Excellence as our standard

NHS
North Tees and Hartlepool
NHS Foundation Trust

ANNUAL REPORT AND ACCOUNTS 2021|22

North Tees and Hartlepool NHS Foundation Trust

Annual Report and Accounts 2021-2022

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

Contents

Welcome

North Tees and Hartlepool NHS Foundation Trust is a Care Quality Commission (CQC) 'GOOD' rated organisation. Our organisation supports the health and care needs for over 400,000 people across Stockton, Hartlepool and parts of County Durham. Additionally we run breast and bowel screening for a wider geographical footprint across the Tees Valley and North Yorkshire.

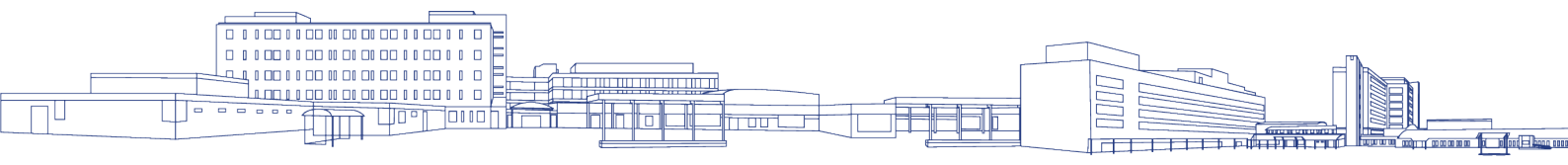
Our Trust has two main hospital sites – University Hospital of North Tees and University Hospital of Hartlepool. Additionally, we have a community hospital in Peterlee, a community hub in Lawson Street Health Centre in Stockton and offer community service provision at One Life Hartlepool. We also provide further community services at over 50 other locations within our region.

We are an integrated hospital and community-based provider with an ambition to drive for positive population health for all of our communities. As an anchor organisation within the region, we are dedicated to collaborative partnership working, not only across the health and care landscape but also with other key partners and organisations – locally, regionally and nationally who can support our continued drive to a more aspirant population landscape for all whom we work to support.

We are part of the North East and North Cumbria Integrated Care System (ICS), and at a local level we work as part of our Integrated Care Partnership (ICP). Working as part of these systems helps us to drive and influence connected positive change across our region, and we continue to commit to this.

We are a high performing organisation and our dedication to recovery post the COVID-19 pandemic has ensured our patients continue to have access to the best possible care, with flexibility and quality of care at the centre. We continue to embody 'excellence as our standard' in all that we deliver. In March 2020 – we announced that every colleague working within our Trust was a 'key worker' – recognising the importance of every single staff member and their contribution to patient care.

We employ over 5,700 staff across our organisation and drive the recognition of every colleague working for us in the delivery of safe, effective, impactful care to all of our patients.



1. Chairman's Statement

As the joint chair for both North Tees and Hartlepool and South Tees Hospitals NHS Foundation Trust, I am proud to present the report for North Tees and Hartlepool for 2021-22.

I would like to offer my thanks to Julie Gillon, Chief Executive, the executive and non-executive team and all of the staff at the Trust for their continued dedication to the patients and communities they support across the Tees Valley and North Yorkshire. I would also like to offer my gratitude to Neil Mundy, our previous interim joint chair until July 2021, who led and guided our board with expertly prior to my appointment in September 2021.

This publication is a review and reflection of the year passed. It outlines the organisations achievements and successes, and allows us to reflect on our achievements to date and to support further improvements to our health and care services for the populations we serve.

The events in recent years have changed the landscape of health and care provision. The staff have worked tirelessly through COVID with the challenge of how we recover as an organization and system to manage demand effectively. We see this period of time ahead of us now as an opportunity to evolve how we work with our patients and communities to future proof this region. Collaboration remains key to continued recovery and to our ability to provide the best care for patients and optimal working conditions for staff.

Our strategy and influence must embrace Teesside, Tees Valley and the newly evolving integrated care system. This and our ambitions for a health and care strategy to support a more aspirant community for the Tees Valley and beyond are intrinsically linked to this. As we become more connected as. public bodies, our hope is to realise these ambitions and implement real powerful positive change for the region. Working with colleagues at South Tees Hospitals NHS Foundation Trust, we have now evolved our board from that of a 'strategic' partnership to a 'joint partnership board', heralding the direction of travel to a more sustainable collaboration for all.

The Trust has always had a strong and robust governance structure in place. However, a discussion with NHS England and NHS Improvement to manage structural leadership covering the two Foundation Trusts in Tees Valley led to a formal review by the regulator of governance at this Trust in February 2022. Unfortunately, four Non-Executive Directors resigned their roles during this difficult period.

However, working with the Trust Board and our Governors we acted swiftly to recruit and appoint interim Non-Executive Directors to ensure we maintained business as usual and were in full compliance with our statutory responsibilities. I wish to thank those outgoing colleagues for their commitment and support to the Trust. I welcome our new Non-Executive Directors and their knowledge and expertise as we move forward in what will remain challenging times for the NHS.

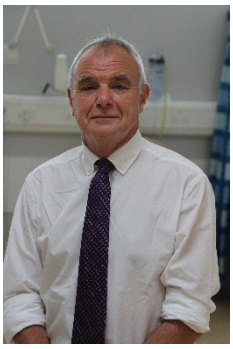
There are other challenges, however, that face us all. Not least the increase in the cost of living and in particular energy costs which have been influenced by the tragic events in Ukraine, and the impact on the supply of gas and utilities from Russian-owned companies which has impacted on a number of NHS organisation up and down the country, including our own Trust.

The Trust, via its subsidiary NTH Solutions, and working in close partnership with our suppliers, have helped support the provision of urgently needed medical supplies into Ukraine supplying trauma and medical healthcare medical supplies directly into Ukraine. We also worked collaboratively with our ICP partners to support the Medical Aid Ukraine appeal.

Global challenges, and those linked to our climate and sustainability, continue to focus our teams on reducing our carbon footprint in the most efficient way possible. Reducing our emissions to net zero as part of the Government's de-carbonisation agenda is a key ambition for the Trust by 2030. We have set out our Green Plan to help us do this and our staff are key to achieving this through minimising waste, using sustainable transport, energy conservation and we look forward to working with our local partners to help achieve some of our aims.

We cannot detract from the major health inequalities though that affect the local population, and we must move forward by working with all partners to design and deliver a service fit for the future that combines health promotion and prevention with timely and high quality care for all. The dedication to the continued transformation of our services remains our priority ensuring we are leaders in our field, and the evolvement of traditional methods of service delivery will be key in achieving our ambitions.

Our staff are the most valuable resource and are the driving force behind our dedication to patient care.



Derek Bell
Joint Chairman

2. Chief Executive's Statement

2021-22 presented our Trust with both challenge and opportunity. Our ambitions to deliver continued high quality, safe care to our patients remains, as always, our number one priority.

I am delighted to share our annual report, which offers an opportunity to reflect and review, whilst also acknowledging our work throughout the course of the last year. The report always presents us with a chance to refocus and build on our goal to becoming a CQC 'outstanding' rated organisation.

Our focus for the past year has been firmly on a safe recovery from the COVID-19 world health pandemic. Colleagues right across our hospital and community sites have been supporting challenging any backlogs, reducing our waiting lists and providing support to those who need our services most. I continue to be overwhelmed by the dedication our staff demonstrate in adapting to new ways of working in the wake of the pandemic. When I talk about challenge and opportunity – it is the 'can do' attitude of our entire workforce that continues to innovate, taking what we do as an organisation to the next level.

In harnessing much of the learning from the past two years, we have made significant steps in repositioning how best we can support our communities to move forward. The health inequalities that were exacerbated by COVID-19 are explicit amongst the populations we serve. This has meant a renewed vigor in our approach to population health and critically our continued dedication to collaborative working. The partnerships we have invested in for the betterment of our populations continue to flourish.

During the course of the year, we were awarded the 'Towns Deal' monies from the government to build an ambitious health and care education facility for Hartlepool. Working alongside our partners at Hartlepool College of Further Education and Hartlepool Borough Council, our health and care academy at University Hospital of Hartlepool will support investment in education and employment.

The award is an example of the strong collaborative approach that we have developed not just with our local authority partners within our locality, but with all of the key stakeholders with whom we work in partnership with to enhance and improve our services to the communities that we serve.

As an anchor organisation in Teesside, we recognise our responsibilities beyond that of a health and care provider to our populations. With the ambitious re-generation plans for the region taking shape, we are aware of the part our organisation can contribute – via the creation of a sustainable workforce model, creating more entry positions for our communities to working in the NHS via our renowned team support worker roles to our digital advances for our clinical services, ensuring we enable our communities to take more control of their own health outcomes.

Our staff survey results this year highlighted our culture of inclusivity and compassion, supporting our ambitions to empower or workforce even further than ever before. There is still also work to build upon, and the results help guide our strategic plans for the year(s) ahead to ensure we are a destination employer regards both attraction and retention of good staff.

Our 100 Leaders initiative has delivered our first cohort of learners – delivering their courageous changes for both patients and staff that will improve our services, our landscape and our patient and staff experience of the future. We look forward to welcoming the projects of cohort two over the coming months.

I would like to extend my thanks to both our staff and our communities and indeed our partners in their ongoing dedication to this organisation. It is the commitment to quality-driven, safe care that assures us all that our Trust always puts patients first.

Julie Gillon
Chief Executive

3. Performance Report

3.1 Overview of the Trust

This section of our Annual Report provides information about the Trust including its vision and values, the services that we provide and who we provide those services to. The Chief Executive's statement outlines our success in operational performance and highlights some of the challenges we face, a more in depth overview and how we are addressing them can be found in this section.

Our History

North Tees and Hartlepool NHS Foundation Trust was formed when North Tees Health NHS Trust and Hartlepool and East Durham NHS Trust merged on 1 April 1999. We were authorised as an NHS Foundation Trust in December 2007. Since then, we have grown and employ over 5,500 staff who provide a wide range of health and healthcare services across and beyond its catchment area.

Key facts about us:

- The Trust is an integrated hospital and community services healthcare organisation;
- We provide a range of health and care services to support more than 400,000 people living in Hartlepool, Stockton and parts of County Durham;
- Care is delivered from two main acute hospital sites, the University Hospital of Hartlepool and the University Hospital of North Tees in Stockton-on-Tees;
- Care for patients in the community has been provided since 2008 and these services are provided in a number of community facilities across the area, including Peterlee Community Hospital and the One Life Centre, Hartlepool;
- Integrated Urgent Care Services are delivered, in alliance with Hartlepool and Stockton Health (the local GP Federation) and the North East Ambulance Service, at both hospital sites;
- The Trust provides bowel and breast screening services, as well as community dental services to a wider population in Teesside and Durham and has an annual

turnover of around £380 million, and;
- The Trust has a Council of Governors with 34 members; representing the public, staff and stakeholder organisations.

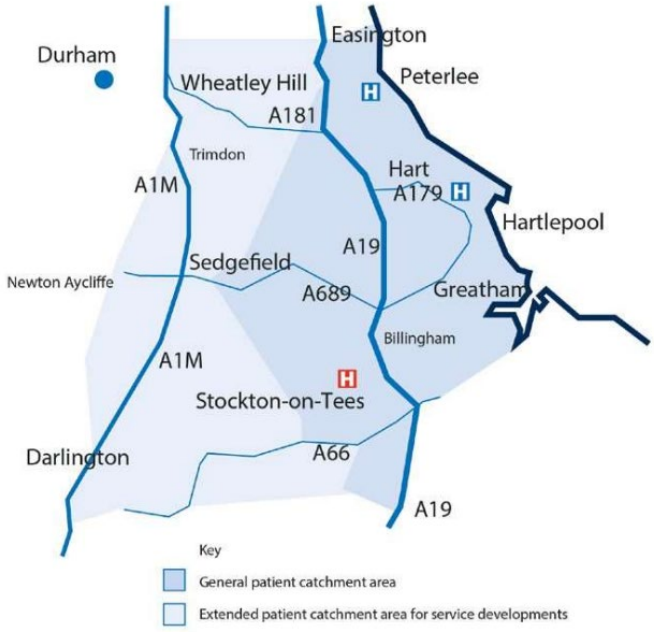
Being a foundation trust means the Trust does not report directly to the Department of Health and Social Care; instead, we report to the local people through our Council of Governors and are regulated, independently, by NHS England and NHS Improvement and the Care Quality Commission.

Our vision for the Trust of 'Providing the best possible healthcare for everyone in our Population' means that our primary focus is about ensuring that we have the right health and care services for every member of the community, and that this may not necessarily be the traditional community of North Tees and Hartlepool. With integrated care a priority and a focus for system working, as a Foundation Trust we will work even more closely with our partners within the immediate geography of Tees Valley and further afield across North East and North Cumbria.

We know that health inequalities is not defined by geographic boundaries, so we work closely with our immediate neighbouring Foundation Trusts and key stakeholders so that local people, service users and carers, including those who support and represent them, can have much more influence over how those services are managed and improved, ensuring accessibility to all. We now have around 11,000 members, drawn from the local community and our staff.

Our Geography

The map below shows the current catchment population of the Trust, reflecting the service developments around screening programmes and bariatric surgery collaboration. The general catchment population of the Trust is shown by the darker shading.



We continue to provide a diverse range of services from the two hospital sites, and a range of community services, which are delivered from community clinics and through integrated intermediate care services, in partnership with social care, to people within their own homes. Many of these services are inter-related and span across patient pathways. However, we are forging greater links and collaborations with our neighbours and colleagues within South Tees Hospitals NHS Foundation Trust and County Durham and Darlington NHS Foundation Trust in order that we deliver our services to any and all members of the Tees Valley and North Yorkshire population and it is this focus that provides the strategic direction for the Trust moving forward. The following table provides an overview of the Trust's service profile:

Service Profile 2021-22	
Acute Service	**Community Services across Stockton, Hartlepool and Peterlee**
Alcohol Care Team	Asthma and Tuberculosis Services
Allied Health Professionals	Audiology
Anaesthetics (including Pain management)	Cardiac Services
Acute Oncology Team	Community Integrated Assessment Team (CIAT)
Cardiology	Community Matrons
Care of the Elderly	Community Paediatrics
Diabetic Medicine	Continence Advisory Service
Haematology	Dementia Liaison Service
General Medicine	Diabetes Nursing
Gastroenterology	Diabetic Retinopathy Screening Service
Respiratory Diagnostics	Ear Nose and Throat Outreach Service
Respiratory Medicine	Holdforth hub
Critical Care	Musculoskeletal Services
Stroke	Nutrition and Dietetics
Rheumatology	Occupational Therapy (Adults & Children)
Endoscopy including Bowel Screening	Orthotics
Breast Screening and Surgery	Phlebotomy
Colorectal	Physiotherapy (Adults and Children)
Bariatric	Podiatry
Urology	Podiatric Surgery and Hand and Wrist Surgery
Upper Gastrointestinal	Respiratory/Hospital at Home
General Surgery	Integrated Single Point of Access (iSPA) Clinical Triage
Trauma and Orthopaedics including spinal services	Specialist Palliative Care/Macmillan Nursing
Outpatient Services	Speech and Language Therapy (Adults and Children)
Gynaecology, Pregnancy Assessment Clinic and Early Pregnancy Assessment Clinic	Stop Smoking Service
Paediatric Services including Neonatal	Teams Around the Practice (TAPS)
Obstetrics and Midwifery Services	Tees-wide Community Dental Services
Pharmacy	Wheelchairs
Radiology	Rapid Response
Pathology	
Psychology	
Tobacco Treatment Service	
Cancer Unit	
Emergency Department – Trauma Unit Status	
Urgent Care Service	
Bereavement Services	
Research & Development	
Visiting Specialties	
Dermatology Outpatients	Oral Surgery/Orthodontics Outpatients
Ear Nose and Throat Outpatients	Plastic Surgery Outpatients
Genetics	Vascular
Nephrology	Neurology
Ophthalmology	

3.1.1 Business Review

3.1.2 Trust Strategic Direction

Providing high quality services to over half a million residents within the immediate geographic area of our Trust, we are committed to, and play an active part in the health and social cohesion agenda in partnership and collaboration with all key partners. This wider collaboration enables the Trust to focus on the wider health of our population and to contribute to the reduction of health disparities in some of our more disadvantaged communities.

Our focus on system-wide working and local collaboration means that we can continue to explore new models of care with our partners in primary, secondary, mental health and public health that help to improve the pathways for our patients and the local health economy.

