progress will be regularly reported to the Board of Directors through the People Performance Committee.

## Values-based Behaviours Framework

We continued to embed our Trust values and behaviours framework during 2017/18. Our values are closely aligned with our strategic priorities specifically in the areas of; collaborative working, teamwork, staff health and wellbeing, innovation and improving the quality of patient care. The values-based behaviours underpin our values, provide a clear framework for 'living our values' and support the ongoing development of our organisational culture. The overall aim of our engagement and culture programme is to strengthen our 'culture of caring' through fully engaging our workforce to consistently deliver safe and high quality care through continuous learning, improvement and 'putting patients at the heart of everything we do'.

Our values are fully embedded into our recruitment process, our performance appraisal framework, leadership development programmes and team development sessions. Our values-based behaviours framework will continue to be promoted at every opportunity to all staff as a guide for how we expect one another to behave in all that we do and how we hold each other to

account. This approach was further enhanced by the introduction of a Performance Management Framework from 1 April 2017.

## **Leadership Development**

Successfully addressing the many challenges facing the Trust necessitates leadership of the highest caliber and, to help achieve this, a leadership strategy and associated leadership and management development framework was implemented during 2016/17. The leadership strategy supports a compassionate and inclusive leadership culture which engages with staff at all levels. During 2017/18 there has been a focus on the practice of holding to account, accepting responsibility for outcomes, creating opportunities for others to learn and lead and creating the space for innovation and sharing of best practice.

Our leaders at all levels are required to be ambassadors of the Trust's values and behaviours, leading with compassion and driving positive performance. There has also been a focus on supporting resilience and well-being of the whole workforce with coaching, mentoring and reflective practice as drivers to ensure a healthy organisation.

## **Apprenticeships / Work Experience / Pre-employment Programmes**

The government has a core manifesto commitment to create and support three million apprenticeships by 2020. The introduction of the Apprenticeship Levy from 1 April 2017 gives employers greater involvement, control and investment to ensure that apprenticeships become integral to the education and development of the workforce. The Trust participates in an Apprenticeship Framework that provides relevant training which is tailored to meet the demands of the workforce requirements within the Trust. The learner is supported throughout the programme, both on and off the job, and the scheme provides relevant staff with the opportunity to earn while they learn.

The programme contributes to improved retention and productivity and provides the opportunity to 'grow' a highly committed, skilled and competent workforce. The Trust's Apprenticeship Scheme Development Plan will ensure that the benefits of the changes to the apprenticeship scheme are fully realised and will be monitored closely by the Trust to ensure full advantage is taken of opportunities that will ensure the continued improvement of attracting and developing the very best talent. The Trust also offers work experience opportunities to school and college students and in 2017/18 we introduced pre-employment programmes to improve access to employment opportunities for job seekers.

## **Workforce Design**

We have continued to develop a sustainable and resilient workforce in order to address local workforce challenges including Stockport Neighbourhood Care developments, the Healthier Together programme and service developments arising from Greater Manchester Health & Social Care Partnership activities. A sustainable workforce is fundamental to achieving the strategic direction of the Trust and ensuring that staff are prepared, with the right skills and knowledge, to work in different ways and across different organisational boundaries.

The challenge of recruiting individuals in shortage specialties has necessitated new ways of working and the development of alternative roles. During 2017/18 we recruited individuals in a Physician Associate role and implemented two cohorts of Trainee Nurse Associates. We have

also sought to secure funding for the introduction of Advanced Clinical Practitioners which will enhance capacity and capability within multi-professional teams in support of existing and more established roles.

Our Transformation Team has supported our work on workforce re-design which included the establishment of a Clinical Correspondence Hub in December 2017. The emphasis for this type of project is to identify potential for the alternative deployment of resources in order to enhance efficiency, effectiveness and quality of the service provided. Ultimately, such developments will improve patient experience.

We recognise that effective workforce planning is of fundamental importance as the decisions we make today about skill mix, training places and operational models will all impact on whether our future workforce is able to deliver the services required in ways which ensure that high quality compassionate care is provided to our patients.

## NHS Foundation Trust Code of Governance

The NHS Foundation Trust Code of Governance (the Code of Governance) was first published in 2006 and was most recently updated in July 2014. The purpose of the Code of Governance is to assist NHS Foundation Trust Boards in improving their governance practices by bringing together the best practice of public and private sector corporate governance. The Code is issued as best practice advice but imposes some disclosure requirements. 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.

NHS Foundation Trusts are required to provide a specific set of disclosures in their annual report to meet the requirements of the NHS Foundation Trust Code of Governance. Schedule A to the Code of Governance specifies everything that is required within these disclosures. Schedule A is divided into six categories and the disclosures being made by the Trust for each of these categories are detailed below.

Below are the statutory requirements that we have highlighted in the Code. This supersedes the “comply or explain” requirements of the Code. **However, there is no need to report on these provisions in the Code disclosure.** For the purpose of completeness, the Trust will comment upon each requirement.

Reference	Statutory requirement:
A.2.2	<p>The roles of chairperson and chief executive must not be undertaken by the same individual.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
A.5.10	<p>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.</p> <p><b><i>The Board of Directors and the Council of Governors comply with this requirement.</i></b></p>
A.5.11	<p>The 2006 Act, as amended, gives the council of governors a statutory requirement to receive the following documents. These documents should be provided in the annual report as per the <i>NHS Foundation Trust Annual Reporting Manual</i>:</p> <ul style="list-style-type: none"> <li>(a) The annual accounts;</li> <li>(b) Any report of the auditor on them; and</li> <li>(c) The annual report.</li> </ul> <p><b><i>The Trust complies with this requirement.</i></b></p>

Reference	Statutory requirement:
A.5.12	<p>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 is practicable afterwards. There is no legal basis on which the minutes of private sessions of board meetings should be exempted from being shared with the governors. In practice, it may be necessary to redact some information, for example, for data protection or commercial reasons. Governors should respect the confidentiality of these documents.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
A.5.13	<p>The council of governors may require one or 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.</p> <p><b><i>The Trust is aware of this requirement. This situation did not arise during 2017/18.</i></b></p>
A.5.14	<p>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.</p> <p><b><i>The Trust is aware of this requirement. This situation did not arise during 2017/18.</i></b></p>
A.5.15	<p>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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.2.11	<p>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 they arise and make recommendations to the chairperson, the other non-executives directors and, except in the case of the appointment of a chief executive, the chief executive.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.2.12	<p>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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.2.13	<p>The governors are responsible at a general meeting for the appointment, re-appointment and removal of the chairperson and the other non-executive directors.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>

Reference	Statutory requirement:
B.4.3	<p>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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.5.8	<p>The board of directors must have regard for the views of the council of governors on the NHS foundation trust's forward plan.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.7.3	<p>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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.7.4	<p>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 provisions relating to removal of a director.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.7.5	<p>Elected governors must be subject to re-election by the members of their constituency at regular intervals not exceeding three years.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
D.2.4	<p>The council of governors is responsible for setting the remuneration of non-executive directors and the chairperson.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
E.1.7	<p>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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
E.1.8	<p>The trust must 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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>

The provisions listed below require a supporting explanation, even in the case that the NHS foundation trust is compliant with the provision. **Where the information is already contained within the annual report, a reference to its location is sufficient to avoid unnecessary duplication.**