Improving the health and care for our population is not something that we can do alone. We demonstrate a firm commitment to partnership working at all levels within our Trust and particularly with some of our closest neighbours and stakeholders.

Along with our neighbouring Trust at South Tees Hospitals NHS Foundation Trust we appointed a new joint chair to help us guide and navigate our way through some of the more challenging times for our staff during the latter part of the pandemic in 2021. Our vision that we developed for the Trust pre-pandemic - *'Providing the best possible health and care for everyone in our population'* – remains unchanged. Through the expertise, skills and knowledge of our talented individuals within our workforce, we continue to aim for 'excellence as standard'.

We are fully committed to ensuring that our health and care services are fully integrated within the wider North East and North Cumbria Integrated Care System and we will continue to collaborate with all of our partners at a local level to ensure that the aims and ambitions of the NHS Long Term

Plan are fully reflected in the work that we do and the outcomes that we achieve.

We will deliver our objectives in a sustainable way, ensuring our clinical, operational and financial objectives are both efficient and effective, and maintain a level of stability that is expected of a leading Foundation Trust, but we also aim to deliver sustainability in other ways.

The Trust is committed to the Green agenda and is playing its part in contributing to achieving net zero carbon emissions for the NHS by 2030. We have already published our Green Plan which sets out how we intend to decarbonise our estate and facilities and we are making significant in-roads by way of waste and energy management.

Key to this is the development of our Estate Strategy for the next ten years where we have set out our plans for a new, redeveloped hospital estate that provides better adjacencies for patients and staff so that we can provide the level and type of services in buildings and surroundings that are fit for purpose for a modern era. This allows and enables the Trust to integrate other services into the fabric of the building so that we can better serve our population by helping to reduce wider health disparities within some of our more disadvantaged communities in collaboration with our partners in primary care and public health.

In 2020-21, we talked about ensuring greater financial stability beyond 2021. We are proud to say that we have achieved that aim, and our financial performance at section 6 of this report illustrates a significant improvement which is testament to the efforts of all of our staff to ensure our services are not only safe, effective and of high quality, but they are efficient and reflect a high value for money for the public purse.

The Trust will continue to strive for greater efficiencies without compromising the effectiveness of its clinical pathways within an integrated system.

3.1.3 Development and service improvement

Our strategy for the future embraces collaborative working, reflects the requirement for a dynamic integrated care partnership and is fully aligned with the relevant priorities set out in the NHS Long Term Plan. In addition to this, the strategic approach has been met by working in partnership with all health and wellbeing boards within the localities, enabling alignment between Trust priorities and those identified with the Joint Strategic Needs Assessments (JSNA) and the health and wellbeing board strategies.

We are acutely aware that the provision of healthcare needs to change – locally, regionally and nationally. The type of healthcare that our Trust will provide in future will be targeted towards individual need with a focus on specific groups in society. Whilst we will always concentrate on our core business of providing the highest quality acute secondary care, we will provide a clear focus on addressing some of the determinants of ill health which are deep rooted within our communities and neighbourhoods, particularly those that later result in hospital admissions. This is reflected in the strategic approach the organisation is taking with partners, stakeholders and commissioners when it comes to the integration and redesign of services. Members of our communities can continue to access the full compendium of services from personalised care and social prescribing, through to tertiary treatments with an emphasis on more treatment outside of the traditional hospital boundaries.

The re-development and re-design of pathways within an acute, primary and social care setting is pivotal to the transformation and sustainability of the wider health economy within the region, and our Trust will play a critical part in the process. Ensuring the delivery of high quality services whilst delivering a challenging cost improvement programme alongside the constraints that come with an ever-changing local health economy is a balancing act that continues to be a high priority for the Board of Directors of this Trust.

Service Developments

Over the last year our organisation has worked to achieve significant innovation and change, not least demonstrated with the need to move at pace in order to respond, support and address the significant impact of the COVID-19 pandemic on services. The changes to service delivery encompassed responding to Infection Prevention Control measures, delivery of the vaccination programme and supporting our staff with an increased health and well-being offer. Other developments include:

Care Group 1 – Healthy Lives

- New technologies and procedures that have enabled movement of gynaecological procedures into outpatient settings, resulting in reduced recovery times for patients.
- Recruitment of an Outpatients Practice Development Lead.
- Development of the under-fives Neurodevelopmental pathway.

Care Group 2 – Responsive Care

- A remodelled Emergency Department footprint to establish capacity, which can facilitate sufficient segregation of patients and avoid crowded waiting areas, reducing risks to infection control.
- Expansion of the Emergency Department joint appointments between North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust.
- Development of a Respiratory Support Unit (RSU) to accommodate enhanced respiratory care.

Care Group 3 – Collaborative Care

- Implementation of the i-MSK / secondary pain management model.
- The introduction of a hot stone pathway in partnership with South Tees Hospitals NHS Foundation Trust.
- Development of a collaborative solution to the spinal services capacity across the ICP, addressing the backlog of patients waiting and providing a sustainable service model for future provision.

Clinical Support Services

- The implementation of digital pathology, which has enabled remote reporting. The use of the National Pathology Exchange (NPEX) provided resilience during the COVID-19 response supporting off-site referrals to other labs in the region, and allowing results to be electronically returned and automatically issued to requesting users.
- Implementation of the Rapid Diagnostic pathway for patients presenting with vague symptoms. The aim of which to swiftly investigate patients with non-specific symptoms in an effort to diagnose cancers at an earlier stage.

Corporate

- Delivery of the COVID-19 vaccination programme for staff and patients with the offer of co-administration of the annual influenza vaccination.
- A greater focus on staff health and wellbeing, building on the success of a number of initiatives, work continues ensuring the variety of wellbeing offers across the Trust are co-ordinated with support from Psychology, Chaplaincy, Occupational Health and the People Development Team.
- Successful developments within the Business Intelligence software (Yellowfin), namely the COVID-19 dashboard, cancer dashboard and the referral to treatment waiting list.
- New ICT Helpdesk system (ServiceNow) implemented across the Trust, giving staff wider access and oversight on all requests made.
- Awarded National Digital Leader accreditation by NHS Digital August 2021.
- HealthCall – North Tees and Hartlepool NHS Foundation Trust are delighted to have received full shareholdings in HealthCall along with four other Trusts in the region.

3.1.4 The Evidence Base

We continue to learn from national best practice and we continue to demonstrate full alignment of our services through the plans, strategies and reviews that provide all Trusts with key learning points. The NHS Long Term Plan remains a key driver for our services and this will continue to provide a focus for the delivery of our clinical strategy.

However, during this period we have also acknowledged the policy shift towards better integration of care across a system and at a local level. The Government white paper -'Joining-up care for people, places and populations' - sets out an ambitious drive to accelerate integration of health and adult social care at 'place' level to improve outcomes, achieve better value from public resources and join-up delivery across a defined geographic locality. As an ambitious and progressive Foundation Trust we welcome the new proposals at 'place' level with boundaries and footprints that make sense, not just for Foundation Trusts, but also for our patients and residents of the populations we serve.

3.1.5 Clinical Services Strategy

In developing a Clinical Services Strategy for our Trust, we have aligned our plans with those of our partners to ensure the best possible access to the best possible services for all of our communities and neighbourhoods. Working in partnership as part of a 'system' provides the opportunity to channel all of our collective resources, plans and strategies in the right areas for the good of the population that we serve. The integration and innovation of services at a system level enables local partners with the tools and resources to improve the quality of pathways and access to care for patients and carers. A greater breadth and depth of clinical, scientific and managerial expertise can be achieved by drawing upon the knowledge, skills and experience of staff within the Foundation Trusts in the partnership alongside the broader involvement of other clinical and non-clinical partners.

We continue to work in close partnership with our colleagues across Teesside and within our immediate region, to develop and realise the ambitions of an Integrated Care Partnership which will support the eradication of health inequalities for the communities we work within.
By working together, we can ensure that the populations of Teesside and the surrounding areas have access to leading health care provision through closer integration of clinical service delivery and applied research in key areas of specialism alongside improvements in the quality and range of teaching and research activities and facilities so that we ensure our services will be available for future generations.

Further afield we remain dedicated to the value of collaboration across the broader care systems to ensure sustainability for both the NHS and health care across the North East and Cumbria through constantly sharing our skills, knowledge and clinical expertise to enable the health and care systems to become more sustainable over time.

Providing joined-up care at the right time, in the right place, with our ambition to prevent health inequalities across Teesside is the cornerstone of our clinical services and we will continue to invest in our workforce and identify the key areas of pressure, building upon digitally enabled care success to date, and sustainable financial viability so that we can start to realise our vision for the years to come.

North Tees and Hartlepool Solutions Limited

North Tees and Hartlepool Solutions Limited (NTHS) continues to grow its services and portfolio and has maintained a strong and influential relationship with the Trust and its staff to provide high quality estate and facilities management services to the organisation. Despite the ongoing challenges posed by the pandemic, NTH Solutions has continued to grow and expand its commercial business portfolio over the past 12 months, key highlights include:

- The introduction of the National Standards of Healthcare Cleanliness Compliance Service which provides support to the Primary Care Sector nationwide. So far we are supporting over 50 organisations including GP practices, care homes and dentists since launching the service.

- Our Community Kit Bags, an innovation from our own nurses are now in use in 25 Trusts across the country. The CKB is heavily endorsed by the NHSE Community Nursing Team and has even featured in Forbes international magazine.

- In response to the pandemic we launched the national NHS Deep Cleaning and advisory service and enabled for the first time in England, domestic cleaning in public spaces to be standardised through our course 'How to clean the NHS Way' – a training course accredited by the Royal Society of Public Health. Under the DCAS brand, NTH Solutions was able to:

- Support hundreds of community sectors spaces including schools, universities, care homes, local authorities, emergency services, private businesses and more with managing the spread of infection through cleaning services as well as decontamination training and auditing programs and;

- This summer we will be providing cleaning support to an international sporting competition in Birmingham, having won our first major tender opportunity this year.

- We have also developed a reusable PPE service for sterile and non-sterile gowns which is being utilised by other Trusts through pilots as they begin to ramp up their Carbon Net Zero plans. NTH Solutions is positioning itself as a key influencer, with the Clinical Services Journal recently publishing a thought leadership piece which we authored. Furthermore, NTH Solutions is in discussions with national NHSE estates and facilities sustainable leads regarding a number of other solutions.

During the year, North Tees and Hartlepool Solutions LLP management team has:

- Completed the capital programme for the period 2021-22 to deliver a wide range of patient environment, safety, backlog maintenance and service improvements and developments across the Trust;
- Continued with the estates strategy to rationalise the Trust-wide estate, to maximise space-utilisation and to improve cost efficiencies by either generating

additional income or by reducing the cost of external rents;
- Year 3 of the 5-year backlog maintenance plan has been completed to address the high backlog maintenance levels within the Trust Estates.

In terms of capital investment, the Trust spent a total of £29.9m, against a budget of £30.5m, which is 98% of the Trust's planned spend for the 2021-22 year.

This year's programme has been the largest, by value, since the Trust estate was first built with significant investment to address backlog maintenance issues associated with the aging estate.

The prominent service development projects are listed below:-

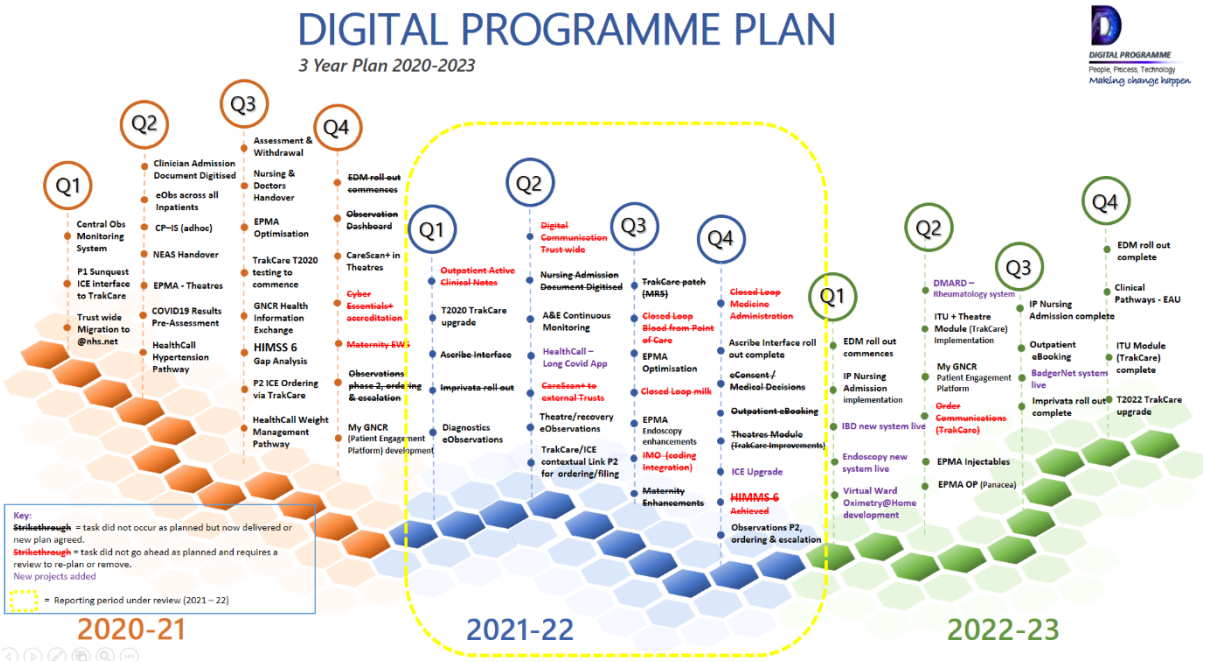
Ward 24 upgraded To Respiratory Support Unit (UHNT): Working closely with clinical colleagues, our Estates team upgraded Ward 24 into a respiratory support unit with specific enhancements to support the care of patients with major respiratory illnesses such as COVID 19 or Influenza. The unit was designed with three flexible areas with the ability to escalate care and dedicate further sections as the clinical need requires. The enhancements also included a 7 single bedroom specialist RSU area, two dedicated ventilation plants to achieve the latest COVID 19 ventilation guidance, significant increase in oxygen capability and smart glass technology to improve patient observation. The unit was operational at the end of November 2021, in time for the peak winter COVID pressure.

Community Diagnostic Hubs: Collaborative planning continues to deliver the Tees Valley element of the national plan to develop hub and spoke arrangements for diagnostic facilities outside of acute settings and within the community. Plans are developing for spokes at the University Hospital of Hartlepool, Stockton (Lawson Street), Redcar and the Friarage Hospital (Northallerton). The location of the main hub (Stockton or Middlesbrough) will be determined as part of an option appraisal in 2022-23 FY.

Staff Recharge Hub Link Staircase (UHNT): As part of the 100 Leaders Challenge within the Trust and NTH Solutions, one of the ideas that received significant support was to create a staircase link from the Tees Dining room down to the staff recharge hub located on the floor below. This link has significantly improved access to the indoor and outdoor staff facilities within the recharge hub.

Endoscopy Academy (UHH): This project is funded from a successful Transformation Investment Fund (TIF) bid that applied for external funding in October 21. The bid was approved by Department for Health and Social Care in December 21 with the requirement to spend the money within the 21/22 FY. The money will fund a training endoscopy facility within the endoscopy department (UHH) and will be used to train endoscopy staff from our Trust and potentially other Trust's in the Northern ICS. The rooms will also include appropriate audio visual equipment to allow observation of operations for training purposes.

Third CT scanner (UHNT): A third new CT scanning area has been created adjacent to radiology and main Outpatients and will be mainly used for outpatients clinics but will also provide important resilience for inpatient scanning



3.1.6 Information and Technology Services (I&TS)

The Trust's Information and Technology Services (I&TS) underpins the delivery of the organisation's digital strategy that was published in December 2020 and is available on the Trust's website. As previously reported, the digital strategy is fully aligned to the North East and North Cumbria (NENC) Integrated Care System (ICS) digital strategy and associated national and regional priorities.

The I&TS directorate and associated delivery functions continue to both support and enable a broad range of clinical and administrative service transformation across our organisation and across the ICS as collaboration and digital integration increases regionally.

During the year 2021-22 the Trust continued to progress the additional transformational change outlined in the '*Digital Hospital of Things*' programme together with maintaining a wide range of digital enabling projects to improve patient care. The Trust has undertaken a "What Good Looks Like" (WGLL) review to inform the next phase of digital focus and prioritisation.