Reference	Statutory requirement:
A.1.1	<p>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 also 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 the 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.</p> <p><b><i>See Annual Report page 36 and page 47.</i></b></p>
A.1.2	<p>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.</p> <p><b><i>See Annual Report pages 36, 43, 46 and 58.</i></b></p>
A.5.3	<p>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.</p> <p><b><i>See Annual Report page 49.</i></b></p>
FT ARM	<p>The annual report should include a statement about the number of meetings of the council of governors and individual attendance by governors and directors.</p> <p><b><i>See Annual Report page 49.</i></b></p>
B.1.1	<p>The board of directors should identify in the annual report each non-executive director it considers to be independent, with reasons where necessary.</p> <p><b><i>See Annual Report page 36.</i></b></p>
B.1.4	<p>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.</p> <p><b><i>See Annual Report page 42.</i></b></p>
FT ARM	<p>The annual report should include a brief description of the length of appointments of the non-executive directors and how they may be terminated.</p> <p><b><i>See Annual Report pages 37 and 47.</i></b></p>

Reference	Statutory requirement:
B.2.10	<p>A separate section of the annual report should describe the work of the nominations committee(s), including the process it has used in relation to board appointments.</p> <p><b>See Annual Report page 46.</b></p>
FT ARM	<p>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 used in the appointment of a chair or non-executive director.</p> <p><b>See Annual Report page 46.</b></p>
B.3.1	<p>A chairperson's other significant commitments should be disclosed to the council of governors before appointment and included 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.</p> <p><b>See Annual Report page 37.</b></p>
B.5.6	<p>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.</p> <p><b>See Annual Report page 48.</b></p>
FT ARM	<p>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.</p> <p><b>See Annual Report page 48.</b></p>
B.6.1	<p>The board of directors should state in the annual report how performance evaluation of the board, its committees, and its directors, including the chairperson, has been conducted.</p> <p><b>See Annual Report page 42.</b></p>
B.6.2	<p>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.</p> <p><b>See Annual Report page 91.</b></p>
C.1.1	<p>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, are 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).</p> <p><b>See Annual Report pages 45 and 94.</b></p>

Reference	Statutory requirement:
C.2.1	<p>The annual report should contain a statement that the board has conducted a review of the effectiveness of its system of internal controls.</p> <p><b><i>See Annual Governance Statement on page 94.</i></b></p>
C.2.2	<p>A trust should disclose in the annual report:</p> <ol style="list-style-type: none"> <li>If it has an internal audit function, how the function is structured and what role it performs; or</li> <li>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.</li> </ol> <p><b><i>See Annual Report page 44.</i></b></p>
C.3.5	<p>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.</p> <p><b><i>This situation did not arise during 2017/18.</i></b></p>
C.3.9	<p>A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The report should include:</p> <ul style="list-style-type: none"> <li>the significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed;</li> <li>an explanation of how it has 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 external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and</li> <li>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.</li> </ul> <p><b><i>See Annual Report page 43.</i></b></p>
D.1.3	<p>Where an NHS foundation trust releases an executive director, for example to serve as a non-executive director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.</p> <p><b><i>This situation did not arise during 2017/18.</i></b></p>
E.1.5	<p>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, direct face-to-face contact, surveys of members' opinions and consultations.</p> <p><b><i>See Annual Report page 43.</i></b></p>

Reference	Statutory requirement:
E.1.6	<p>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.</p> <p><b>See Annual Report page 51.</b></p>
E.1.4	<p>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.</p> <p><b>See Annual Report page 51.</b></p>
FT ARM	<p>The annual report should include:</p> <ul style="list-style-type: none"> <li>• A brief description of the eligibility requirements for joining different membership constituencies, including the boundaries for public membership;</li> <li>• Information on the number of members and the number of members in each constituency; and</li> <li>• 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.</li> </ul> <p><b>See Annual Report page 51.</b></p>
FT ARM	<p>The annual report should disclose details of company directorships or other material interests in companies held by governors and/or directors where those companies or related parties are likely to do business with the NHS foundation trust. As each NHS foundation trust must have registers of governors' and directors' interests which are available to the public, an alternative disclosure is for the annual report to simply state how members of the public can gain access to the registers instead of listing all the interests in the annual report.</p> <p><b>See Annual Report pages 42 and 50.</b></p>

'FT ARM' indicates that the disclosure is required by the NHS Foundation Trust Annual Reporting Manual rather than the Code of Governance.

The provisions listed below require supporting information to be made publicly available even in the case that the NHS foundation trust is compliant with the provision. This requirement can be met by making supporting information available on request and on the NHS foundation trust's website.

The information detailed below is available on request from the Director of Corporate Affairs.

Reference	Statutory requirement:
A.1.3	<p>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.</p>
B.1.4	<p>A description of each director's expertise and experience, with a clear statement about the board of director's balance, completeness and appropriateness.</p>

Reference	Statutory requirement:
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 appointment of 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 made clearly available to members on the NHS foundation trust's website.

The provisions listed below require supporting information to 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 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.

There were two instances of Non-Executive Directors seeking re-appointment during 2017/18. Relevant information was provided to the Council of Governors by the Chair in relation to the re-appointment of Mr J Sandford, with effect from 1 July 2017, and Mr M Sugden, with effect from 1 April 2018.

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 prior performance information.

This information is included within the election material circulated to members by Electoral Reform Services who managed governor elections on behalf of the Trust in 2017/18.

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 departed from the Code, explaining the reasons for the departure and how the alternative arrangements continue to reflect the main principles of the Code.**

A disclosure is only required for **departures** from the Code for the provisions listed in this section. NHS foundation trusts are welcome but not required to provide a simple statement of compliance with each individual provision. This may be useful in ensuring the disclosure is comprehensive and may help to ensure that each provision has been considered in turn.

In providing an explanation for any variation from the *NHS Foundation Trust Code of Governance*, the NHS foundation trust should aim to illustrate how its actual practices are consistent with the principle to which the particular provision relates. It should set out the background, provide a clear rationale, and describe any mitigating actions it is taking to address any risks and maintain conformity with the relevant principle. Where deviation from a particular provision is intended to be limited in time, the explanation should indicate when the NHS foundation trust expects to conform to the provision.

The table below provides a summary of the provisions – the full provisions as listed in the document should be used for reference. In this summary “the board” refers to the board of directors, “the council” to the council of governors, and “trust” refers to the NHS foundation trust.

Provision	Summary:
A.1.4	<p>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</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
A.1.5	<p>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</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
A.1.6	<p>The board should report on its approach to clinical governance.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
A.1.7	<p>The chief executive as the accounting officer should follow the procedure set out by Monitor for advising the board and the council and for recording and submitting objections to decisions.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
A.1.8	<p>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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>

Provision	Summary:
A.1.9	<p>The board should operate a code of conduct that builds on the values of the NHS foundation trust and reflect high standards of probity and responsibility.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
A.1.10	<p>The NHS foundation trust should arrange appropriate insurance to cover the risk of legal action against its directors.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
A.3.1	<p>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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
A.4.1	<p>In consultation with the council, the board should appoint one of the independent non-executive directors to be the senior independent director.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
A.4.2	<p>The chairperson should hold meetings with the non-executive directors without the executives present.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
A.4.3	<p>Where directors have concerns that cannot be resolved about the running of the NHS foundation trust or a proposed action, they should ensure that their concerns are recorded in the board minutes.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
A.5.1	<p>The council of governors should meet sufficiently regularly to discharge its duties.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
A.5.2	<p>The council of governors should not be so large as to be unwieldy.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
A.5.4	<p>The roles and responsibilities of the council of governors should be set out in a written document.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
A.5.5	<p>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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
A.5.6	<p>The council should establish a policy for engagement with the board of directors for those circumstances when they have concerns.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>

Provision	Summary:
A.5.7	<p>The council should ensure its interaction and relationship with the board of directors is appropriate and effective.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
A.5.8	<p>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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
A.5.9	<p>The council should receive and consider other appropriate information required to enable it to discharge its duties.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.1.2	<p>At least half the board, excluding the chairperson, should comprise non-executive directors determined by the board to be independent.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.1.3	<p>No individual should hold, at the same time, positions of director and governor of any NHS foundation trust.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.2.1	<p>The nominations committee or committees, with external advice as appropriate, are responsible for the identification and nomination of executive and non- executive directors.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.2.2	<p>Directors on the board of directors and governors on the council should meet the “fit and proper” persons test described in the provider licence.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.2.3	<p>The nominations committee(s) should regularly review the structure, size and composition of the board and make recommendations for changes where appropriate.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.2.4	<p>The chairperson or an independent non-executive director should chair the Nominations committee(s).</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.2.5	<p>The governors should agree with the nominations committee a clear process for the nomination of a new chairperson and non-executive directors.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.2.6	<p>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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>

Provision	Summary:
B.2.7	<p>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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.2.8	<p>The annual report should describe the process followed by the council in relation to appointments of the chairperson and non-executive directors.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.2.9	<p>An independent external adviser should not be a member of or have a vote on the nominations committee(s).</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.3.3	<p>The board should not agree 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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.5.1	<p>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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.5.2	<p>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 adviser 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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.5.3	<p>The board should ensure that directors, especially non-executive directors, have access to independent professional advice, at the NHS foundation trust's expense, where they judge it necessary to discharge their responsibilities as directors.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.5.4	<p>Committees should be provided with sufficient resources to undertake their duties.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.6.3	<p>The senior independent director should lead the performance evaluation of the chairperson.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.6.4	<p>The chairperson, with assistance 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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>

Provision	Summary:
B.6.5	<p>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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.6.6	<p>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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
B.8.1	<p>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 commitment to the role, without the board first having completed and approved a full risk assessment.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
C.1.2	<p>The directors should report that the NHS foundation trust is a going concern with supporting assumptions or qualifications as necessary.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
C.1.3	<p>At 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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
C.1.4	<p>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 lead by virtue of their effect on its assets and liabilities, or financial position or on the general course of its business, to a substantial change to the financial wellbeing, health care delivery performance or reputation and standing of the NHS foundation trust.</p> <p>b) The board of directors must notify Monitor and the council of governors without delay and should consider whether it is in the public interest to bring to public attention all relevant information which is not public knowledge concerning a material change in:</p> <ul style="list-style-type: none"> <li>i. The NHS foundation trust's financial condition;</li> <li>ii. The performance of its business; and/or</li> <li>iii. The NHS foundation trust's expectations 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.</li> </ul> <p><b><i>The Trust complies with this requirement.</i></b></p>

Provision	Summary:
C.3.1	<p>The board should establish an audit committee composed of at least three members who are all independent non-executive directors.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
C.3.3	<p>The council should take the lead in agreeing with the audit committee the criteria for appointing, re-appointing and removing external auditors.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
C.3.6	<p>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 of the NHS foundation trust.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
C.3.7	<p>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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
C.3.8	<p>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 reporting and control, clinical quality, patient safety or other matters.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
D.1.1	<p>Any performance-related elements of the remuneration of executive directors should be designed to align their interests with those of patients, service users and taxpayers and to give these directors keen incentives to perform at the highest levels.</p> <p><b><i>The Trust did not have a performance-related element of remuneration for Executive Directors during 2017/18.</i></b></p>
D.1.2	<p>Levels of remuneration for the chairperson and other non-executive directors should reflect the time commitment and responsibilities of their roles.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
D.1.4	<p>The remuneration committee should carefully consider what compensation commitments (including pension contributions and all other elements) their directors' terms of appointments would give rise to in the event of early termination.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
D.2.2	<p>The remuneration committee should have delegated responsibility for setting remuneration for all executive directors, including pension rights and any compensation payments.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>

Provision	Summary:
D.2.3	<p>The council should consult external professional advisers to market-test the remuneration levels of the chairperson and other non-executives at least once every three years and when they intend to make a material change to the remuneration of a non-executive.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
E.1.2	<p>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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
E.1.3	<p>The chairperson should ensure that the views of governors and members are communicated to the board as a whole.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
E.2.1	<p>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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>
E.2.2	<p>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.</p> <p><b><i>The Trust complies with this requirement.</i></b></p>

## Regulatory Ratings

On the 24 April 2013 the Trust signed Enforcement Undertakings with Monitor (a copy of which is on Monitor's website) in relation to the Trust's breaches of the A&E 4 hour target and highlighted potential weaknesses in Governance processes. Monitor's concerns were such that this was superseded on 4 August 2014 by imposition of an additional licence condition under section 111 of the Health and Social Care Act 2012 (a copy of which is available on Monitor's website). In July 2015 the additional licence condition relating to Governance was formally removed by Monitor in recognition of the actions taken by the Trust in response to recommendations made following an independent Governance Review completed by Deloitte LLP during 2014/15.

However, sustainable delivery of the A&E 4-hour waiting time standard has continued to be a major challenge, despite considerable efforts made by the Trust to improve performance against the target and this subject has continued to be a recurring theme of quarterly review meetings with NHS Improvement. In March 2017 NHS Improvement signalled its intention to conduct a formal review of the Enforcement Undertakings and this review was subsequently undertaken during the period June-July 2017. The review resulted in a Modification of the Additional Licence Condition dated 15 December 2017 requiring the Licensee i.e. the Trust, to address the following issues:

- a. Failure to take the action necessary to ensure compliance with the A&E 4 hour maximum waiting time standard on a sustainable basis;

- b. Lack of a clear vision and strategy around which the Licensee's board can determine its focus and priorities;
- c. 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;
- d. Failure to ensure that the Licensee's board and its committees have effective oversight of quality, safety, finances and A&E performance;
- e. Failure to respond sufficiently and in a timely manner to concerns identified by the CQC in its inspection of January 2016; and
- f. 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.

The Trust's progress in addressing these issues is subject to regular formal monitoring by means of monthly Enhanced Financial Oversight meetings and Quarterly Review Meetings with NHS Improvement. In addition, a Quality Improvement Board, now jointly chaired by GM Health & Social Care Partnership and NHS Improvement, meets on a monthly basis with a specific focus on quality matters and urgent and emergency care.

## **STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTING OFFICER OF STOCKPORT NHS FOUNDATION TRUST**

The National Health Service Act 2006 states that the Chief Executive is the Accounting Officer of Stockport NHS Foundation Trust. The relevant responsibilities of 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.

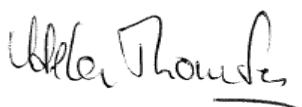
NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Stockport NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared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

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

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

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Stockport NHS Foundation Trust and to enable her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of Stockport NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



**Helen Thomson**  
**Interim Chief Executive**

**24 May 2018**

## **Annual Governance Statement 2017/18**

### **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 on-going 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 2018 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 is provided through:

- The Board of Directors with responsibility for overseeing all aspects of risk management
- The Audit Committee whose role is to receive and review assurance on the systems in place to manage risk
- The Chief Executive and the designated Executive Directors with responsibility for specific aspects of risk management
- The Safety and Risk Group, a group which reports to a sub-group of the Quality Committee, which has responsibility for organisation-wide co-ordination and prioritisation of risk management issues. The Group adopts a 'peer review' approach to provide guidance and encourage learning from best practice.
- An assessment of the level of risk management training that is required for staff and its delivery
- Review of the Risk Management Training Needs Audit matrix by the Safety and Risk Group which strengthens assurance that risk management training is effective, inclusive of a monitoring and review process
- Ensuring that employees with specific responsibilities for co-ordinating and advising on aspects of risk management have adequate training and development to fulfil their role
- The Trust's Risk Management Strategy, which clearly defines managers' levels of authority to manage and mitigate risks, according to risk scored ratings.