As the Trust had already achieved level 5 digital maturity status within the Healthcare Information and Management System Society (HIMSS) Electronic Medical Record Adoption Model (EMRAM), and as a result was accredited as a "National Digital Leader" (NDL) Organisation in August 2021, the Trust is now continuing to progress towards the independently accredited HIMSS level 6 (and then level 7 status) as a key priority, unfortunately our ambition to achieve HIMSS level 6 was impacted by the need to respond to the COVID-19 pandemic during this reporting period. The following illustration **Figure 1**, provides an updated delivery plan (focus on year 2021-22), the plan reflects the challenges (and required changes) due to the COVID-19 pandemic.

During the reporting period, a broad range of programmes and projects were driven forward, examples of these include (but not limited to);

- A significant application upgrade to the TrakCare EPR platform took place in September 2021, this was the most ambitious platform enhancement since the initial EPR implementation in October 2015, the upgrade will further enhance user experience and deliver additional patient benefits.

- Closed Loop Blood - the project was scoped and a business case produced, supporting compliance with the Medicines and Healthcare products Regulatory Agency (MHRA) Blood Safety and Quality Regulations 2005. In relation to Closed Loop Administration, the project was scoped with a simulation Proof of Concept (PoC) developed for clinical staff to fully understand what this aims to achieve, the business case to reduce medication administration related risks and errors as well as improving quality of care was developed and presented for Trust approval.

- A business case developed to provide TrakCare ITU/Anaesthetic Modules and IT Hardware for Critical Care, this has been prioritised for implementation 22/23.

- A&E Observation machines – The central monitoring system is live throughout the department including Resus areas, this allows clinical staff to monitor patient's vital signs from a central location.

- Active Clinical Notes (ACN) – Optimisation continues in all areas live with ACN.

- Theatre Electronic Prescribing Medicines Administration (EPMA) implemented across both Trust hospital sites.

- Integrated electronic Observations – phase two which enhances the current interface and provides 'at a glance' information for clinical staff has been delivered.

- Electronic Document Management (EDM2), the development of a new modern EDM system has been taking place over the past 12 months, this will replace the previous version of software which is now outdated and unsupported. Clinical roll out will commence Q2 22/23.

- The Great North Care Record (GNCR) Health Information Exchange (HIE) – the HIE went live on 9th March 2020 with data being shared from GPs and Community units in the North East and North Cumbria, however, a number of Trusts (North Tees and Hartlepool NHSFT included) are now contributing data to the HIE for information sharing purposes.

- My GNCR – Patient Engagement Platform, a great deal of development has occurred in preparation for the Trust go-live in Q2 22/23.

- HealthCall – during the reporting period, following successful delivery of the requisite number of clinical pathway developments, the Trust was delighted to have received full shareholdings in HealthCall along with four other Trusts in the region. Furthermore, the Trust has developed a HealthCall pathway to support Prostate Cancer Stratified Follow Up patients - Tracking of these patients is now fully configured with the Trust's electronic patient record 'TrakCare'.

- Digital Pathology Imaging System (hosted by the Trust) - Digital Imaging infrastructure will allow the regional pool of Pathology expertise spread across the Trusts to be utilised more effectively and current delays in the system and time-consuming tasks can be automated leading to time savings for both laboratory and consultant pathologist personnel.

- Radiology Network Solutions (hosted by the Trust) - IT Interoperability is progressing to a Network-wide image sharing and reporting system within trusts' own PACS systems. This project considers regional networks for shortage specialities such as Paediatric and Head and Neck Radiology.

- CareScan+ - has now replaced TrakCare as the primary data capture source for surgical implants and instrument trays so staff no longer need to run a dual process.

Whilst the COVID-19 pandemic impact was lessened from the previous year, the I&TS directorate and associated functional teams continued to provide and support a

wide range of digital and technology solutions to enable both staff and patients to utilise digital services where necessary and appropriate, cognisant of the increasing need for digital equity and consumer choice.

Data and Cyber security remains a high priority agenda item for the Trust, and compliance with the Data Security and Protection Toolkit (DSPT), is taken very seriously by the organisation, this is further strengthened by the requirement of independent evidenced based third party audit that will support compliance of the DSPT submission. In 2021 - 22 given the Trust had a fully compliant DSPT return and a significant independent assurance rating including the strengthened evidence for the DSPT, we are now reconsidering the benefit of other accreditation standards such as Cyber Essentials Plus (CE+), but will continue to provide demonstrable evidence of the organisations commitment to ensure that data and cyber security is a key priority.

The Trust remains fully committed to the regional collaboration agenda within the Tees Valley and across the NENC ICS region more broadly. The Trust continues to lead, support and host a number of regional digital transformation programmes that will benefit the people and population we serve.

Finally, during the reporting period, the Trust's Chief Information and Technology Officer (CITO) continued to work on a part-time basis within the Trust and as the Chief Digital Officer (CDO) across the NENC ICS. However, the CITO has now been formally appointed to the newly formed Integrated Care Board (ICB), and will take up the position of Executive Chief Digital and Information Officer from 1st July 2022. The Trust is in the process of arranging an appropriate replacement to this post.

3.1.7 Emergency Preparedness, Resilience and Response (EPRR) Assurance 2021-22

As an NHS acute provider, and through our designation as a category 1 responder under the terms of the Civil Contingencies Act (2004), the Trust has a statutory responsibility to plan for and respond to any emergency and/or disruption that could affect the continuation of critical services, impact patient safety or threaten the continued operation of the Trust. Within the health service, this work is referred to as 'Emergency Preparedness, Resilience and Response'.

EPRR is of Trust-wide importance, requiring the full engagement of all service areas to help ensure we are able to meet our statutory obligations. The agreed Trust-wide approach, to EPRR, together with the specific roles and responsibilities of staff and service areas are detailed and governed through the internal Emergency Preparedness, Resilience and Response Policy (RM35) and overseen by the Trust Resilience Forum.

Within the Trust, the Chief Operating Officer is accountable for the effective discharge of the organisation's EPRR responsibilities with strategic and operational support provided by the Trust's Emergency Planning Officer.

EPRR Planning and Assurance:

- **Core Standards for EPRR**

As part of the NHS England EPRR framework, providers and commissioners of NHS commissioned services must provide assurance that they can effectively respond to major, critical and business continuity incidents whilst maintaining the safe delivery of services to patients.

Annual assurance is assessed against the NHS Core Standards for EPRR, which sets out the minimum standards expected of NHS organisations in England to ensure they are able to meet their statutory obligations in respect of EPRR.

For the 2021 core standards assessment period, and reported at the October 2021 Board of Directors meeting in relation to EPRR Compliance and Organisational Capabilities, the Trust achieved an assurance rating of 'Substantial Compliance', demonstrating that the Trust was fully compliant against 89-99% of the agreed standards.

Although there were no standards for which the Trust was deemed to be 'non-compliant', a 'partial' level of compliance was seen across a small number of areas:

Domain	Compliance Rating – Influencing Factors
Duty to Maintain Plans	A delay in the scheduled review of some existing plans as a direct result of operational pressures over the course of the 2021 winter period and COVID-19 pandemic.
CBRN	A change to PPE requirements resulting in the need to increase the number of protective suits held by the Trust.
Business Continuity	Improvements to business continuity processes highlighted through the direct result of the wide-ranging use of existing processes over the course of the COVID-19 pandemic.

COVID-19

Although the Trust has and continues to experience significant disruptions as a result of COVID-19, it should be recognised that the pandemic provided an opportunity for the organisation to demonstrate our ability to respond and adapt to the complexities of a prolonged, large scale incident through the real life, sustained implementation of our core EPRR arrangements. This included our ability to integrate and work effectively as part of a national NHSE Level 4 incident across a significant portion of the pandemic.

The dynamic nature of COVID-19, together with the fluctuating waves of response have allowed for real time evaluation and improvements to be undertaken, enabling greater insight and assurance into the effectiveness of the Trust's internal EPRR arrangements. Since the start of the pandemic significant developments and improvements have been made to both internal response arrangements and organisational infrastructure to help ensure the effectiveness, resilience and continued ability of the Trust to respond to future incidents and disruptions. Improvements have been made across areas including:

Command and Control	Development and introduction of new strategic command arrangements through the implementation of function specific response advisory groups and improvements to the use of an internal incident coordination centre to help maintain situational awareness and to inform decision making throughout an incident.
Business Continuity and Resilience	Improved processes for the rapid re-distribution and upskilling of staff to support the continuity of critical services. Improvements to infrastructure across areas such as oxygen flow and capacity.
Situational Awareness and Reporting	Improved processes for monitoring, collating and distributing operation information including the development and use of emergency measures for collating essential information such as the introduction of oxygen runners.
Multi-agency Partnerships	Improved working relationships and links with external multi-agency partners, including the sustained involvement with LRF tactical and strategic coordination groups.

Further evaluation of our response and identification of areas for improvement will occur through the preparations for the upcoming National COVID-19 Inquiry for which the organisation is in the process of collating and reviewing internal records and assessing the way in which the NHS approached and responded to changing national guidance and operational resilience throughout the pandemic.

EPRR Work Programme:

It is essential that the work programme for EPRR is reflective of need and adapted to ensure the continuous improvement of internal arrangements.

The current programme of work focuses on improvements to areas including business continuity management, processes for escalation, governance and assurance, and has been developed through a reflection of:

Core Standards Assessment	Raising the compliance rating of all standards assessed as 'partially compliant', with specific focus on improving business continuity management processes.
Organisational Learning	Although the Trust has and continues to experience significant disruptions as a result of the COVID-19 pandemic it has also allowed us to undertake a deep dive review across many of our EPRR arrangements and as such enabled us to reflect mo fully on the effectiveness of ou existing plans and processes and identify key areas for improvement.

Key Achievements and Upcoming Objectives:

Over the past 12 months, a number of significant steps have been undertaken to help improve the effectiveness of EPRR processes across the Trust, with substantial work having been undertaken on improving the foundational elements of existing arrangements, including.

- Ratification and introduction of a new EPRR policy.
- Development of new business continuity management processes including
    - A standalone Business Continuity Management policy.
    - New operational business continuity management processes and templates.
- Development of enhanced processes for internal collaborative working and improved monitoring and oversight of EPRR arrangements and emerging risks through improvements to the format, structure and processes of the Trust Resilience Forum and Business Continuity Focus Group.

The programme of work over the upcoming year aims to build on the achievements of the past 12 months and identified areas for improvement, including:

- The rollout, transition and embedding of new business continuity management processes.
- Introduction of a new framework and guidance relating to the coordination and management of incidents.
- Development and introduction of a newly formatted Trust Resilience SharePoint site to ensure increased accessibility of essential EPRR information.
- A full review of existing plans and processes to ensure compliance with new and revised internal EPRR policies.
- A post pandemic live and simulated exercise programme to test the Trust's EPRR arrangements and support continuous improvement.
- A work programme to seek full compliance with the annual review of NHS England Core Standards.
- Preparations for the National Inquiry, including central collation of internal COVID-19 records and a deep dive review into our approach to the implementation of national guidance in line with the scope of the inquiry.

3.1.8 Stakeholder relationships

The Trust is a keen advocate for building profitable and productive relationships with all of its key stakeholders. Whether that be regulators, commissioners, partners, the media, the Trust, forges strong working relationships to ensure that the patient experience, journey, and the voice of the patient, remains high on everyone's agenda.

We believe that this is key to demonstrating a strong and healthy stakeholder environment, and the Trust has been a key player for many years in building effective relationships with its partners.

The Trust has three 'Locality Directors' to focus on delivering the strategic objectives, partnership opportunities and place based planning for Hartlepool, Stockton-on-Tees and Sedgefield, Easington and parts of County Durham. The responsibility of a Locality Director is to ensure that productive, mutually beneficial relationships are built, grown and maintained within the respective geographical areas.

Building on the current successful system working today, this responsibility will work to promote connected communities across the Trust's geographical coverage and to contribute to the work of the Health and Wellbeing Boards in each locality.

Population health and reducing the wider health disparities in our communities will therefore remain a key priority for the Trust and the involvement and leadership of clinicians is pivotal to this. However, a strong and effective communication and engagement approach is equally important and the Trust has developed effective engagement strategies with the appropriate stakeholders during this reporting period.

3.1.9 Issues, opportunities and risks

The Trust has robust and established mechanisms for managing risk, which are appropriately designed to deal with rapidly emerging risks. The emergence of COVID-19 from March 2020 has tested these processes and controls, which has been underpinned by the Trust's Corporate Governance structure and Risk Management Strategy. Further detail on this can be found in the Annual Governance Statement, section 4.7, which also describes how specific risks are identified, assessed and mitigated as part of the Trust's risk management processes.

The financial year for 2021-22 was split into two distinct halves in respect of funding, with the last 6 months making a return towards pre-COVID-19 funding levels, however, the overall financial plan for the Trust was to deliver a breakeven position by 31 March 2022.

As an ICP, the organisations as a collective were required to deliver a breakeven position. At the end of 2021-22, per the Statement of Comprehensive Income the Trust reported a deficit of £5.6m, however after excluding technical adjustments (e.g. impairments and donated assets) the Trust has reported a surplus position of £12.5m, which is the figure that will be reported against the ICP system achievement. This position is broadly consistent with the reported surplus for 2020-21 (£9.7m) and also demonstrates the Trust's continuing improvement in the underlying deficit position. Furthermore, the reported position has been underpinned by efficient and effective cost containment, controls and processes.

The delivery of the continued improved financial position is due in part to the robust Financial Management Performance Framework and Capital Performance Framework, that has operated during 2021-22 which has maintained 'grip and control' over our financial position. The Trust has engaged effectively with NHS Improvement during 2021-22.

3.1.10 Outlook for 2022-23

The Trust's 'Long Term Plan' (LTP) was submitted as part of the regional ICS submission to NHSE/I in late 2019, however, this has been superseded by the COVID-19 pandemic and more recently the Health & Care Bill. The 'Bill' requires Integrated Care Systems to deliver an overall breakeven position, with organisations within the ICS, being able to post a surplus or deficit so long as the system delivers a breakeven position. This means that the Trust has an important role in the ICS going forward.

The Trust has followed national operational and financial planning guidance and has developed a financial plan to deliver a deficit of £1.4m at 31st March 2023. This is predominantly due to the unavoidable increase in costs due to inflationary pressures, particularly utility costs. The Trust has set control totals for Care Groups and Corporate Directorates to operate within for 2022-23 and any performance ahead of control totals will reduce the planned deficit.

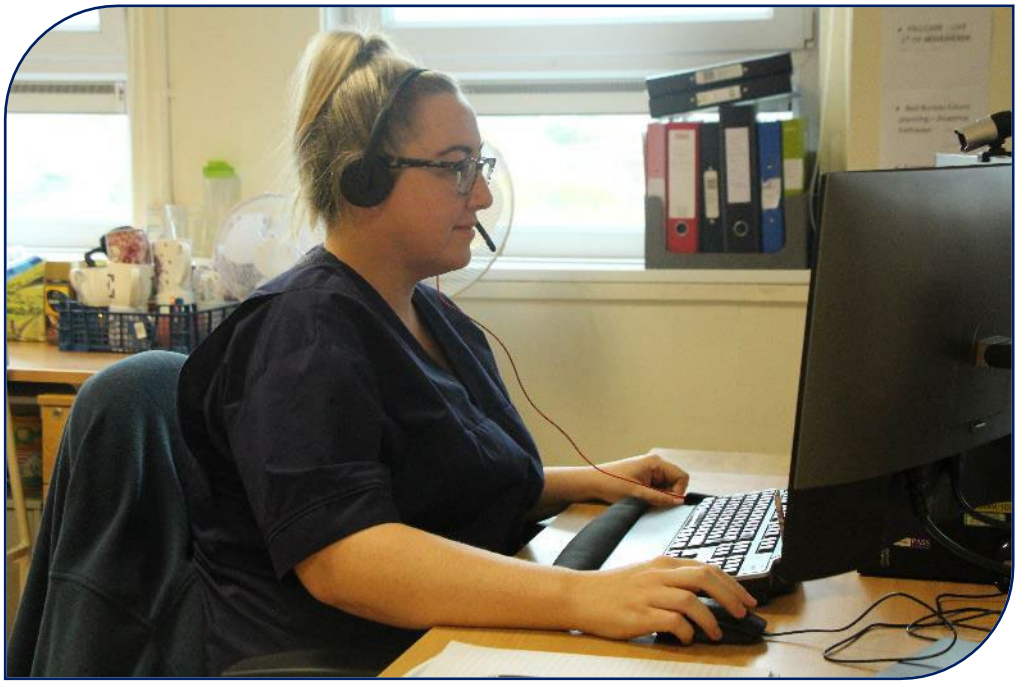
The Trust has prepared a financial plan, which was consistent with current financial performance and run rate expenditure with realistic, but challenging, estimates for cost improvement, which are consistent with historic performance.