### **The risk and control framework**

The Trust has a Board-approved Risk Management Strategy which sets out our approach to the

management of risk and the system which assists in the identification, assessment, control and monitoring of risk. Risk management is recognised as a fundamental part of the Trust's culture and is firmly embedded in our philosophy, practices and business plans by means of appropriate training and development for employees with specific responsibilities for coordinating and advising on risk management.

Our risk assessment process, incident reporting and investigation and matters arising from complaints and claims are the principal sources of risk identification. The Trust has an open and accountable reporting culture and staff are encouraged to identify and report incidents by means of an online incident reporting tool. The Trust's Incident Reporting and Management Policy, currently under review, aims to ensure that when a serious event or incident occurs, there are systematic measures in place for safeguarding patients, property, resources and reputation. The policy ensures that a thorough investigation is undertaken and that any lessons learned are disseminated throughout the Trust and, if applicable, to other agencies to reduce the likelihood of a reoccurrence. The use of equality impact assessments and quality impact assessments is embedded in the Trust's business arrangements with the outputs of such assessments being used to inform risk mitigation activities where appropriate.

We use a '5x5 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 an appropriate level of escalation, management and scrutiny. The Risk Assessment process applies to all types of risk; clinical, financial, and operational, and risk registers are maintained by each of our Business Groups with registers subject to regular review at Business Group Quality Board meetings. Any risks with a residual risk score of 15 or above are placed on the Trust Risk Register which is monitored on a monthly basis by the Safety and Risk Group, Board-level Committees and the Board of Directors.

Any data security risks are subject to this same process, with escalation through to the Trust Risk Register where appropriate. The subject of data security is incorporated in annual Information Governance training which is mandatory for all staff with compliance levels monitored by the Information Governance & Security Group. A specific area of focus during 2017/18 has been preparation for the introduction of the General Data Protection Regulations (GDPR) in May 2018. The Trust's readiness for introduction of GDPR has been monitored by the Audit & Risk Committee and was also subject to review by Internal Audit which resulted in an assessment of significant assurance.

The Board Assurance Framework details the principal risks associated with delivery of the Trust's strategic objectives. Control measures and sources of assurance are clearly detailed in the Board Assurance Framework, together with details of any gaps in either control or assurance, and each entry has an associated action plan. The Board assesses the risk appetite for each of the principal risks and determines an appropriate acceptable level of risk. The relevant risk appetite is clearly stated in the Board Assurance Framework entry. The Board Assurance Framework is reviewed by the Board of Directors on a bi-monthly basis and the Board considers developments in the external environment in relation to inform Board Assurance Framework content. An Internal Audit assessment completed in March 2018 confirmed that *"The organisation's Assurance Framework is structured to meet the NHS requirements, is visibly used by the Board and clearly reflects the risks discussed by the Board"*.

Management capability, in terms of leadership, the availability of knowledgeable and skilled staff and adequate financial and physical resources, to ensure that processes and internal controls work effectively is routinely monitored by the Executive Team. In November 2017 the Board of

Directors completed a Well Led Review self-assessment against NHS Improvement Well Led Framework. Outcomes from the self-assessment will inform developments in practice and process in anticipation of an external Well Led Review in 2018/19. The Board monitors and reviews the system of internal control and, where necessary, will identify improvements to accountability arrangements, processes or capability in order to deliver better outcomes. In 2017/18 this included further development of the Board's Committee arrangements, each of which is chaired by a Non-Executive Director and reports directly to the Board. These Committees are:

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

Reports from the Assurance Committees, which detail key issues considered by the Committees and associated risks, are presented by the Committee chairs at each Board of Directors meeting. The format of key issues reports was reviewed during 2017/18 and an approach based on Alert, Assure and Advise headings was introduced in January 2018.

The foundation trust is fully compliant with the registration requirements of the Care Quality Commission. Further information on this area is included on page 98.

### **Key Organisational Risk in 2017/18 and 2018/19**

The risks to the principal objectives of the Trust, as identified in the Board Assurance Framework for 2017/18, were:

- Risk 1 - Emphasis on day to day operational delivery, in response to environmental pressures, results in lack of focus on strategic change programmes with consequent impairment or failure to deliver the Trust's Five Year Strategy
- Risk 2 - Failure to plan, resource and engage effectively with strategic change programmes impairs level of control and influence with a consequent detrimental impact on patient services.
- Risk 3 - Failure to achieve sustainable delivery of the 4-hour A&E target impairs quality of patient care and results in further regulatory intervention.
- Risk 4 - Inability to maintain and improve compliance with Care Quality Commission standards impairs patient experience, damages Trust reputation and results in regulatory intervention.
- Risk 5 - Failure to achieve the required level of cost improvement to deliver the Trust's financial plan with a consequent impact on patient services, increasing the likelihood of regulatory intervention.
- Risk 6 - Failure to prepare and deliver effective workforce plans supported by continuous professional development impairs the availability of workforce resources with a consequent impact on the delivery of patient services.
- Risk 7 - Failure to ensure efficient management of the EPR Project will mean the inability to realise the benefits expected to accrue from implementation of a comprehensive electronic system.

The principal risks to compliance with condition FT4 of the Trust's provider licence ('the FT governance condition') are as follows:

- 4-hour emergency department waiting time (target breached in all four Quarters during 2017/18)

The Trust remained in breach of its provider licence throughout 2017/18 as a result of failure to achieve the 4-hour Emergency Department target and Board members have continued to meet with NHS Improvement representatives at regular intervals to discuss the effectiveness of measures being taken to address weaknesses in performance. Clearly, the Trust's performance against the 4-hour emergency department standard has continued to be a key area of scrutiny due to non-achievement of the target in any Quarter during 2017/18. Delivery of this standard remains a risk in 2018/19. The Trust implemented initiatives to manage patient flows, which included the provision of additional bed capacity over and above winter plan levels and the cancellation of some elective activity. However, a combination of increased levels of high acuity patients and difficulties experienced in managing the effective discharge of patients with social care needs, had a significant impact on capacity.

In July 2017, the Trust, together with its partners from Stockport CCG, Stockport Metropolitan Borough Council, Viaduct Care and Pennine Care NHS Foundation Trust, approved a series of business cases for the Stockport Together programme. This programme is based on a collaborative approach to the implementation of new models of care as part of a sustainable and resilient solution for the Stockport health and social care economy. Work on implementing an Integrated Service Solution (ISS) commenced in earnest in October 2017 and each of the 10 schemes that make up the ISS was fully deployed by 30 April 2018.

On 28 February 2018, the Board of Directors agreed a revised set of strategic objectives for 2018/19. The principal risks to the strategic objectives are as follows:

- Failure to achieve the Implementation Plan for delivery of the 2018/19 Operational Plan impairs progress against the Trust Strategy.
- Failure to achieve the 2018/19 developments set out in the Quality Improvement Plan may impair clinical quality and patient experience.
- Failure to recurrently deliver the 2018/19 Cost Improvement Programme will result in an increased deficit position.
- A lack of management capacity has an adverse impact on the Trust's ability to effectively participate in strategic programmes.
- Failure to achieve the A&E 4-hour standard prevents removal of the Trust's additional licence condition with a consequent risk of further regulatory action.
- Failure to recruit to establishment results in over-reliance on agency cover with a consequent impact on workforce engagement and motivation.
- Failure to produce an Estates Strategy, and deliver Year One developments, impairs efficient use of the estate with a potential impact on service developments.

The governance framework described above will ensure that risks are identified and, where necessary, escalated for action from Business Groups to the Executive Team, Committees and the Board of Directors. Risks or developments that may have a consequent impact on quality of care will be identified through completion of quality impact assessments for business cases and cost improvement schemes. The outcomes of quality impact assessments are subject to validation by the Medical Director and the Chief Nurse & Director of Quality Governance. The

Trust will seek to engage proactively with public stakeholders in the management of any risks which may impact upon them.

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

### **Quality Governance Framework**

Stockport NHS Foundation Trust has arrangements in place for monitoring and continually improving the quality of care provided to its patients. The Board of Directors monitors performance against a suite of indicators relating to clinical, access and partnership and efficiency metrics through consideration of an Integrated Performance Report at each Board meeting. This report incorporates specific quality metrics relating to the following seven domains:

- Mortality
- Pressure ulcers
- C Difficile
- Dementia FAIR
- Falls
- Discharge summary / clinical correspondence
- Patient experience

Work was undertaken during the period October 2017 – March 2018 to review the format and content of the Integrated Performance Report to enhance the reporting of performance metrics across all areas. This review resulted in a more comprehensive set of quality indicators which will enable a greater degree of Board oversight across a wider set of metrics together with forward-looking analysis for each metric. Use of the revised quality metrics was piloted by the Quality Committee from January 2018 and the new form IPR will be used to commence reporting to the Board from April 2018.

The Trust is fully compliant with the registration requirements of the Care Quality Commission and had been subject to a CQC inspection in January 2016. The outcomes of this inspection were published in August 2016 and resulted in an overall rating of 'Requires Improvement'. A comprehensive action plan was prepared to address weaknesses identified during the inspection, with progress monitored by the Quality Committee and the Board of Directors. However, while progress had been made to address weaknesses, a follow-up inspection undertaken by the CQC on 22-23 June 2017 identified continuing weaknesses relating to nurse staffing, compliance with Deprivation of Liberty Standards, completeness of Do Not Attempt Resuscitation (DNAR) documentation, security of medicines and storage of hazardous products. The inspection report, published on 3 October 2017 included requirement notices under the following regulations:

- Regulation 10 Health & Social Care Act (RA) Regulations 2014 - Dignity and respect
- Regulation 12 Health & Social Care Act (RA) Regulations 2014 - Safe care and treatment
- Regulation 17 Health & Social Care Act (RA) Regulations 2014 - Good governance
- Regulation 18 Health & Social Care Act (RA) Regulations 2014 - Staffing

Immediate action was taken to address patient-safety related issues and a revised approach was

taken to resolution of other action areas with support and advice from NHS Improvement (NHSI). This support included the appointment of an NHSI Improvement Director in September 2017 with a specific remit to support the Trust in implementing best practice quality developments, both short and long term. The Trust also strengthened its leadership arrangements, with the appointment of a Chief Nurse & Director of Quality Governance in October 2017 and the subsequent appointments of a Deputy Chief Nurse and Deputy Director of Quality Governance.

Work was undertaken towards the end of 2017 to prepare a revised Quality Governance Framework (QGF) which was approved by the Board of Directors on 31 January 2018. The QGF includes a clear and robust management group structure, which covers Quality Governance, Patient Experience, Infection Prevention & Control, Safeguarding and Medicines Management, and provides a clear framework for the escalation of issues and reporting of assurance through to the Quality Committee and Board of Directors.

Having established a robust Framework, a Quality Improvement Plan was produced which sets out targeted developments across the following seven themes:

- High Quality Safe Care Plan
- Urgent Care Delivery
- Quality Improvement Initiatives
- Safe Staffing
- Safety Collaboratives
- Reducing Unwarranted Variation in Clinical Practice
- Quality Faculty

This is an ambitious plan that the Trust believes will deliver the improvements necessary to achieve a short-term goal of fulfilling the requirements for a CQC rating of at least 'Good' by January 2019 and the longer-term ambition of meeting the requirements to achieve an overall Trust CQC rating of 'Outstanding' by 2020. Progress against the Quality Improvement Plan will be monitored internally by the Quality Committee and Board of Directors and externally by the system Quality Improvement Board jointly chaired by representatives from the Greater Manchester Health & Social Care Partnership and NHS Improvement.

No Never Events were identified by the Trust during 2017/18.

## **Information Risks**

Specific risks relating to information governance, data protection and data quality are co-ordinated by the Information Governance and Security Group and overseen by the Finance & Performance Committee. As well as adopting proactive measures to prevent loss of data and improvements in data quality and cyber security, the Information Governance and Security Group ensures that specific procedures for detecting, reporting and dealing with any issues of data loss and breaches are in place. Other steps taken to safeguard against risks to information and cyber threats include:

- IT security controls for the encryption of all laptops and mobile devices including e-mail encryption software and restrictions on the use of removable media on all Trust computers.
- E-mail and web security controls and filters to protect against malicious software and websites
- Regular security updates and patching applied to computers and systems in accordance

with NHS Digital threat advisories and alerts.

- Independent security assessments and penetration testing of IT infrastructure and systems.
- On-going review of information flows of person identifiable data, internally and externally, and ensuring appropriate measures to maintain secure transfer of data.
- On-going review of information assets to ensure that they are appropriately risk assessed and that security measures are in place to maintain confidentiality, integrity and availability of data.
- Review and continued focus on security policies, procedures and guidance issued around handling and sharing of personal data in compliance with the Data Protection Act and General Data Protection Regulations which come into force on 25 May 2018.
- All staff are required to complete information governance e-learning as part of the Trust's mandatory training programme.

The Trust has a Board-level Senior Information Risk Owner (SIRO) with lead responsibility for ensuring that information risk is properly identified, managed and that appropriate assurance mechanisms exist. The SIRO role is undertaken by the Director of Support Services.

The overall Information Governance Toolkit self-assessment score for version 14.1 (2017/18) achieved 68% with all 45 of the requirements met at Level 2 standard or above. Action plans are in place to further improve performance during 2018/19. An Internal Audit review of Information Governance Toolkit evidence resulted in an assessment of Significant Assurance.

The Trust reported five serious IG incidents (level 2) to the Information Commissioner's Office (ICO) that occurred during 2017/18 which related to data loss or confidentiality breaches. All incidents were the subject to a full investigation, with appropriate action taken to mitigate risk of reoccurrence. No regulatory action was taken by the ICO in relation to three of the five incidents. The outcomes of the two remaining incidents (March 2018) are awaited from the ICO. A summary of the incidents is included below:

Date of Incident	Nature of Incident
July 2017	Disclosure of patient letter.
July 2017	Disclosure of handover sheet
December 2017	Disclosure of handover sheet
March 2018	Third party system failure resulting in misdirection of clinical correspondence
March 2018	Staff details passed to a third party

## Other risk areas

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the scheme are in accordance with the scheme rules, and that member pension scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Control measures are in place to ensure that all the organisation's obligations under equality,

diversity and human rights legislation are complied with.

The foundation trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's 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 draws on a range of assurance sources and material in its on-going review of 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 on the operational arrangements to secure economy, efficiency and effectiveness in the use of resources.

Assurance on the effectiveness of use of resources is also provided through scrutiny of performance against objectives and targets which is achieved through a number of channels, including:

- Approval of annual budgets by the Board of Directors
- Monthly reporting to the Board on key performance indicators covering access, finance, quality and workforce targets
- Scrutiny of performance against the financial plan 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 team performance review meetings with Business Groups.