This plan is in keeping with the Trust's ambition to return to surplus as outlined in its medium term financial plan and reinforces the Trust's commitment to returning to recurrent financial balance.

The Trust is confident that it can support the system and deliver its financial plan for 2022-23.

The Trust does and will continue to play a key part in the Integrated Care Partnership (ICP) and the wider Integrated Care System (ICS), which will look at ways to address clinical and financial sustainability for the longer term. The Trust will continue to explore the potential opportunities as part of the Provider Collaboration arrangement and will continue collaborative work with South Tees Hospitals NHS Foundation Trust.

The Trust has also submitted an ambitious national expression of interest to redevelop its sites to ensure the Trust can continue to provide safe and effective services to its population. The Trust anticipates hearing whether the bid has been successful in 2022-23. The bid will be supported by a Strategic Outline Case and aligns with the Trust's Estates Strategy.



3.1.11 Going concern

The Trust, in preparing the annual statement of accounts has undertaken an assessment of its ability to continue as a going concern.

The management of the Trust has not, nor does it intend to apply to the Secretary of State for the dissolution of the foundation trust and therefore the accounts should be prepared on a going concern basis.

In reaching the decision to adopt the going concern basis of preparation, the Directors have assessed the Trust's and the Group's ability to continue as a going concern. The Trust has operated under national interim financial arrangements for 2020-21 and 2021-22. With the introduction of the Health & Care Bill, financial allocations are provided for at Integrated Care System Level and distributed within the system. This reintroduces funding allocations similar to pre-COVID-19 arrangements.

These financial arrangements have no bearing on the Trust's ability to operate on a going concern basis. The Trust remains a going concern and the accounts have been prepared on that basis.

The cash position of the organisation is the most critical element in terms of going concern and in terms of being able to meet its current liabilities over the next twelve-month period. The view from the Department of Health and Social Care is that as long as there is cash available to cover liabilities then NHS organisations remain a going concern.

The Trust has a comprehensive cash management process in place with weekly cash flow forecasting that is updated on a daily basis. The Trust has also reviewed the process for applying for Planned Term Support should the need arise over the course of the financial year. The Trust does not intend to utilise this support, nor does it anticipate the need to do so.

Following review with the Board of Directors, the Trust has a reasonable expectation that the North Tees and Hartlepool NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.


Urgent &
Emergency
Care
Entrance

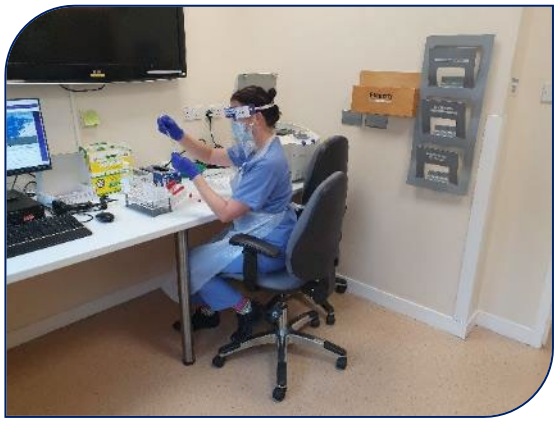
3.2 Performance Analysis

3.2.1 Performance and development of the Trust's Business

During 2021-22, the Trust has continued to review and re-model its services to meet the needs of the population. The Trust's bed base has regularly been re-aligned to allow greater flexibility to meet the demand of the COVID-19 pandemic, whilst providing resilience for periods of seasonal demand. The Trust, like many others, has had to work very differently throughout the year to accommodate the COVID-19 pressures, which have ultimately impacted on the management of elective pathways. The elective bed base has been re-configured, providing a flexible week-day and weekend resource, alongside increased infection prevention and control measures, to achieve maximum operational efficiency.

The commitment to the continued review and improvement of patient pathways, through integrated acute and community care and collaborative working with social care and other care providers has supported the release of valuable acute resources.

The table below outlines Trust activity within 2021-22 and clearly shows both elective and emergency activity has significantly increased following the lifting of Government Lockdown measures.



The Trust remained under significant operational pressure throughout the year with evidence of an increased proportion of patients admitted through the emergency pathways as a result of COVID-19. This brought with it the requirement to re-configure pathways to ensure potential COVID positive patients were separated from non-COVID patients across all points of delivery including outpatients, diagnostics, emergency and elective admissions.

The Trust continued to see, diagnose and treat a significant number of emergencies through the Ambulatory Care unit, to reduce avoidable admissions and the subsequent associated pressures within the base wards.

Point of Delivery	2020-21 actual	2021 - 22	Variance 2020-21 against 2020-21	% variance 2021-22 against 2020-21
A&E attendances	120,816	163,870	43,054	35.64%
Day case admissions	23,236	32,531	9,295	40.00%
Inpatient planned admissions	3,007	4,442	1,435	47.72%
Inpatient emergency admissions	33,939	39,432	5,493	16.18%
Ambulatory care attendances	6,955	10,353	3,398	48.86%
Outpatient attendances	167,969	181,444	13,475	8.02%
Ward attenders	39,592	46,680	7,088	17.90%

3.2.2 Performance Review

The Trust is committed to developing and improving service efficiency and productivity in collaboration with our lead Clinical Commissioning Group (CCG). The Trust continues to utilise the NHS Improvement Model Hospital data to identify the operational efficiency opportunities across the individual services, which has supported year on year delivery against the Cost Improvement Programme. This programme of work is overseen and supported through the organisation's Project Management Improvement Office (PMIO) function.

The Business Intelligence team have further developed Corporate and Care Group dashboards to allow timely and proactive access to real time data, supporting informed business decisions.

The Board of Directors, Executive Management Team and Council of Governors receive regular reports on performance via the Integrated Corporate Report, covering performance against compliance, operational efficiency, quality and patient safety, workforce and financial metrics.

The Trust continually reviews and transforms its pathways through service improvements, delivering operational efficiencies and enhanced patient experience through projects identified within the business planning process. The Trust has implemented a number of initiatives to support the delivery of the efficiency agenda with particular improvements noted with virtual appointments, new to review ratios, pre-op stays, day case rates and elective and emergency lengths of stay.

3.2.3 Care Quality Commission

Care Quality Commission

The Trust is fully compliant with the registration requirements of the Care Quality Commission (CQC). Compliance with the provisions of the Health & Social Care Act 2008 (Registration Regulations 2010) is led by the Chief Nurse who oversees compliance by:

- Reporting and keeping under review matters highlighted within the CQC Insight Tool and inspections.
- Liaising with the CQC and local services to address specific concerns.
- Engaging with the CQC on the inspection process, co-ordinating the Trust's response to inspections and recommendations.

The Trust was inspected by the Care Quality Commission (CQC) in 2017. The overall rating for the Trust was 'good' in all five of the domains. An independent external Well Led review was undertaken by the Good Governance Institute in 2018. The review concluded that the organisation is a well-led Trust, with effective governance arrangements and a satisfactory system of internal control in place.

Major changes this year have resulted in the Trust embedding Insights Report, IPR review with examples of good practice during COVID, Getting It Right First Time (GIRFT) reports and benchmarking, for example, elective recovery.

Governance arrangements are in place to ensure on-going monitoring and compliance with CQC requirements and implementation of improvement plans. The full inspection reports for the Trust are available to the public on the CQC website: www.cqc.org.uk/provider/RVW

3.2.4 Key Performance Standards

The impact of the pandemic against the majority of performance standards cannot be under estimated, as the Trust strived to maintain business as usual against the backdrop of the COVID pressures. The overall position for the majority of key standards, including Referral to Treatment, cancer and diagnostics, remain comparable to national and regional position; however with evidence of the impact of the COVID pressures now reflected in the overall position. Whilst some recovery against the standards is now evident, the focus has been, and will continue to be, on improving the overall waiting list position, clinically prioritising urgent patients and reducing long waiting times, in line with the recently published 2022-23 priorities and operational planning guidance requirements. Robust governance structures support the on-going recovery programme.

As outlined above, operational efficiency and productivity remains a key focus of the Trust, ensuring outcome measures across Outpatients (DNAs and New to Review Ratios), Theatres (cancellations and utilisation) and Emergency pathways (admission avoidance, extended lengths of stay) all continue to be monitored and managed closely.

The Trust's emergency preparedness and resilience plan, including winter planning, has been fully implemented to support the delivery of emergency services and maintain the safety and quality of patient care. The key to success is the whole system approach to pathway management, service redesign, escalation processes, workforce reviews and the implementation of the integrated urgent care service.

The graphic below provides an overview of the Trust's deliverables during 2021-22.

The System Oversight Framework forms the basis upon which the Trust's Annual Plan and in-year reports are presented to the Board of Directors. Regulation and proportionate management remain paramount in the Trust to ensure patient safety is considered across all aspects of operational performance and efficiency delivery.

Despite the inevitable impact of COVID on the regular performance standards, the Trust has continued to deliver safe, patient centred services, maintaining its focus on quality care.

System Oversight Framework Indicators	Standard/ Trajectory	2021-22 Performance	2020-11 Performance	Achieved (cumulative)
Cancer 31-day wait for second or subsequent treatment – surgery (2021-22)	94%	92.43%	91.39%	x
Cancer 31-day wait for second or subsequent treatment – anti cancer drug treatments (2021-22)	98%	99.71%	99.06%	✓
Cancer 62-day waits for first treatment (urgent GP referral for suspected cancer) (2021-22)	85%	76.89%	77.74%	x
Cancer 62-day waits for first treatment (from NHS cancer screening service referral) (2021-22)	90%	86.94%	87.01%	x
Cancer 31-day wait from diagnosis to first treatment (2021-22)	96%	97.41%	91.39%	✓
Cancer 2-week wait from referral to date first seen, all urgent referrals (cancer suspected) (Apr 21 to Mar 22 provisional)	93%	90.95%	92.19%	x
Cancer 2-week wait from referral to date first seen, symptomatic breast patients (cancer not initially suspected) (Apr 21 to Mar 22 provisional)	93%	92.32%	90.30%	x
Maximum time of 18-weeks from point of referral to treatment in aggregate, patients on incomplete pathways (2021-22)	92%	85.58%	85.14%	x
Referral to treatment 52-week waits (Mar 22 frozen)	0	45	371	x
Number of diagnostic waiters over 6-weeks (Mar 22)	99%	92.25%	76.16%	x
Community care data completeness – referral to treatment information completeness (2021-22)	50%	97.64%	98.30%	✓
Community care data completeness – referral information completeness (2021-22)	50%	97.06%	98.82%	✓
Community care data completeness – activity information completeness (2021-22)	50%	97.51%	98.58%	✓
Community care data completeness – patient identifier information completeness (Shadow Monitoring) (2021-22)	50%	97.51%	98.58%	✓
Community care data completeness – end of life patients deaths at home information completeness (Shadow Monitoring) (2021-22)	50%	83.79%	84.20%	✓
Compliance with access to healthcare for patients with learning disabilities (Apr 21 – Feb 22)	100%	Full compliance	Full compliance	✓
Other National and Contract Indicators	**2020-21 Target**	**2021-22 Performance**	**2020-21 Performance**	**Achieved**
Cancelled procedures for non-medical reasons on the day of op (2021-22)	0.80%	0.46%	0.32%	✓
Cancelled procedures reappointed within 28-days (2021-22)	100%	91.17%	74.32%	x
Eliminating mixed sex accommodation	Zero cases	0	0	✓
A&E Trolley waits > 12 hours (2021-22)	Zero cases	40	0	x
Stroke – 90% of time on dedicated Stroke unit (2021-22)	80%	89.59%	93.80%	✓
Stroke – TIA assessment within 24 hours (2021-22)	75%	71.68%	91.10%	x
VTE Risk Assessment (2020-21)	95%	94.46%	95.36%	x
Sickness absence rate (Feb 22)	4.0%	6.44%	5.59%	x
Mandatory training compliance (Mar 22)	80%	89.19%	87.12%	✓
Turnover rate (Mar 22)	10%	12.10%	7.66%	x

Operational Efficiency Indicators	2019-20 Target	2019-20 Performance	2018-19 Performance	Achieved
New to review ratio (Apr 21 – Feb 22)	1.45	1.25	1.31	✓
Outpatient DNA (new) (Apr 21 – Mar 22)	7.20%	8.03%	8.32%	x
Outpatient DNA (review) (Apr 21 – Mar 22)	9.00%	8.32%	7.23%	✓
Length of stay elective (Apr 21 – Mar 22)	3.14	2.03	1.64	✓
Length of Stay emergency (Apr 21 – Mar 22)	3.35	3.55	3.47	x
Readmission elective (Apr 21 – Jan 22)	0.00%	4.22%	4.05%	x
Readmission emergency (Apr 21 – Jan 22)	9.37%	13.66%	15.30%	x
Occupancy (Trust) (Apr 21 – Mar 22)	85%	89.91%	79.69%	x
Quality Indicators	**Standard/ Trajectory**	**2019-20 Performance**	**2018-19 Performance**	**Achieved**
Clostridium Difficile – variance from plan (objective) (Apr 21 – Mar 22)	64	50	49	✓
Methicillin-Resistant Staphylococcus Aureus (MRSA) bacteraemia (Apr 21 – Mar 22)	0	0	1	✓
Methicillin-Sensitive Staphylococcus Aureus (MSSA) bacteraemia (Apr 21 – Mar 22)	25	38	25	x
Escherichia coli (E.coli) (Apr 21 – Mar 22)	117	78	26	✓
Klebsiella species (Kleb sp) bacteraemia (Apr 21 – Mar 22)	24	15	10	✓
Pseudomonas aeruginosa (Ps a) bacteraemia (Apr 21 – Mar 22)	11	14	3	x
Trust Complaints - Formal CE Letter (Stage 3) (Apr 21 – Mar 22)	<=135	102	135	✓
Trust Complaints Compliance within agreed timescales (Apr 21 – Mar 22)	95%	100.00%	100.00%	✓
Trust Falls severe (Apr 21 – Mar 22)	<=5	1	5	✓
In hospital pressure ulcers Grade 4 (Apr 21 – Mar 22)	1	2	3	x
Medication error (Apr 21 – Mar 22)	<=540	617	540	x
Friends and Family test – very good/good (Apr 21 – Mar 22)	>=92.25%	92.36%	92.25%	✓
Never events (Apr 21 – Mar 22)	0	3	1	x
Hand hygiene (Apr 21 – Mar 22)	95%	97.58%	96.38%	✓
Hospital standardised mortality ratio (HSMR) (Jan 21 – Dec 21)	<102	85.28	101.19	✓

The Trust performance is reported through the Integrated Performance Report (IPR) which is in line with the reporting requirement against national metric, annual planning guidance that support both the System Oversight and Efficiency and productivity sections. There are three other quadrants which provide reporting across a number of quality and safety metrics, workforce and financial position against the monthly and year to date position. The IPR provides an opportunity for a narrative to be provided within the report in regard to both current and trajectories of improvement.

There is a robust governance structure which underpins the reporting, from an operational meetings to Board committee structure with representation from members of the Care Groups and Corporate functions including a weekly update provided to Executive Team.

3.2.5 Business planning and links to key activities

The Trust has a robust business planning cycle in place with plans for the forthcoming year submitted in December, allowing initial Care Group and Corporate plans to be shared across services, budgets to be aligned, and cost improvement plans to be agreed. The business planning process takes into account the strategic requirements at operational level, year on year, with robust scrutiny of service development proposals for the following year. The Trust continues to operate within the context of the economic downturn, more stringent efficiency requirements, a measurable quality drive and new ways of delivering NHS services, as outlined in the requirements of the Long Term Plan.

The Business Planning Process can be **seen below:**

Service development proposals are submitted within business plans, each of which are progressed through the agreed governance structure within the Trust, with final agreement through the Capital and Revenue Management Group. This process ensures alignment with strategic priorities, level of risk to quality and patient safety and return on investment.

The Trust continues to re-profile services and flex capacity to accommodate changes in service demand, disease profile and patient needs. The resilience in capacity management will continue into the future, especially in the face of limited public spending, further cost improvements and, more specifically, given the planning assumptions expected on growth and efficiency.