Compliance with the NHS Foundation Trust Code of Governance is reviewed by the Audit Committee on a six-monthly basis as a core element of the Committee's work plan. Outcomes of these reviews inform the compliance declarations included at page 76 of the report. Work of the Audit, Nominations and Remuneration committees is included on pages 43, 46 and 58 of the report.

### **NHS Improvement Review of Trust Position**

On the 24 April 2013 the Trust signed Enforcement Undertakings with Monitor (a copy of which is on Monitor's website) in relation to the Trust's breaches of the A&E 4 hour target and highlighted potential weaknesses in Governance processes. Monitor's concerns were such that this was superseded on 4 August 2014 by imposition of an additional licence condition under section 111 of the Health and Social Care Act 2012 (a copy of which is available on Monitor's website). In July 2015 the additional licence condition relating to Governance was formally removed by Monitor in recognition of the actions taken by the Trust in response to recommendations made following an independent Governance Review completed by Deloitte LLP during 2014/15.

However, sustainable delivery of the A&E 4-hour waiting time standard has continued to be a major challenge, despite considerable efforts made by the Trust to improve performance against the target and this subject has continued to be a recurring theme of quarterly review meetings with

NHS Improvement. In March 2017 NHS Improvement signalled its intention to conduct a formal review of the Enforcement Undertakings and this review was subsequently undertaken during the period June-July 2017. The review resulted in a Modification of the Additional Licence Condition dated 15 December 2017 requiring the Licensee i.e. the Trust, to address the following issues:

- g. Failure to take the action necessary to ensure compliance with the A&E 4 hour maximum waiting time standard on a sustainable basis;
- h. Lack of a clear vision and strategy around which the Licensee's board can determine its focus and priorities;
- i. 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;
- j. Failure to ensure that the Licensee's board and its committees have effective oversight of quality, safety, finances and A&E performance;
- k. Failure to respond sufficiently and in a timely manner to concerns identified by the CQC in its inspection of January 2016; and
- l. 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.

The Trust's progress in addressing these issues is subject to regular formal monitoring by means of monthly Enhanced Financial Oversight meetings and Quarterly Review Meetings with NHS Improvement. In addition, a Quality Improvement Board, now jointly chaired by GM Health & Social Care Partnership and NHS Improvement, meets on a monthly basis with a specific focus on quality matters and urgent and emergency care. We expect that these monitoring arrangements will continue throughout 2018/19.

## **Annual Quality Report**

The Directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. NHS Improvement (in exercise of the powers conferred on Monitor) has issued guidance to NHS Foundation Trust boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the *NHS Foundation Trust Annual Reporting Manual*.

The steps that the Board has taken to assure itself that the Quality Report presents a balanced view, and that there are appropriate controls in place to ensure the accuracy of data, include:

- Seeking feedback on presentation and content of the Quality Report from commissioners, governors and other key stakeholders
- The data used for reporting quality metrics is regularly reviewed and triangulated against other performance measures, using a variety of different methods, including internal audit review. The Trust also engages with national coding audits and uses external benchmarking provided through Capita Health Knowledge Services (CHKS) to compare its performance with similar organisations.
- The development of underpinning policies and procedures to embed and sustain quality improvement, thereby enhancing longer-term achievement of quality objectives.

- Trust policies are available through the intranet and all staff are encouraged to participate in consultation around new and updated policies
- Quality services are monitored through the Business Group structure through to the Board-level Committee tasked with oversight of Quality Governance.
- The Trust celebrates achievement at quarterly celebration events launched to recognise and celebrate individuals and teams that have made an exceptional contribution to patient care.

The Trust assesses the quality and accuracy of elective waiting time data through testing against indicators detailed in the Data Quality Self-Assessment tool. Elective pathways are subject to regular validation in accordance with the Trust's Referral to Treatment Validation Procedure. The Procedure document details roles and responsibilities of staff in ensuring data quality and describes the schedule of validation reports and actions to minimise error rates. The implementation of Mandatory RTT training for relevant staff groups commenced in 2017/18 and supports local role based learning. Monthly RTT data quality audits are carried out by the Validation team to identify any areas of concern. Outcomes of audits have been regularly reported to the Audit & Risk Committee.

However, while there had been improvements in comparison to previous years, the external testing of mandated indicators, completed by Deloitte LLP to support a limited assurance opinion on the Quality Report, again identified weaknesses in data management process and practice relating to the 18-week incomplete Referral to Treatment indicator. The weaknesses resulted in a modified opinion for this specific indicator. Progress against actions to address the identified weaknesses will be monitored by the Audit & Risk Committee.

## **Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report attached to this Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and the other committees that form part of the Trust's assurance structure 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 a governance architecture with subject specific management groups at its foundations. Management groups, for example the Quality Governance Group or the Cash Action Group, report assurance, which may be positive or negative, and escalate emergent issues to a Board Assurance Committee. The Board-level Committees review reports from management groups, initiate further management action where necessary and report outcomes of each meeting to the Board of Directors by means of a key issues report based on an Alert, Assure and Advise approach.

The Audit & Risk Committee has a specific remit in assessing the effectiveness of internal control systems and considers the outcomes of work undertaken by Internal Audit to test system effectiveness at each meeting. This Committee also reviews assurance reports from management on system effectiveness and actions taken to address audit recommendations. The Audit & Risk Committee presents a key issues report to the Board following each meeting. The Board of Directors considers matters reported through the Committee key issues reports at each of its meeting and either acknowledges the assurances provided or determines where remedial action is required.

In describing the process that has been applied in maintaining and reviewing the effectiveness of the system of internal control I have detailed below some examples of the work undertaken during 2017/18.

My review has been informed by:

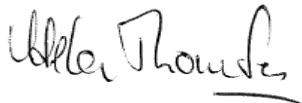
- The Board Assurance Framework which provides the Trust with evidence of the effectiveness of the system of internal controls that manage the principal risks to the organisation's strategic objectives. The Assurance Framework is subject to regular review by the Board of Directors.
- Internal Audit review of the Board Assurance Framework and the effectiveness of the overall system of internal control as part of the Internal Audit plan which is agreed by the Audit & Risk Committee.
- A positive Director of Audit Opinion which confirmed that there had been no deterioration in the control environment with an overall moderate assurance opinion on the system of internal control for 2017/18.
- The Trust continues to be registered with the Care Quality Commission without conditions.
- The process for the follow-up of audit recommendations which is monitored by the Audit Committee.
- Committees within the Board's committee structure having a clear timetable of meetings and a clear reporting structure which enables matters to be reported and/or escalated in a timely manner.
- Outcomes of the review of Enforcement Undertakings completed by NHS Improvement during the period June - July 2017.

The Trust has a comprehensive risk-based internal audit programme in place and the programme was delivered in full during 2017/18. Outcomes of the internal audit programme are reported to the Audit & Risk Committee and appropriately led action plans are in place to address any audits which result in a limited assurance assessment. The monitoring of governance processes is informed by an Integrated Performance Report, which includes a comprehensive set of indicators and is reviewed by the Board of Directors at each meeting. A data quality 'kite mark' is included for each indicator which indicates source of data, timeframe, method of calculation and whether data has been subject to validation. Data validation and availability is also tested as part of internal audit assessments, where appropriate.

The Trust has identified instances of 12-hour breaches over the winter period as a significant control issue. These instances are subject to incident investigation and outcomes used to identify means of strengthening controls to mitigate the risk of reoccurrence. The outcomes will be an area of specific focus in the development of our plans to manage the winter period 2018/19.