Planned service development priorities for 2022-23 include:

Care Group 1 – Healthy Lives

- Review and further develop allergy paediatric pathways.
- Further development of advanced home monitoring and virtual wards, supporting patients to remain safe at home.

Care Group 2 – Responsive Care

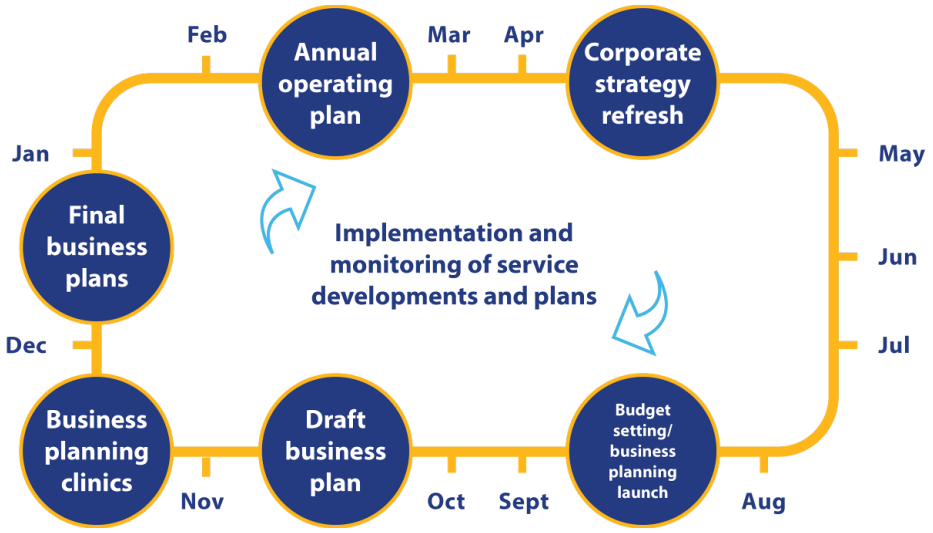
- Extending the roll out of Community Diagnostic Hubs and Rapid Diagnostic Pathways
- Collaboration with South Tees to develop a Tees-wide Pathology Service

Care Group 3 – Collaborative Care

- Delivery of Robotic Assisted Surgery
- Maximising the potential of the elective unit at Hartlepool into an elective hub within the ICS.

Corporate Services

- Development of a Health & Care Academy
- Quality Ward Boards showcasing Safety & Quality information via Yellowfin presentation software.



3.2.6 Future challenges to Performance Delivery

The 2022-23 priorities and operational planning Guidance, aligned to the NHS Long Term Plan, outlines the performance expectations for health care systems. The overall objective is to develop and deliver an integrated approach to healthcare delivery across the whole health economy.

Future key priorities include:

Invest in our workforce – with more people (for example, the additional roles in primary care, expansion of mental health and community services, and tackling substantive gaps in acute care) and new ways of working, and by strengthening the compassionate and inclusive culture needed to deliver outstanding care.

Respond to COVID-19 ever more effectively – delivering the NHS COVID-19 vaccination programme and meeting the needs of patients with COVID-19.

Deliver significantly more elective care to tackle the elective backlog, reduce long waits and improve performance against cancer waiting times standards.

Improve the responsiveness of urgent and emergency care (UEC) and build community care capacity– keeping patients safe and offering the right care, at the right time, in the right setting. This needs to be supported by creating the equivalent of 5,000 additional beds, in particular through expansion of virtual ward models, and includes eliminating 12-hour waits in emergency departments (EDs) and minimising ambulance handover delays.

Improve timely access to primary care – maximising the impact of the investment in primary medical care and primary care networks (PCNs) to expand capacity, increase the number of appointments available and drive integrated working at neighbourhood and place level.

Improve mental health services and services for people with a learning disability and/or autistic people – maintaining continued growth in mental health investment to transform and expand community health services and improve access.

Continue to develop our approach to population health management, prevent ill health and address health inequalities – using data and analytics to redesign care pathways and measure outcomes with a focus on improving access and health equity for underserved communities.

Exploit the potential of digital technologies to transform the delivery of care and patient outcomes – achieving a core level of digitisation in every service across systems.

Make the most effective use of our resources – moving back to and beyond pre-pandemic levels of productivity when the context allows this.

Establish ICBs and collaborative system working – working together with local authorities and other partners across their ICS to develop a five-year strategic plan for their system and places.

Across all these areas we will maintain our focus on preventing ill-health and tackling health inequalities.

The Trust continues to contribute to the wider system planning for resilience and the health of the population through proactive partnership working across the Integrated Care System, A&E Delivery Board, the Urgent and Emergency Care Network and Health and Wellbeing Boards.


Happy
To
Help

3.2.7 Volunteers

The NHS has a proud history of providing the best quality healthcare to everyone who accesses its services, whether that be primary, acute, mental health or specialist services in the community. The general public hold the NHS close to its heart and here at North Tees and Hartlepool NHS Foundation Trust we pride ourselves on being a hospital trust that provides the best possible healthcare for everyone in our population.

We are all aware that the pressures on the NHS, and NHS staff in particular, have increased year on year, and the arrival of the coronavirus in 2020 stretched our services even more so. However, we are fortunate in our Trust to have a growing number of volunteers who provide help and support in a range of areas within our hospitals – help and support which is vital to the delivery of quality and safe healthcare, and which is recognised by all of our staff within our hospitals.

Volunteers are crucial to the NHS's vision for the future of health and social care but they are recognised as partners with our skilled staff, and not as substitutes for them, which means that being a volunteer in a busy hospital Trust can be an important but satisfying role for everyone involved.

The following provides an illustration of the type of roles and services our volunteers provide in our Trust:

Clinical Volunteers

- To engage with patients who are distressed and anxious, or simply in need of some company. To read to patients if requested, to escort/walk with patients who are wandersome.
- To help to therapeutically distract patients, for example, playing cards, memory boxes and photographs, chatting over a cup of tea.
- Encouraging patients to be aware of their nutritional and hydration needs and assisting with nutrition and hydration where appropriate to do so. To ensure patient's well-being and comfort whilst they are waiting for their food and whilst they are eating. To talk/chat to patients during mealtimes
- To promote, encourage and support the completion of family and friends test questionnaires and other evaluations as they happen.

Volunteer Driver

- Collecting patients when appropriate from their home and taking them to and from arranged outpatient's appointments across our hospital sites.
- Supporting patients home upon discharge where appropriate.
- Supporting the trust in the delivery of medication and equipment where necessary.
- In some cases accompanying patients until they are ready to return home.
- Supporting the trust in the delivery of donations e.g. foodbank appeals, Ukraine, etc.

Response Volunteer

- Provide support for patients who may need to leave the ward to attend other areas of the hospital. Transport patient to x-ray on wheelchairs or patients who can mobilise.
- Delivery of clothing to wards for patients, collect medication from pharmacy, collect snack boxes from staff restaurant and take patients who are suitable to the discharge lounge.
- Support initiatives, e.g. virtual visiting.

Discharge Support Volunteers – Home but not Alone

- Liaise with existing volunteers and staff to identify patients who are potentially at risk of isolation/loneliness upon discharge. Meet these patients to develop relationship to explore what support can be offered at the point of discharge and back in the community i.e. transport home/to subsequent outpatients appointments, clothing, or food parcels. As necessary, arranging with staff, transport via volunteer drivers. Liaison with staff from the Integrated Discharge Team for additional support as necessary.
- Maintaining contact and support with discharged patients for 28 days to ensure they are integrated into the community and are given opportunities to take up further offers of support from the public and volunteer sector, i.e. social prescriber teams, local authority support networks, volunteer lunch clubs, etc.

Volunteer Companion (End of Life)

- To provide company and talk to patients and/or families and carers with a listening ear in their last weeks/days of life.
- To sit with patients when there are no visitors present to provide a companion, or to allow family/friends to have time away from the bedside.
- To liaise with the Nursing team on the ward visiting if any questions or concerns highlighted by the volunteer or loved ones. Escalate concerns as appropriate.
- If appropriate, a call made by the volunteer to the patient's family or loved one to let them know they have provided support.

Volunteer Welcome

- To work closely with staff to support the movement of visitors, patients and patients family/friends around the hospital to appointments/meetings.
- To ensure patient's well-being and comfort whilst they are waiting in the reception area.
- To talk/chat to patients who are waiting to be seen.
- To escort patients to other departments as necessary.

We also have a number of specialist roles across the Trust to support specialist departments, providing opportunities for those volunteers who have specific interests or are looking to develop their own skills.

3.2.8 Environment, Sustainability and Climate Change

We continue to support the national Government targets to reduce carbon emissions to net zero by 2030, and every individual within our organisation has a part to play in helping us achieve this. From the heating, lighting and power supplies within our hospitals, to the use of recyclable and reusable consumables and resources within our daily working environment, we are encouraging and empowering all of our staff to adapt to and adopt a sustainable health and care environment for future generations.

We have already made huge changes to our hospital infrastructure, and we won't stop there. This strategy focuses on the key things that are important to us as a sustainable healthcare organisation and sets out the things we will do over the next five years and beyond to make significant in-roads on our de-carbonisation journey.

Like a number of other NHS Foundation Trusts in the UK, North Tees & Hartlepool NHS Foundation Trust held a contract with a Russian-owned gas supplier (Gazprom). However, control of the European marketing element of Gazprom (the parent of Gazprom UK Trading) was transferred to non-Russian ownership which meant that any link to profit generation for Russia was severed while retaining assurances on gas supply and prices through to 31 Mar 2023 when our contract transfers to another supplier. The Trust is committed to achieving net zero by 2030 and by ensuring that all of our contracts with suppliers do not compromise or conflict with our values as an organisation.

Our Green Plan for the Trust will be constantly reviewed and we will align this with our Climate Change Adaptation Plan; a Healthy Travel Plan for our workforce and communities; and a Sustainable Procurement Strategy for the goods and services we buy.

We will work with our partners and stakeholders to ensure that we give the population we serve and the surrounding area of Tees Valley the best possible opportunities to improve our environment and to live and work in a more sustainable way.

An ICS Sustainability paper was presented to Executive Team in October 2020 highlighting the need for synergy between the ICS work streams and those of each Trust within the ICS. The Trust's individual key priorities linked to sustainability and climate change were subsequently agreed as follows:

- Energy and Carbon Management
- Procurement
- Travel & Transport
- Clinical Pathways
- Waste
- Climate Change Adaptation
- Water
- Buildings and Green Spaces
- Workforce Development

The Trust established a Sustainability Management Group with strong clinician input from across the Trust. The Group developed a series of work streams mirroring the priorities listed above. The Sustainability Management Group has worked with work stream representatives to develop an early work programme, objectives, potential outcomes and key indicators to inform and influence the Trust's Green Plan.

The Green Plan sets out the Trusts commitment to contributing to the broader NHS target of achieving net zero carbon emissions by 2030. The Plan is an evolving document/strategy and will be reviewed and updated on an ongoing basis due to the changes in sustainability and climate change planning within the NHS, the Trust and, importantly, with partners and immediate stakeholders.

Premises Assurance Model (PAM)

The NHS PAM has been produced for the financial year 2021-22 and includes a self-assessment to better understand the efficiency, effectiveness and level of safety with which the Trust manages its estate and how that links to patient experience. It also includes the 2022-23 corporate action plan.

Annual Statement of Fire Safety

The Trust is committed to maintaining a safe environment for all users of our facilities. There is a requirement for the Trust to confirm compliance with Fire Safety regulations.

All premises owned, managed or occupied by the organisation must have fire risk assessments in accordance with the Regulatory Reform (Fire Safety) Order 2005. A significant risk has been identified from the fire risk assessments in relation to compartmentation in some areas of the estate. The risk is being addressed via a programme of improvement which has been prioritised using a risk based approach with control measures being put in place to mitigate the risk. The Fire Service Inspecting Officer is appraised of the situation and the actions and control measures that the Trust has put in place and this has minimised any potential enforcement action. Compliance is being achieved due to internal provisions within the Trust and North Tees Solutions LLP and with regular advice from our Authorising Engineer (Fire) CFB Risk Management who also supply an Annual Report.

Assurance is further enhanced by regular familiarisation visits / audits being undertaken by Cleveland Fire Brigade for Hartlepool and North Tees sites and by Durham and Darlington Fire and Rescue Service for Peterlee Community Hospital who are the Regulatory bodies responsible for enforcement of the Fire Safety Order.

4. Accountability Report

We reflected in the previous section with an overview of our performance, how we do our business, a summary of our strategic direction, and a description of some of the principal risks and uncertainties that we face as a Foundation Trust.

The Accountability Report provides further information on the Trust's performance and services, with particular reference to:

- How the Trust is organised, with a description of the structure, membership and functions of the Board of Directors, Governors and various committees (section 4.1)
- A detailed remuneration report (section 4.2)
- The Trust's commitment to staff, including details on staff support, training and development, management of equality and diversity, absence management, findings from and action plan to address the issues raised in the Staff Survey 2020 and staffing analysis (section 4.3).
- The NHS Foundation Trust Code of Governance (section 4.4)
- Regulatory performance and ratings (section 4.5)
- The Annual Governance Statement which includes the arrangements in place for quality governance in the Trust (section 4.7)

4.1 Director's Report

Statement of Directors' Responsibilities

Under the NHS Act 2006, NHS Improvement, in exercise of the powers conferred on Monitor has directed North Tees and Hartlepool NHS Foundation Trust to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The Directors are responsible for preparing the accounts on an accrual basis, which gives a true and fair view of the state of affairs of North Tees and Hartlepool 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 Directors are required to comply with the requirements of NHS Improvement's Foundation Trust Annual Reporting Manual 2021-22 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 have been followed, and disclose and explain any material departures in the financial statements;
- Ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance;
- Confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS Foundation Trust's performance, business model and strategy; and
- Prepare the financial statements on a going concern basis.

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

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

4.1.1 Organisational Structure

As an NHS Foundation Trust, we are required to comply with specific statutory duties and with arrangements set out by the independent regulator, NHS Improvement, in Monitor's NHS Foundation Trust Code of Governance. The Board of Directors and the Council of Governors ensure application and compliance with the Code to ensure the organisation is managed and governed properly.

The Trust was authorised as a Foundation Trust in December 2007; led by a Board of Directors who are responsible for exercising the powers of the Trust and a body that sets the strategic direction, allocates the Trust's resources and monitors its performance. The Board of Directors also has responsibility for ensuring the highest standards of corporate governance, patient safety and quality, and that the Trust operates within a framework of effective controls, which enables risk to be assessed and managed.

The responsibilities of the Board of Directors and the Council of Governors are presented in the Trust's Constitution, Standing Orders and Scheme of Delegation, which sets out the powers reserved to the Board of Directors, and those delegated to individuals.

The Board of Directors composition and its meeting structures are described on **page 54.**

The Council of Governors is responsible for representing the interests of NHS Foundation Trust members, patients, carers, members of the public and stakeholder organisations across the areas served by the Trust. It exercises statutory powers, which include the appointment and terms and conditions of the Chairman and Non-Executive Directors, ratification of the appointment of the Chief Executive and approval of the appointment of the Trust's External Auditors.

Governors have a statutory duty to hold the Board of Directors to account for its management and performance of the Trust, ensuring the Trust does not breach its terms of authorisation.

Working Together – the Board of Directors and Council of Governors

The Board of Directors and Council of Governors seek to work together effectively in their respective roles.

There are four Council of Governor meetings each year, with the Chief Executive and Non-Executive Directors in attendance. Executive Directors attend on request and support the schedule of development sessions covering topical issues and key areas of interest providing useful opportunities to interact with the Governors.

The range of development and information sessions held with the Governors during 2021-22 were on the following themes:

People Plan and Workforce metrics	Estates Strategy
Stroke Services	Special Care Baby Unit
Community Diagnostic Services	

Members of the Board also attend various sub-committees of the Council of Governors to engage with Governors on specific issues. Formal pre-Council of Governor meetings are held which provide a great opportunity for open debate with the Non-Executive Directors.

Governors are invited to attend the public Board of Directors meetings to observe decision-making processes and challenge from Non-Executive Directors.

There has not been a requirement during 2021-22 to seek formal resolution for disagreement between the Board of Directors and the Council of Governors. There is an appointed Senior Independent Director, who is available to Governors and members for contact in the event of any concerns.

4.1.2 Council of Governors

Role and Composition

The Council of Governors comprises 36 Governors who represent the Trust's public and staff constituencies and those stakeholder organisations who are entitled to appoint Governors under the terms of the Trust's Constitution. This is as follows:

11 Public Governors from Stockton	**6** Public Governors from Hartlepool
2 Public Governor from Sedgefield	**2** Public Governors from Easington
1 Public Governor from other areas	**8** Appointed members
6 Staff Governors	

During 2021-22 a review of the Trust's Constitution was undertaken to maintain its accuracy and to support changes to practices as the organisation continues to develop as part of an integrated care partnership with greater collaborative working. Changes to the Constitution included:

- Replacing the use of 'chairman' with 'chair' to better reflect equality and diversity;
- Removal of a specified number of both executive and non-executive directors to allow any future flexibility of Board of Directors membership;
- Expansion of the appointed members of the Council of Governors to include the Healthwatch organisations representing Stockton, Hartlepool and County Durham;
- Amendment to the Clinical Commissioning Group appointed members of the Council of Governors to reflect the newly formed entities of NHS Tees Valley Clinical Commissioning Group and NHS County Durham Clinical Commissioning Group.

Elections – Public and Staff Governors

Public and staff members are elected to the Council of Governors from the Trust's membership. Governors for both public and staff are elected to office for three years, and may seek re-election for up to a maximum of three further terms (nine years). After which requests in writing can be made to be considered for single terms of office. Some Governors may be elected for a shorter term of office, as they could be filling a vacancy arising from a resignation.

Elections are held on an annual basis for Governors. The last round of elections were held in the autumn of 2020, and were conducted by Electoral Reform Services (ERS) who were satisfied they were held in accordance with good electoral practice and constitutional requirements.

The Trust was required to fill the following vacancies at its elections to take effect from 1 December 2021:

Constituency	Number to elect	Positions filled
Hartlepool	2	2
Stockton-on-Tees	4	3
Easington	1	0
Staff	2	1

The outcomes of elections are detailed in the table below:

Date of Election	Constituency	Number of Votes Cast	Turnout %	Number of Eligible Voters
8 November 2021	Hartlepool	Uncontested	-	-
8 November 2021	Stockton-on-Tees	Uncontested (1 vacant seat)	-	-
8 November 2021	Easington	No nomination	-	-
8 November 2021	Staff	Uncontested (1 vacant seat)	-	-

Meetings of the Council of Governors

The Council of Governors meetings are held in public, four were held during 2021-22 and an extraordinary meeting of the Council of Governors was held in July 2021 in order to ratify proposals for the appointment of a Joint Chair with South Tees Hospitals NHS Foundation Trust. In addition, three further meetings were held with the Governors, Chair and Non-Executive Directors to provide opportunity to discuss and progress governance matters.

Due to COVID-19 continuing during the year the ability to meet in person was impacted therefore, meetings were held virtually. Some Governors experienced challenges with the use of technology and connectivity, which made it difficult to join the formal meetings, although every effort was made to communicate separately in order to keep them updated.

In addition to the formal meetings, there are a range of sub-committees in which Governors engage. The sub-committees are aligned to a Non-Executive and Executive Director's portfolio and focus on specific areas:

Strategy and Service Development Committee – aimed at advising on the direction of the Trust, and to receive, review and update information relating to: patient treatment pathways; service performance; compliance; patient experience, involvement and environment. Three meetings of the Committee were held during 2021-22.

Membership Strategy Committee – aimed at raising awareness of the Trust, to enable greater engagement with current members and also develop and implement a strategy to increase the membership of patients and carers to the Trust. The work of the Committee was significantly impacted in 2021-22 due to COVID-19, with engagement with members continuing via bulletins and communications, however, no campaigns or face-to-face sessions could be facilitated.

External Audit Working Group – aimed at appointing and/or removing the external auditors of the Trust.

The Council of Governors has the statutory responsibility for the appointment of the external auditors. The external audit service was last tendered during 2020; the outcome being that Deloitte were appointed on a two-year contract.

Nominations Committee - the Nominations Committee is responsible for the recruitment, appointment, retention and removal of the Chairman and Non-Executive Directors, including matters of remuneration and conditions of appointment. The Committee has oversight of the appraisal system for the Chairman and Non-Executive Directors.

In February 2022 four Non-Executive Directors tendered their resignation with immediate effect and although the Board of Directors was still able to meet its statutory duties and transact business, the Nominations Committee met in March 2022 to consider proposals for interim arrangements for a period of six months. It was agreed to proceed with interim arrangements with recruitment commencing to fill these roles with the Nominations Committee leading on the process and recommending appointment to three posts to the Council of Governors in April 2022.

The Senior Independent Director, in conjunction with South Tees Hospitals NHS Foundation Trust, led a joint appraisal review of the Interim Joint Chair; which involved members of the Council of Governors and Board of Directors completing a questionnaire relating to the Interim Joint Chair's performance. The outcome was reported to the Nominations Committee and subsequently to the Council of Governors for ratification.

The Senior Independent Director, in conjunction with South Tees Hospitals NHS Foundation Trust, led a process to establish objectives for the new Joint Chair following his commencement in post on 1 September 2021.

The Joint Chair had regular 1:1 meetings with the Non-Executive Directors throughout 2021-22 and undertook reviews and appraisals of performance.

Nominations Committee Attendance

Name	Total Number of Meetings Attended	Total Number of Meetings Held
Derek Bell (Joint Chair from 1 September 2021)	3	3
Tony Horrocks	2	4
Alan Smith	2	4
Janet Atkins	3	4
Wendy Gill	4	4
Carol Alexander	4	4
Mark White	2	4
Linda Nelson	1	1
Cameron Stokell	3	3

Joint Nominations Committee – The Council of Governors agreed to the formation of a Joint Nominations Committee with South Tees Hospitals NHS Foundation Trust, operating as Committees in Common. The purpose of the Joint Nominations Committee was time limited in order to establish, agree and support the process for the recruitment, selection and appointment of the Joint Chair, working on behalf of both Councils of Governors, and putting forward recommendations for ratification.

The Joint Nominations Committee agreed a process for the recruitment of the Joint Chair and secured the services of an external agency, Hunter Healthcare, to facilitate the process. This process was undertaken during the first quarter of 2021-22, involving Governors and other key stakeholders, which following a robust assessment centre resulted in a recommendation being presented to both Councils of Governors to appoint Professor Derek Bell as the Joint Chair with effect from 1 September 2021.

Who's who – Council of Governors

Appointed Governors	Representing	Total number of meetings attended	Total number of meetings held	Member of committee (see key)
Jim Beall	Stockton-on-Tees Borough Council	3	4	-
Mike Young[1]	Hartlepool Borough Council	-	1	-
Cameron Stokell[2]	Hartlepool Borough Council	1	2	NC
Eunice Huntington[3]	Durham County Council	-	-	-
Paul Sexton [4]	Durham County Council	-	3	-
Dominic Johnson	Newcastle University	2	4	-
Tony Alabaster	University of Sunderland	-	4	-
Linda Nelson	University of Teesside	4	4	NC
Natasha Judge[5]	Stockton Healthwatch	1	2	
Christopher Akers-Belcher[6]	Hartlepool Healthwatch	2	2	

Staff Governors	Representing	Appointment	Year term of office ends	Total number of meetings attended	Total number of meetings held	Member of committee (see key)
Carol Alexander	Staff	3 years from 2011 re-elected for 3 years 2014, 2017 and 2020	2023	4	4	SSDC, MSC, NC
Manuf Kassem	Staff	3 years from 2012 re-elected for 3 years 2015, 1 year from 2018 & 3 years 2019	2022	4	4	SSDC
Asokan Krishnaier	Staff	3 years from 2017 re-elected from 2020	2023	4	4	SSDC
Dave Russon	Staff	3 years from 2018, re-elected from 2021	2024	3	4	SSDC,MSC
Andy Simpson	Staff	3 years from 2019	2022	4	4	SSDC
Siva Kumar7	Staff	2 years from 2019	2021	1	3	SSDC

Public Governors	Constituency	Appointment	Year term of office ends	Total number of meetings attended	Total number of meetings held	Member of committee (see key)
Pauline Robson	Hartlepool	3 years from 2013, re-elected for 3 years 2016 & 2019	2022	3	4	SSDC,MSC
Alan Smith	Hartlepool	3 years from 2015, re-elected for 3 years 2018 & 2021	2024	4	4	SSDC, MSC, NC & EAWG
George Lee	Hartlepool	3 years from 2015, re-elected for 3 years 2018 & 2021	2024	3	4	SSDC
Geoff Northey	Hartlepool	1 year from 2019, re-elected for 3 years from 2020	2023	3	4	SSDC
Ian Simpson	Hartlepool	3 years from 2019	2022	4	4	SSDC, MSC
Aaron Roy	Hartlepool	3 years from 2020	2023	1	4	SSDC
Janet Atkins	Stockton	3 years from 2009, re-elected for 3 years 2012, 2015, 2018 & 2021	2024	3	4	SSDC, EAWG, NC, MSC
Margaret Docherty	Stockton	3 years from 2013, re-elected for 3 years 2016 & 2019	2022	4	4	SSDC
Mark White	Stockton	3 years from 2015, re-elected for 3 years 2018 & 2021	2024	3	4	SSDC, EAWG & NC
Tony Horrocks	Stockton	3 years from 2014, re-elected for 3 years 2017 & 2020	2023	4	4	SSDC, MSC, NC & EAWG
John Edwards[8]	Stockton	3 years from 2014, re-elected for 2 years 2017 and 3 years 2019	2022	3	3	SSDC, EAWG
Kate Wilson[9]	Stockton	3 years from 2009 re-elected for 3 years 2012, 2015 & 2018	2021	3	3	SSDC
Gavin Morrigan[10]	Stockton	3 years from 2018	2021	-	3	SSDC, MSC
Jean Kirby	Stockton	3 years from 2019	2022	-	4	SSDC
Pat Upton	Stockton	1 year from 2019, re-elected for 3 years from 2020	2023	4	4	SSDC
Raymond Stephenson	Stockton	3 years from 2020	2023	4	4	SSDC
Anne Johnston	Stockton	3 years from 2020	2023	2	4	
Lynda White[11]	Stockton	3 years from 2021	2024	1	1	
Mary King	Easington	3 years from 2010 re-elected for 3 years 2013, 2016 & 2019	2022	2	4	SSDC, MSC
Wendy Gill	Sedgefield	3 years from 2010 re-elected for 3 years 2013, 2016 & 2019	2022	4	4	SSDC, MSC, NC
Ruth McNee	Sedgefield	3 years from 2020	2023	2	4	SSDC
Angela Warnes	Non-core public	3 years from 2020	2023	4	4	SSDC

There were minimal costs associated with Council of Governors meetings and expenses during 2021-22 due to the majority of meetings being facilitated virtually in line with the measures implemented during COVID-19. The costs including travel and subsistence were £68.66 for 2021-22 and £17 for 2020-2021.

Key:
EAWG – External Audit Working Group
MSC – Membership Strategy Committee
NC – Nominations Committee
SSDC – Strategy and Service Development Committee

1. *Mike Young resigned with effect from 24 August 2021*
2. *Cameron Stokell was appointed with effect from 8 October 2021*
3. *Eunice Huntington, resigned with effect from 6 May 2021*
4. *Paul Sexton was appointed with effect from 22 June 2021*
5. *Natasha Judge was appointed with effect from 12 October 2021*
6. *Christopher Akers-Belcher was appointed with effect from 19 October 2021*
7. *Siva Kumar appointment ended 30 November 2021*
8. *John Edwards sadly passed away in January 2022*
9. *Kate Wilson appointment ended 30 November 2021*
10. *Gavin Morrigan appointment ended 30 November 2021*
11. *Lynda White was appointed with effect from 1 December 2021*

Register of Interests – Governors

All Governors are asked to declare any interests at the time of their appointment, on election and on an annual basis. A register is maintained and available for inspection by members of the public. If anyone wishes to inspect the Register they can view it by contacting:

Company Secretary
North Tees and Hartlepool NHS Foundation Trust
University Hospital of North Tees
Hardwick
Stockton
TS19 8PE

or email: nth-tr.membership@nhs.net

Trust Membership

Public and staff are invited to participate in NHS Foundation Trust status by becoming members. Membership brings the important benefits of being able to stand for and vote in the elections for our Governors and can expect to participate more fully and help to shape the delivery of services. The Trust has some 11,423 members, which comprise 5,160 public members and 6,263 staff members:

Constituency	Number of members	Percentage of membership
Hartlepool	1,446	28.02%
Stockton-on-Tees	2,267	43.93%
Easington	766	14.85%
Sedgefield	435	8.43%
Non-Core	246	4.77%
Total	**5,160**	

Core Public members - are those aged 16 years and above that reside in the Trust's core constituent areas of Hartlepool, Stockton-on-Tees, Peterlee, Easington and Sedgefield.

Non-core Public members - these can be people aged 16 years and above who reside outside of the Trust's core constituent areas, covering the whole of England.

Staff members - employees of the Trust who hold an employment contract with our organisation of at least one year, and staff who are based at the Trust but work for a subsidiary company or partner organisation. Staff that meet these requirements are eligible to become members within the staff constituency unless they choose to inform the Trust that they do not wish to be a member. This is outlined in detail within the Trust's Constitution. The Trust's Membership Strategy sets out: engagement between members, the Trust and Governors; ways to increase and maintain membership levels, ensuring it reflects the population it serves; communication with members (for example Anthem magazine) and providing benefits for members.

Due to the continued impact of COVID-19, the restrictions placed on social distancing and meeting in public, along with the need to reduce the burden on staff during unprecedented times a decision was made to postpone member events.

Therefore, in 2021-22 no member events were held, however, we have continued to communicate with our members via email to circulate bulletins and keep them up to date with news and announcements. In addition, members can also send emails to their elected Governor via the Trust's website. Social media has become a very productive medium to keep our members abreast of new developments.


Portering
Services

4.1.3 Board of Directors

As a Foundation Trust, the Board of Directors are accountable to the independent regulator NHS Improvement, to the health quality regulator, the Care Quality Commission, and locally to the Council of Governors and members. The Board of Directors has responsibility for ensuring compliance with the terms of authorisation, with mandatory guidance issued by NHS Improvement (Monitor), and with relevant statutory requirements and contractual obligations.

The Board of Directors comprises: a Non-Executive Chair and five Non-Executive Directors (NED) all who are independent and are voting members; with five voting Executive Directors and four non-voting Executive Directors. The balance, completeness and appropriateness of the membership of the Board is reviewed periodically and when vacancies arise.

The general duty of the Board of Directors is to act with a view to promoting the success of the Trust so as to maximise the benefits for the members as a whole and for the public. Directors have a responsibility to take decisions objectively in the interests of the NHS Foundation Trust and all members of the Board have joint responsibility for every decision regardless of their individual skills or status.

The Trust recognises the need for balance, completeness and appropriateness with regard to its Board Members. Membership of the Board of Directors and biographical details of individual Board Members are displayed from **pages 61-64**.

There were a number of changes to Board membership during the year, which can be found in the Remuneration Report. The background and experience of all individual Board members as at 31 March 2022 can be found later in the report.

The test of independence for Non-Executive Directors is made both at interview and annually at appraisal meetings. The Trust can confirm the full independence of the Chair and Non-Executive Directors. The Chief Executive on behalf of all Board Directors can confirm that each Director, who was in office at the time the report was approved, has confirmed:

- So far as the director is aware, there is no relevant audit information of which the NHS Foundation Trust's auditor is unaware.
- Each director has taken all the steps that they ought to have taken as director to make themselves aware of any relevant audit information and ensured that the Trust's auditor is aware of that information.

The Board of Directors can confirm, it has met the requirement of Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) in that income from the provision of goods and services for the purposes of health services is greater than its income from the provision of goods and services for any other purposes. Income disclosures are included in note 1.4 of the accounts.

The Trust complies with the cost allocation and charging requirements set out in the managing public money guidance from HM Treasury and the Office of Public Sector Information.

The Trust made no political or charitable donations during 2021-22 however, Optimus Health Limited made a charitable donation of £250 to the British legion Stockton; British Legion Hartlepool; Foodbank Stockton; and Foodbank Hartlepool.

The Trust acknowledges the Bribery Act 2010 and strong ethical standards are expected from all Trust employees. The Trust has a policy for gifts and hospitality, which is publicly available on its website.

The Trust has signed up to the Better Payment Practice Code, which aims to encourage and promote best practice between the organisation and its suppliers. It aims to pay all suppliers within clearly defined terms, and commits to ensuring there is a process for dealing with any issues that may arise. This helps the Trust to build stronger relationships with its suppliers. Furthermore, the organisation also abides by a prompt payment code, which aims to ensure suppliers are paid on time and as per agreed terms and conditions of the contract to trade.