## **Conclusion**

My review confirms that Stockport NHS Foundation Trust has generally sound systems of internal control that support the achievement of its policies, aims and objectives. However, challenges related to operational pressures during the winter of 2017/18, and the consequent impact on patient flow, resulted in an unacceptable level of patients who experienced extended waits in the emergency department, despite much improved wait to be seen times, and were subject to breach of the 12-hour standard. This situation is considered to constitute a significant control issue. I am satisfied that each instance of a 12-hour breach was subject to comprehensive review and that no patient harm arose as a result of a breach. I am also assured that control arrangements are in place to mitigate the risk of reoccurrence.

A handwritten signature in black ink, appearing to read 'Helen Thomson', with a horizontal line underneath the name.

**Helen Thomson**  
**Interim Chief Executive**

**24 May 2018**

**ANNUAL QUALITY REPORT 2017/18 – To be inserted here**

## **Independent auditor's report to the Council of Governors of Stockport NHS Foundation Trust on the quality report**

We have been engaged by the Council of Governors of Stockport NHS Foundation Trust to perform an independent assurance engagement in respect of Stockport NHS Foundation Trust's quality report for the year ended 31 March 2018 (the 'Quality Report') and certain performance indicators contained therein.

This report, including the conclusion, has been prepared solely for the Council of Governors of Stockport NHS Foundation Trust as a body, in reporting Stockport NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the annual report for the year ended 31 March 2018, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and Stockport NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

### **Scope and subject matter**

The indicators for the year ended 31 March 2018 subject to limited assurance consist of the national priority indicators as mandated by NHS Improvement:

- Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period; and
- Percentage of patients with a total discharge time in A&E of 4 hours or less from arrival to admission, transfer or discharge.

We refer to these national priority indicators collectively as the 'indicators'.

### **Respective responsibilities of the directors and auditors**

The directors are responsible for the content and the preparation of the quality report in accordance with the criteria set out in the NHS foundation trust annual reporting manual issued by NHS Improvement.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the quality report is not prepared in all material respects in line with the criteria set out in the NHS foundation trust annual reporting manual and supporting guidance
- the quality report is not consistent in all material respects with the sources specified below and
- the indicators in the quality report identified as having been the subject of limited assurance in the quality report are not reasonably stated in all material respects in accordance with the NHS foundation trust annual reporting manual and supporting guidance and the six dimensions of data quality set out in the Detailed requirements for external assurance on quality reports.

We read the quality report and consider whether it addresses the content requirements of the NHS foundation trust annual reporting manual and supporting guidance, and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the quality report and consider whether it is materially inconsistent with:

- board minutes for the period April 2017 to 17 May 2018
- papers relating to quality reported to the board over the period April 2017 to 17 May 2018
- feedback from commissioners, dated 17 May 2018
- feedback from governors, dated May 2018

- feedback from local Healthwatch organisations, dated 04 May 2018
- feedback from the Overview and Scrutiny Committee dated 14 May 2018
- the trust's quarterly complaints reports published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009 for Q1, Q2, Q3 and Q4 of 2017/18
- the latest national patient survey, January 2018
- the latest national staff survey, dated 6 March 2018
- the report arising from the Care Quality Commission inspection on 21,22 and 28 March 2017, published 3 October 2017
- the Head of Internal Audit's annual opinion over the trust's control environment, dated March 2018

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively, the 'documents'). Our responsibilities do not extend to any other information.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

### **Assurance work performed**

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicators
- making enquiries of management
- testing key management controls
- limited testing, on a selective basis, of the data used to calculate the indicator against supporting documentation
- comparing the content requirements of the *NHS foundation trust annual reporting manual* to the categories reported in the quality report
- reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

### **Limitations**

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques that can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the quality report in the context of the criteria set out in the *NHS foundation trust annual reporting manual*.

The scope of our assurance work has not included testing of indicators other than the selected mandated indicators, or consideration of quality governance.

### **Basis for qualified conclusion**

The annualised 18 week referral to treatment indicator is calculated as an average based on the percentage of incomplete pathways which are incomplete at each month end, where the patient has been waiting less than the 18 week target. Our procedures included testing a sample of 25 pathways, and so the error rates identified from that sample should not be directly extrapolated to the population as a whole.

We identified the following errors:

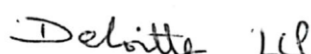
- 1 instance where the actual stop date was one week earlier than reported due to delay in communication between consultant and waiting list management officer.
- 1 instance where there was no evidence to support recorded pathway close date, in this case being the date when the patient was referred to another Trust for treatment.
- 1 instance where start date cannot be proven as no date stamp on referral letter received from GP. Letter is dated earlier than recorded start date in PAS.
- 1 instance where the recorded start date was too late as a period of active monitoring had not been included at the beginning of the pathway.
- 3 instances where the pathway had been closed inappropriately early when the patient was still waiting for treatment.

As a result of the issues identified, we have concluded that there are errors in the calculation of the “percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period” indicator for the year ended 31 March 2018. We are unable to quantify the effect of these errors on the reported indicator.

### **Qualified conclusion**

Based on the results of our procedures, except for the matters set out in the basis for qualified conclusion section of our report, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2018:

- the quality report is not prepared in all material respects in line with the criteria set out in the *NHS foundation trust annual reporting manual*
- the quality report is not consistent in all material respects with the sources specified above and
- the indicators in the quality report subject to limited assurance have not been reasonably stated in all material respects in accordance with the *NHS foundation trust annual reporting manual* and supporting guidance.



Deloitte LLP  
Leeds  
24 May 2018

## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS AND BOARD OF DIRECTORS OF STOCKPORT NHS FOUNDATION TRUST

### Report on the audit of the financial statements

#### Opinion

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**In our opinion the financial statements of Stockport NHS Foundation Trust (the 'foundation trust') and its subsidiaries (the 'group'):**

- **give a true and fair view of the state of the group's and foundation trust's affairs as at 31<sup>st</sup> March 2018 and of the group's and foundation trust's income and expenditure for the year then ended;**
- **have been properly prepared in accordance with the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts; and**
- **have been prepared in accordance with the requirements of the National Health Service Act 2006.**

We have audited the financial statements which comprise:

- the group and foundation trust statements of comprehensive income;
- the group and foundation trust statements of financial position;
- the group and foundation trust statements of cash flow;
- the group and foundation trust statements of changes in taxpayers' equity;
- the related notes 1 to 44.

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

#### Basis for opinion

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

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

#### Material uncertainty relating to going concern

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We draw attention to note 1.1.2 in the financial statements, which indicates that the group recorded a deficit during the year ended 31 March 2018 of £21.95m and are forecasting £34.0m deficit for the 2018/19 year end. Cash during the year fell from £23.7m to £15.5m and additional working capital funding is anticipated to be required during quarter one of 2018/19.

In response to this, we:

- reviewed management's controls in place over the forecasting of their financial position and cash requirements into 2018/19, including the Board paper prepared and reviewed confirming the intention to prepare the financial statements under the going concern assumption;
- reviewed the foundation trust's 2018/19 plan including cash flow forecasts and the planned CIP for 2018/19, including the profile of these savings. We have considered assumptions driving this forecast for 2018/19 and have reviewed management's sensitivity analysis to understand the level of risk in the forecast position;
- reviewed the potential funding arrangements available to maintain the minimum cash balance proposed by the Trust and the timing of when these would be required.