Better payment practice code	31 March 2021		31 March 2022	
	Number	£'000	Number	£'000
Non NHS				
Total bills paid in the year	62,950	113,415	66,509	133,750
Total bills paid within target	52,852	90,448	62,828	123,657
Percentage of bills paid within target	**84.44%**	**79.75%**	**94.5%**	**92.5%**
NHS				
Total bills paid in the year	1,643	23,415	1,066	17,400
Total bills paid within target	1,260	22,216	949	16,757
Percentage of bills paid within target	**76.69%**	**94.88%**	**89.0%**	**96.3%**
Total				
Total bills paid in the year	64,233	136,830	67,575	151,150
Total bills paid within target	54,112	112,664	63,777	140,414
Percentage of bills paid within target	**84,24%**	**82.34%**	**94.4%**	**92.9%**

Board of Director's Attendance

The Board held six seminars, all of which provided the opportunity for detailed debate and discussion regarding Trust services and developments. The Board also met in formal session on 15 occasions during 2021-22, with seven sessions held in public and eight private sessions due to the confidential nature of business. The agendas and papers for the public meetings are published on the Trust's website together with dates of future meetings.

In addition, four Group Board of Director meetings were held in 2021-22 where the agenda focussed on the governance, performance and commercial activities of the Trust's subsidiary companies.

Board Development and Performance

The Board recognises the benefits of development and taking the time to debate and discuss the impact of governance and legislation matters. The Board meets regularly to ensure that it works as a collective entity in developing governance capability in preparation for the future challenges that face the Trust, from both a national, system-wide and local perspective.

Board of Director's Attendance

Name	Total No. of meetings attended *(see note)*	Total No. of meetings held *(see note)*	Notes
Neil Mundy, Interim Joint Chair	6	6	Commenced 1 February 2021, left the Trust on 31 July 2021
Derek Bell, Joint Chair	9	9	Commenced 1 September 2021
Stephen Hall, Non-Executive Director	15	15	Vice Chair from 1 January 2020
Rita Taylor, Non-Executive Director	12	13	
Kevin Robinson, Non-Executive Director	12	13	
Jonathan Erskine, Non-Executive Director	13	13	
Philip Craig, Non-Executive Director	13	13	Senior Independent Director
Chris Macklin, Interim Non-Executive Director	1	13	Appointed 24.3.22 and attended one meeting (final Board meeting in 2021-22)
Ann Baxter, Non-Executive Director	15	15	
Julie Gillon, Chief Executive	15	15	
Deepak Dwarakanath, Medical Director/Deputy Chief Executive	11	15	
Levi Buckley, Chief Operating Officer	15	15	
Neil Atkinson, Director of Finance	15	15	
Lindsey Robertson, Chief Nurse/Director of Patient Safety & Quality	11	15	
Lynne Taylor, Director of Planning & Performance	9	9	Retired on 31 October 2021
Linda Hunter, Interim Director of Planning & Performance	6	6	Commenced 1 November 2021
Graham Evans, Chief Information & Technology Officer	13	15	
Barbara Bright, Director of Corporate Affairs & Chief of Staff	13	15	Retired on 31 March 2022

(*) Total number of meetings that could be attended

Well Led

The Board of Directors has an annual schedule of business, which ensures it focuses on its responsibilities and the long-term strategic direction of the Trust. Board performance is evaluated further through focused discussion, strategic meetings and on-going, in-year review of the Board Assurance Framework.

During 2021-22, the Deputy Executive Team have undertaken a review against our well led statements by considering each key line of enquiry (KLOE) in order to provide self-assessment and an overarching trust level response. The collection and collation of qualitative information linked to underpinning evidence will support the identification of further improvements and the development of action plans that will feed into the trust response for an external review planned for 2022-23.

Internal Control

The Board of Directors is responsible for the Trust's system of internal control and for reviewing its effectiveness, which is designed to manage risk to achieve the Trust's objectives. The Board of Directors provides reasonable, but not absolute, assurance against material misstatement or loss. The Board has established a process which is demonstrated in the Trust's Risk Management Policy that covers identification, evaluation and management of significant risks the Trust may encounter. Further details of the Trust's risk management process can be found within the Annual Governance Statement section 4.7 **pages 103-120.**

To provide the appropriate level of challenge and oversight the formal sub-Committees of the Board of Directors are each chaired by a Non-Executive Director with the exception of the Remuneration Committee, which is chaired by the Trust Chair.

Remuneration Committee

The Remuneration Committee considers and approves the pay and allowances and other terms and conditions of service of the Chief Executive and Executive Directors. The Committee met three times in 2021-22 and following a review of the terms of reference in April 2021, the membership of the Committee was extended to include the Chair and all Non-Executive Directors:

Name	Total number of meetings attended	Total number of meetings held
Neil Mundy*	2	2
Derek Bell*	1	1
Stephen Hall	3	3
Rita Taylor	2	3
Kevin Robinson	2	3
Jonathan Erskine	3	3
Philip Craig	2	3
Ann Baxter	3	3
Barbara Bright	Provided reports which the Remuneration Committee considered to enable decisions to be made	

(*) Total number of meetings that could be attended

Audit Committee

The Audit Committee is authorised by the Board of Directors and provides the Board with an independent and objective review of financial and corporate governance risk management in the Trust.

The Chair of the Committee from 1 April 2021 to 21 February 2022 was Philip Craig, a chartered accountant. Chris Macklin, a chartered public finance accountant was subsequently appointed as interim Chair of the Committee with effect from 24 March 2022. The Committee provides independent assurance for external and internal audit, ensuring the standards are set and compliance is monitored for all financial, non-financial and non-clinical areas, and activities of the Trust. The Audit Committee receives its assurance on clinical risk through the interface provided by the responsible Non-Executive Director on the Patient Safety and Quality Standards Committee. The Patient Safety and Quality Standards Committee provides a report to the Audit Committee summarising its areas of concern to ensure the Audit Committee is sighted on potential risks and the actions being taken to mitigate these.

The Audit Committee investigates any activity within its terms of reference and seeks information, as required, from any member of staff of the Trust. In discharging these responsibilities, the Committee approves internal and external audit work plans, their final reports and seeks assurance from the Trust that outcomes were implemented. The Audit Committee met five times during 2021-22 to assess and critically review the key risks facing the Trust and to ensure that the key financial controls were in place and operating effectively.

Internal audit progress reports were reviewed at meetings throughout the year, with a focus on any high level recommendations. Directors and managers attended meetings to provide assurance as required. Update reports were received from the local counter fraud service The Audit Committee has regularly reviewed the executive summaries for the losses and compensation report, statement of debtors over three months old and £5,000, summaries of debts over £20,000 and single tender actions. These documents, in conjunction with assurance from internal and external audit enable the Audit Committee to ascertain that key financial controls are in place and are operating effectively.

The Audit Committee reviews significant risks in year which have included:

- Management override of controls;
- Property valuations; and
- Validity of accruals.

These risks have been considered through the presentation of the external audit plan and discussions with our external auditors, Deloitte LLP.

Documents presented included: the annual plans for external audit and internal audit, annual reports for internal audit and the local counter fraud service, external assurance on annual accounts for 2021-22, Trust annual report and accounts and the annual governance statement. Reports on the Board Assurance Framework were presented quarterly. An annual quality report is still required but will not be covered as part of the external audit for 2021-22.

The following reports were also presented to the Audit Committee:

- Integrated Compliance & Performance Report;
- Overdue policies;
- Draft internal audit charter;
- Report relating to gifts and hospitality;
- Patient Safety & Quality Standards Update Report.

Name	Total Number of meetings attended	Total number of meetings
Philip Craig (Chair) – 1 April 2021 to 28 February 2022 (*)	5	5
Rita Taylor – 1 April 2021 to 28 February 2022	3	5
Jonathan Erskine – 1 April 2021 to 28 February 2022	5	5

(*) Chris Macklin was subsequently appointed as Interim Chair on 24 March 2022 following the resignation of the previous Audit Committee members.

Finance Committee

The Finance Committee ensures that the Trust's resources are managed efficiently and effectively. The Finance Committee met 11 times during the year to review the financial affairs of the Trust; the interim financial arrangements; the cost improvement programme and the monthly financial and contracting performance to the Board of Directors. The Chief Executive, Medical Director, Director of Nursing, Patient Safety and Quality, Director of Planning and Performance, Chief Operating Officer and Care Group Directors (for specific items) attended meetings to inform and provide assurance in relation to financial control.

The following reports and updates were presented to the Finance Committee:

Planning
Annual Operating & Financial Planning 2021-22
2022-23 Planning & Contracting Updates
2022-23 Revenue & Capital Budget Setting
Estate Strategy
New Hospital Application Bid
Board Assurance Framework & Strategic Risks
Governance
H2 Financial Update & Underlying Position
Finance Committee Annual Report / Terms of Reference
Integrated Care Board – Draft Financial Framework 2022-23
NHSI/E Financial Accountability Guidance
Effectiveness of the Finance Committee – Update
Finance & Governance – Learning Lessons (PWC national report)
Finance Reports
Rolling 12-month forecasts
Monthly Financial Position Reporting
Report on the Better Payment Practice Code
Patient Level Information & Costing System Updates
Temporary Staffing / Enhanced Care Reports
Financial Management Performance Framework Reports
Cost Improvement Plan Updates

Investment Committee

The Investment Committee did not meet during the year.

Charitable Funds Committee

The Charitable Funds Committee met once during the year in November 2021 to monitor arrangements for the control and management of the Trust's charitable funds and to make decisions involving the sound investment of charitable funds in a way that both preserved their capital value and produced a proper return, consistent with cautious and sensible investment.

The charitable funds accounts for 2020-21 were approved and were submitted to the Charity Commission. The Committee has also;

- Monitored the consolidation of smaller restricted funds to better utilise donated funds in furtherance of the aims of the Charity.
- Monitored performance of the investment portfolio.
- Reviewed the amount of cash to be held in light of the impact of COVID-19.
- Considered and approved bids for the utilisation of funds.

Patient Safety and Quality Standards Committee

The Patient Safety and Quality Standards Committee is one of the statutory subcommittees of the Board of Directors with a key focus of gaining assurance in relation to quality, safety, governance and risk management activity throughout the Trust.

The agenda of the Committee is informed by the requisite sections of the Board Assurance Framework and also reflects the domains of the Care Quality Commission:

Are services safe; response to the needs of our patient; caring; effective and well led?

Regular updates are requested by the Committee across a wide range of services in order to challenge and question including the overseeing of serious incidents; it also provides support to staff and clinical teams in the delivery of safe, patient- centred, high quality care. Where required action plans and gap analysis are provided for areas requiring improvements to be made.

Performance, Planning and Compliance Committee

The Performance, Planning and Compliance Committee provides the appropriate level of scrutiny and oversight regarding the Trust's delivery against the key regulatory and performance standards. It provides assurance to the Board of Directors that governance processes are in place to monitor on-going compliance. The Committee also reviews the work of other groups, which include the Cancer Strategy Group, Internal Emergency Care Collaborative and Business Performance, Planning and Delivery Group.

Transformation Committee

The Transformation Committee takes responsibility for providing assurance and challenge in relation to the delivery of the transformation and improvement agenda ensuring appropriate and effective plans are in place to deliver clinical services and system changes. It also seeks assurance that the transformation and improvement agenda is fully integrated into the Board Assurance Framework and supporting risk registers are managed through the Transformation and Improvement Group and aligned to the Trust's existing key strategies.

Executive Team

The Executive Team is made up of the Executive Directors. Its role is to monitor the management of risk, oversee the development and delivery of the Trust's corporate and operational strategy, manage the delivery of performance metrics and financial objectives and agree detailed business plans and performance contracts, and ensure the delivery of effective, efficient and quality services.

Register of Interests – Board of Directors

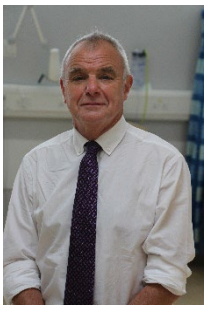
A Register of Directors' Interests that may conflict with their responsibilities at the Trust is maintained and available for inspection by members of the public. If anyone would like to inspect the register they can view it on the Trust's website: www.nth.nhs.uk or by contacting the:

Company Secretary,
North Tees and Hartlepool NHS Foundation Trust,
University Hospital of North Tees,
Hardwick, Stockton,
TS19 8PE

or email: nth-tr.membership@nhs.net

Board of Directors – Who's Who

Non-Executive Directors



Derek Bell

Joint Chair of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust

Appointed as Joint Chairman from 1 September 2021

Term of office until 31 August 2024

Stephen Hall, JP

Non-Executive Director/ Vice Chair

Appointed 1 March 2007. Term of office until 31 January 2024. Vice Chairman with effect from 1 February 2021

Current commitments include:
Justice of the Peace (JP)

Director of Optimus Health Ltd (Trust wholly owned subsidiary)

Major shareholder in Regional Training Partners Ltd.

Ann Baxter

Non-Executive Director

Appointed: 1 July 2019. Term of office until 30 June 2022

Current commitments include:
Independent Scrutiny – Darlington
Independent Consultancy – Ann Baxter Ltd

Former Positions:
Regional Children's Improvement Advisor – Local Government Association
Independent Chair of Darlington Safeguarding Vulnerable Adult Board

Independent Consultant for a number of projects, quality assurance reviews, overview panels regionally and nationally

Director of Children, Schools and Families – London Borough of Camden

Director of Children and Adult Services – Stockton Borough Council

Chris Macklin

Interim Non-Executive Director

Appointed 23 March 2022

Term of office until 30 September 2022

Former Positions:
Director of Finance and Performance – Durham Tees Valley Probation Trust

Senior Accountant – Redcar and Cleveland Council

Senior Auditor – South Cleveland Health Authority

Executive Directors

Julie Gillon
Chief Executive

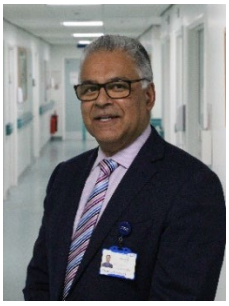
Date of commencement as Chief Executive 1 October 2017.

Registered Nurse, Diploma in Nursing Practice, BSc Nursing; MSc Research & Statistics, Post Graduate Certificate in NHS Management, Post Graduate Certificate in Global Health System Leadership, Yale University

Background:
Extensive NHS experience at regional and acute level. Lead on a range of complex portfolios, which have included compliance; quality; governance; strategy; successful resilience planning, financial and operational performance. Appointed as Chief Executive 1 October 2017, and continues to oversee the strategic direction of the Trust, working and engaging with clinicians, other staff throughout the organisation and external partners to further develop a clinically and financial sustainability model, within the context of the wider Integrated Care System/Integrated Care Partnership.

Former positions:
Held a range of nursing and senior management positions including Registered General Nurse; Senior Sister; Senior Nurse; Deputy Director and Head of Strategic Planning.

Previously held the position of Chief Operating Officer/Deputy Chief Executive at the Trust.



Dr Deepak Dwarakanath
Medical Director/
Deputy Chief Executive

Date of commencement 15 June 2016.
Appointed Deputy Chief Executive April 2019

MBChB (Wales), F.R.C.P (Edinburgh) 1999, F.R.C.P (London) 2000

Background:
Extensive experience in the NHS working across medicine and gastroenterology. Consultant Physician/Gastroenterologist with Trust since 1996 with interests in inflammatory bowel disease and therapeutic endoscopy. Involved in external activity, Secretary for the Royal College of Physicians of Edinburgh for 7 years and Vice-President from 2016 to December 2018.

Former positions:
Registrar in Gastroenterology and Medicine, Research Registrar, Senior Registrar in Gastroenterologly, Consultant Physician/Gastroenterologist, Clinical Director in Hospital Care

Neil Atkinson
Director of Finance

Date of commencement 1st May 2018.

Fellow of the Chartered Institute of Public Finance and Accountancy.

Background:
Extensive NHS experience, at a senior level, across a range of finance functions

Former positions:
Transformation Change Director, Operational Director of Finance, Deputy Director of Finance and Information and other senior finance positions in the NHS

Barbara Bright
Director of Corporate Affairs & Chief of Staff

Date of commencement 10 March 2014.
Retired with effect from 31 March 2022

Postgraduate Diploma in Human Resource Management
Masters in Human Resource Management.