As stated in note 1.1.2, these events or conditions, along with the other matters as set forth in note 1.1.2 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the group's and the foundation trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Summary of our audit approach



<b>Key audit matters</b>	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> <li>• NHS Revenue Recognition</li> <li>• Going Concern (see 'material uncertainty relating to going concern' section above)</li> <li>• Arrangement to secure value for money (see 'matters on which we are required to report by exception – use of resources' section)</li> </ul> <p>Within this report, any new key audit matters are identified with  and any key audit matters which are the same as the prior year identified with .</p>
<b>Materiality</b>	The materiality that we used for the group financial statements was £5.71m which was determined on the basis of 2% of total income.
<b>Scoping</b>	All audit work for the Group was performed directly by the group audit engagement team and accounts for 99% of the Group's net assets and 95% of the Group's deficit for the year.
<b>Significant changes in our approach</b>	Property valuations was not been identified in 2017/18 as a key audit matter as there were not any significant changes to the MEA alternate site approach, and a desktop revaluation was performed.



### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the 'material uncertainty relating to going concern' section and 'matters on which we are required to report by exception – use of resources' section, we have determined the matters described below to be the key audit matters to be communicated in our report.

NHS Revenue Recognition 	
<p><b>Key audit matter description</b></p> 	<p>As described in note 1.4, Income and note 1.2, Critical judgements in applying accounting policies and sources of estimation uncertainty, there are significant judgements in recognition of revenue from care of NHS patients and in provisioning for disputes with commissioners due to:</p> <ul style="list-style-type: none"> <li>• the complexity of the Payment by Results regime, in particular in determining the level of overperformance revenue to recognise;</li> <li>• the judgemental nature of provisions for disputes, including in respect of outstanding overperformance income for quarters 3 and 4; and</li> </ul> <p>Details of the Group's income, including £242.6m of income from CCGs and NHS England, are shown in note 3 to the financial statements. NHS</p>

	<p>debtors are shown in note 24.1 to the financial statements.</p> <p>The Group earns revenue from a wide range of commissioners, increasing the complexity of agreeing a final year-end position. The settlement of income with Clinical Commissioning Groups continues to present challenges, leading to disputes and delays in the agreement of year end positions.</p>
<p><b>How the scope of our audit responded to the key audit matter</b></p> 	<p>We evaluated the design and implementation of controls over recognition of Payment by Results income.</p> <p>We performed detailed substantive testing on a sample basis of the recoverability of overperformance income and adequacy of provision for underperformance through the year, and evaluated the results of the agreement of balances exercise.</p> <p>We challenged key judgements around specific areas of dispute and actual or potential challenge from commissioners and the rationale for the accounting treatments adopted. In doing so, we considered the historical accuracy of provisions for disputes and reviewed correspondence with commissioners.</p> <p>We reviewed the key changes and any open areas in setting 2018-19 contracts, and considered whether, taken together with the settlement of current year disputes, there were any indicators of inappropriate adjustments in revenue recognised between periods.</p>
<p><b>Key observations</b></p> 	<p>We are satisfied that the NHS revenue has been appropriately recognised.</p>

### Our application of materiality

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

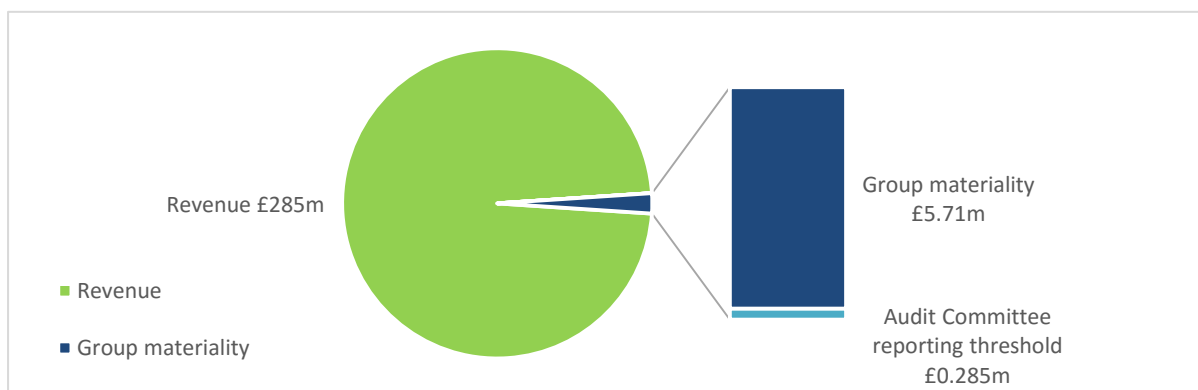
Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Foundation Trust	Group
<b>Materiality</b>	£5.71m (2016/17: £6.06m)	£5.72m (2016/17: £6.07m)
<b>Basis for determining materiality</b>	2% of total income (2016/17: 2% of total income)	2% of total income (2016/17: 2% of total income)

#### Rationale for the benchmark applied

Total foundation trust income was chosen as a benchmark as the foundation trust is a non-profit organisation, and revenue is a key measure of financial performance for users of the financial statements.

Total income was chosen as a benchmark as the foundation trust is a non-profit organisation, and revenue is a key measure of financial performance for users of the financial statements.



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £285k (2016/17: £250k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

#### An overview of the scope of our audit

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

The focus of our audit work was on the foundation trust, with work performed at the foundation trust's head offices in Stockport directly by the audit engagement team, led by the audit partner.

Our audit covered the primary foundation trust entity within the Group which accounts for 99% of the Group's net assets and 95% of the deficit for the year.

At the Group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement in the aggregated financial information of the remaining components that are not subject to audit or audit of specified account balances.

#### Other information

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

***We have nothing to report in respect of these matters.***

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

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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.

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### **Responsibilities of accounting officer**

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

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

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### **Auditor's responsibilities for the audit of the financial statements**

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

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

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### **Report on other legal and regulatory requirements**

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

In our opinion:

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

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#### **Matters on which we are required to report by exception**

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##### **Use of resources**

We are required to report to you if, in our opinion the NHS Foundation Trust has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

##### **Bases for qualified conclusion**

We consider the following matters to be relevant to the foundation trust's arrangements to secure economy, efficiency and effectiveness:

- The foundation trust was subject to enforcement action by NHSI throughout 2017/18 in relation to its breach of the A&E 4 hour maximum waiting time target. In addition,

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urgent and emergency services were rated inadequate by CQC in their latest inspection report. More detail of which can be found in the Regulatory Ratings section of the Annual Report on page 91, and the Quality Report on page 106. Urgent care continues to be an area of focus for the foundation trust.

This is evidence of weakness against the 'value for money' criteria of planning, organising and developing the workforce effectively to deliver strategic planning priorities.

- Whilst the trust exceeded its financial plan for the period, it reported a deficit of £21.95m in 2017/18. The foundation trust was subject to an undertakings review by NHSI in 2017/18 which raised concerns about the absence of a financial plan to return the organization to a break even position. In addition the trust was unable to agree a control total for 2017/18, nor has it been able to achieve the planned level of recurrent CIPs to prevent a further increase in the deficit forecast in 2018/19, more detail of which can be found in the Financial Review on page 23, the finance review. This is evidence of weakness against the 'value for money' criteria of planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

#### Qualified conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller & Auditor General in December 2017, with the exception of the matters reported in the bases for qualified conclusion paragraph above, we are satisfied that, in all significant respects, Stockport NHS Foundation Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

#### Annual Governance Statement and compilation of financial statements

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

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, is misleading, or is inconsistent with information of which we are aware from our audit; or
- proper practices have not been observed in the compilation of the financial statements.

***We have nothing to report in respect of these matters.***

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

#### Reports in the public interest or to the regulator

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

- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit; or
- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the foundation trust, or a director or officer of the foundation trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.

***We have nothing to report in respect of these matters.***

## Certificate

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

## Use of our report

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



Paul Thomson ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds

24 May 2018

**Stockport NHS Foundation Trust**

**Annual Accounts for the year ended 31 March 2018 – To be inserted here**