Background:
Has extensive experience in human resource management and organisational development in public sector organisations, and has previously worked at Board level. Joined the NHS in 2004 and commenced the Company Secretary role in 2014, with the role refreshed as Director of Corporate Affairs and Chief of Staff in August 2018 with the addition of communications, marketing and engagement; promoting, developing and raising awareness of the Trusts strategic direction; corporate and social responsibilities and reputation management.

Former positions:
Deputy Director of HR in the Trust, Associate Director of HR, OD and Workforce at Durham and Darlington PCTs, Head of Planning and Recruitment at NCSC and other senior positions in the public sector.

Levi Buckley
Chief Operating Officer

Date of commencement 4 November 2019.

BA in Town Planning
Masters in Health Economics and Health Policy.

Background:
Appointed as chief operating officer in November 2019, joining from Tees, Esk and Wear Valley NHS Foundation Trust. He has over 20 years' senior management experience in the NHS, spanning mental health, learning disabilities, acute and community services in a variety of challenging roles, enabling him to successfully improve services across the north east with a strong focus on partnership working.

Working life started in social care, health promotion and community development before joining the NHS in 1998 as a management trainee working at Newcastle Hospitals Trust and Newcastle PCT. Having worked in the health and social care sector for over 25 years, he is committed to the values of the Trust and working in partnership to make a difference for staff and the communities served.

As chief operating office, Levi is responsible for the day-to-day operational management of the Trust's clinical services; co-ordinating and delivering performance against local and national quality and performance standards; and working with services to translate strategy, business objectives and policy into operational delivery.

Professor Graham Evans
Chief Information & Technology Officer/SIRO

Date of commencement 4 July 2016.

Chief Digital Officer NENC – Integrated Care System
Honorary Professor Teesside University

BA(Hons), MSc, DProf, CEng, CITP, FBCS, FRSA, FCMI, MInstMC, MIET

Background:
Held a number of national and regional leadership roles relating to health informatics/Information and Communications Technology (ICT), commencing his NHS career with North Tees and Hartlepool NHS Foundation Trust in June 2004 as the director of IM&T. Prior to joining the NHS, Graham worked within the private sector in a range of senior commercial, operational and engineering management positions, predominantly in the chemical, electronics and Fast Moving Consumer Goods (FMCG) industries.

Following periods at the North East Strategic Health Authority (NESHA) and NHS England, Graham returned to the Trust in July 2016 as Chief Information and Technology Officer (CITO), in addition, in September 2018, Graham was appointed to the role of Chief Digital Officer (CDO) for the Integrated Care System (ICS) for the North East and North Cumbria region, whilst maintaining his CITO role within the Trust.

Former positions:
Director of corporate services and corporate chief information officer for NHS England; CIO and director of informatics/CIO for the NESHA; director of HR and information with North Tees and Hartlepool NHS Foundation Trust, past chairman of the Teesside and District Branch of the British Computer Society (BCS).

Lindsey Robertson
Chief Nurse/Director of Patient Safety & Quality, Director of Infection Prevention and Control
Caldecott Guardian

Date of commencement 1 November 2020.

Background:
Worked in the NHS for over 30 years with experience in operational, commissioning and strategy with in depth knowledge of multiple specialities across the age continuum, leading both corporate and frontline services, in hospital and community services

Former positions:
Care Group Director (Responsive Care);
Deputy Director of Nursing, Patient Safety & Quality,

Linda Hunter
Interim Director of Planning & Performance

Date of commencement 1 October 2021.

Background:
NHS career commenced within finance within the Acute setting, working in Local Authority, Primary Care Trust and within an integrated role across health and social care. General Management within Community Services. Experience of working with multi agency change, service improvement, business management and integration

Former position:
Deputy Director of Planning and Performance

Alan Sheppard
Chief People Officer

Date of commencement 1 November 2017.

Membership of the Chartered Institute of Personnel & Development
Registered Nurse
Vice President role for the NENC HPMA

Background:
Alan has extensive NHS experience as a registered nurse, educator and has led functions at general manager and deputy director level. Alan started his NHS career as a student nurse in Hartlepool before working in Darlington and returning to North Tees in his last clinical job on the Stroke Unit at North Tees.

Former positions:
Deputy Director of Workforce, General Manager – Education, Learning and Development, and other senior positions both clinical and non-clinical.

Jonathan Erskine, Non-Executive Director resigned from his role with effect from 21 February 2022.

Philip Craig, Non-Executive Director resigned from his role with effect from 21 February 2022.

Kevin Robinson, Non-Executive Director resigned from his role with effect from 21 February 2022.

Rita Taylor, Non-Executive Director resigned from her role with effect from 21 February 2022.

Lynne Taylor, Director of Planning and Performance flexi retired from her role with effect from 31 October 2021.

4.2 Remuneration Report

This report sets out the salaries, allowances and pension entitlements of the Chief Executive and Executive Directors (senior managers) of the Trust. In addition, the remuneration and expenses of the Chair and Non-Executive Directors are also presented. For the purposes of this report those persons in senior positions have authority or responsibility for directing or controlling the major activities of the Trust.

4.2.1 Annual statement from the Chair of the Remuneration Committee

I am pleased to present the Remuneration Report for the financial year 2021-22 on behalf of the Trust.

In accordance with the requirements of the HM Treasury Financial Reporting Manual (FReM) and NHS Improvement, we have divided this Remuneration Report into the following parts:

- An annual statement on remuneration from the Chair of the Remuneration Committee;
- Senior Managers' Remuneration Policy and;
- Annual Report on Remuneration.

The process the Trust uses for assessing the performance of its Chief Executive and Executive Directors is determined by the Remuneration Committee and is reviewed annually to ensure it is fit for purpose and meets current good practice for Board Directors. The Trust's policy on pay is that it will, for all staff groups, endorse any national proposals for pay, subject to the Trust being able to afford to pay any changes/increases. The Trust, for its Directors and Chief Executive, recognises the need to pay in the upper quartile to ensure it both attracts and retains staff as it proceeds to move forward and build on its Corporate Strategy and Clinical Services Strategy, whilst working with the ambitious plans and transforming services for the future as part of the Integrated Care System, Tees Valley Health and Care Partnership and the Tees Valley Provider Collaborative.

Due regard is also given to the diversity and complexity of the roles undertaken thus ensuring the Trust is able to offer proportionate and fair remuneration packages, reflective of the responsibility of working in a large and complex environment and to promote the long-term sustainable success of the Trust by attracting, recruiting and retaining high calibre staff in a competitive marketplace. It considers the prevailing market conditions, benchmarks pay and employment conditions against appropriate peer, national and regional comparators and the Trust workforce. Any pay changes/increases will always be subject to formal review of both the individual Director's performance and the Trust's performance, taking cognisance of the national framework for pay.

The Remuneration Committee considers the key business objectives as set out in the Trust's Corporate Strategy and objectives allocated to each Executive Director through the appraisal process. Performance is closely monitored and discussed through both an annual and on-going appraisal process. The Chief Executive takes the lead on the evaluation of Directors and the Chair takes the lead on the Chief Executive's performance. During 2021-22, appraisals were held with the Chief Executive and each Director and all senior managers' remuneration is subject to satisfactory performance.

A number of changes took place during 2021-22 to ensure the necessary capacity and capability within the Trust to deliver the challenging agenda:

- Appointment to the role of Joint Strategy and Partnership Director with South Tees Hospitals NHS Foundation Trust.

- Review of Care Group Director remuneration and processes related to recruitment of these roles.
- Chief Information and Technology Officer (CITO) continued for a further 12 months in the role of Chief Digital Officer (CDO) for the Integrated Care System (ICS) for the North East and North Cumbria region, whilst maintaining his CITO role within the Trust.
- Proposals agreed and implemented in relation to pension provision for the Medical Director/Deputy Chief Executive.
- Review and report on the key objectives and deliverables of the Chief Executive Advisor.
- Proposals agreed for the recruitment of an Independent Chair of North Tees and Hartlepool Solutions LLP.
- Proposals agreed in relation to remuneration of the Managing Director of North Tees and Hartlepool Solutions LLP.
- Proposals agreed in relation to an incentive reward scheme for the Managing Director and senior team in North Tees and Hartlepool Solutions LLP.
- Trust representatives agreed on North Tees and Hartlepool Solutions LLP Management Board.

The Nominations Committee is responsible for the recruitment, appointment, retention and removal of the Chair and Non-Executive Directors, including matters of remuneration and conditions of appointment. It was agreed in 2020-21 to progress the ambition of provider collaboration with South Tees Hospitals NHS Foundation Trust and appoint a Joint Chair. A Joint Nominations Committee with South Tees Hospitals NHS Foundation Trust, operating as Committees in Common was formed. The Joint Nominations Committee agreed a process for the recruitment of the Joint Chair, the process was undertaken during the first quarter of 2021-22, resulting in the appointment of Professor Derek Bell as the Joint Chair with effect from 1 September 2021.

In February 2022 four Non-Executive Directors tendered their resignation with immediate effect, the Nominations Committee met in March 2022 to consider proposals for interim arrangements for a period of 6 months. It was agreed to proceed with interim arrangements with recruitment commencing to fill these roles with the Nominations Committee leading on the process and recommending appointment to three posts to the Council of Governors in April 2022.

All recommendations were presented to and ratified by the Council of Governors and further detail is included in the Nomination Committee section on page 43.

Derek Bell
Joint Chair

22 June 2022

4.2.2 Senior managers' remuneration policy

The following information forms part of the unaudited part of the Remuneration Report.

The Remuneration Committee is committed to ensuring the Trust is able to offer proportionate and fair remuneration packages, reflective of the responsibility of working in a large and complex environment and to promote the long-term sustainable success of the Trust by attracting, recruiting and retaining high calibre staff in a competitive marketplace. It considers the prevailing market conditions, benchmarks pay and employment conditions against appropriate peer, national and regional comparators and the Trust workforce.

When appointing senior managers to the Trust, the Remuneration Committee aligns with the Trust's strategy to deliver Workforce Race Equality standards, Workforce Disability Equality Standards and increase inclusive leadership. The Trust values and promotes diversity and is committed to equality of opportunity for all. The Trust believes that the best boards are those that reflect the communities they serve and applications are particularly welcomed from women, people from the local black and minority ethnic communities, and disabled people who we know are under-represented in senior manager roles.

The Remuneration Committee always considers the pay and terms and conditions of service of all Trust employees when making any decisions relating to the Executive Directors' pay and conditions. This is to ensure that levels of responsibility and experience are reflected appropriately especially using Band 9 level posts as a benchmark, take account of pay surveys conducted by NHS Providers, as well as comparisons with other North East trusts and consider any national inflationary pay awards awarded to agenda for change/medical and dental staff.

The Remuneration Committee considered its policies on remuneration and performance in order to satisfy itself that the level of remuneration paid above the threshold of £150,000 to some members of the senior team was justifiable and reasonable; given the diversity and complexity of portfolios, the Remuneration Committee confirmed that the salaries were appropriate.

NHS England/NHS Improvement outlined recommendations for the 2021-22 annual pay increase for very senior managers in September 2021, which was no increase to basic pay levels but discretionary non-consolidated pay arrangements in exceptional circumstances. In line with the national recommendations no cost of living increase was applied for very senior managers.

Details of Directors' remuneration and pension entitlements for the year ending 31 March 2022 are published in this Remuneration Report and the Annual Accounts section, which can be found at section 6 of this report. There have been no awards made to past senior managers. The dates of commencement of the Executive Directors in their current posts can be found in section 4.1.3, pages 55-56.

Future policy table

Element of pay	Purpose and link to strategic objectives	How operated in practice	Maximum opportunity	Description of performance metrics
Base salary	To help promote the long term success of the Trust and to attract and retain high calibre Executive Directors to implement the strategy. To provide a competitive salary relative to comparable healthcare organisations in terms of size and complexity.	As determined by spot salary on appointment. The Committee recognises the need to pay in the upper quartile to ensure it both attracts and retains staff. The Committee considers: • Individual responsibilities, skills, experience and performance; • Salary levels for similar positions in other foundation trusts; • The level of pay increases across other pay grades in the Trust; • Economic and market conditions; • Advice from NHSI/Ministerial opinion; and • The performance of the Trust. The Committee retains the right to approve any increase in exceptional cases, such as major changes to roles/duties or internal promotion to the position of Director. Salaries are paid monthly in arrears	There is no prescribed maximum annual increase, changes to basic salary, if enacted, will normally be based on a percentage increase. The Committee on occasion may need to recognise changes in the role/duties of a Director; movement in comparator salaries; and salary progression for newly appointed Directors.	N/A
Benefits (taxable)	To help promote the long term success of the Trust and to attract and retain high calibre Executive Directors and to remain competitive in the market place.	Benefits for Directors include: • Pension related benefits based on NHS pension scheme arrangements. Non-Executive Directors do not receive benefits.	There is no formal maximum.	N/A
Pension	To help promote the long term success of the Trust and to attract and retain high calibre Executive Directors and to remain competitive in the market place.	The Trust operates the standard NHS pension scheme for senior staff and the NEST scheme for those ineligible to join the NHS Pension Scheme.	As per standard NHS pension scheme and NEST terms and conditions.	N/A
Annual bonus	To motivate and reward Executive Directors for the achievement of demanding financial objectives and key strategic and performance measures over the financial year. The performance targets set are stretching whilst having regard to the nature and risk profile of the Trust.	The Committee reviews individual performance as measured at the end of the financial year and the level of bonus payable is calculated at that point. Bonus payments will be between 0% - 5% of base salary, dependent on organisational and individual performance. Annual bonus is not pensionable and not consolidated into basic salary.	Maximum earning potential of up to 5% of base salary.	As defined by the Trust Annual Performance Bonus Framework.
Non-Executive Directors' fees (including the Chair)	To attract and retain high quality and experienced Non-Executive Directors (including the Chair).	The remuneration of the Non-Executive Directors, including the Chair, is set by the Council of Governors on the recommendation of the Nomination Committee having regard to the time commitment and responsibilities associated with the role. The remuneration of the Chair and the Non-Executive Directors is reviewed annually taking into account the fees paid by other foundation trusts. The Non-Executive Directors do not participate in any performance related schemes nor do they receive pension or taxable benefits.	Non-Executive Director fees take into account fees paid by other foundation trusts.	N/A

There are no components to senior manager salaries other than those disclosed within the tables on **pages 73-76.** Total remuneration includes salary, non–consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions for 2021-22.

There have been no special contractual compensation provisions attached to the early termination of a senior manager's contract of employment and there has been no payment for compensation for loss of office paid or receivable under the terms of an approved compensation scheme. The Trust does not make payments for loss of office outside the standard contract terms included in the employment contracts of senior managers.

The Remuneration Committee considered and agreed in 2016 an Annual Performance Bonus framework, based on executive team performance and linked to achievement and delivery of key targets and indicators, which would support the need for significant transformational change over the next 5-10 years.

The performance targets to be achieved within the financial year 2020-21 were determined in August 2020 and reviewed and assessed by the Remuneration Committee in July 2021. The performance related elements of remuneration were set at a maximum of 5% of salary and the performance targets and relevant weighting (where applicable) are identified in the table below:

Performance Bonus Scheme – 2020-21	Target %
Delivery of NHS financial control total as agreed with NHS E/I, out turning a breakeven position	25
Achieve a Use of resources rating of 'Good' (no inspection due to COVID)	5
Achieve a Well Led rating of 'Good' (no inspection due to COVID)	5
Deliver the following recovery measures within an agreed tolerance of 2%: - Elective activity >= 90% - Diagnostic activity 100% - Outpatient activity 100% - Non-elective activity >= 90% - Infection control o MRSA target of zero cases in 2020-21 o Cdiff target of no more than 56 cases in 2020-21	 5 5 5 5 5 5
Delivery of metrics aligned to the staff survey outcomes for 2020, with improvement from the 2019 scores: • Response rate > 55% • Engagement score >7.2 • Quality of care score > 7.8 • Safe environment score of > 8.2 • Quality of appraisals >5.5	 5 5 5 5 5
Satisfactory individual appraisal and delivery of core objectives	10
	100

At its meeting on 1 July 2021, the Remuneration Committee agreed to award a 1.5% performance bonus payment under the terms of the scheme.

The performance targets to be achieved within the financial year 2021-22 were determined in July 2021 and will be reviewed and assessed by the Remuneration Committee in quarter 2: 2022-23. In determining the criteria for 2021-22 consideration was given to the significant and continued impact that COVID-19 had had on performance, activity and finances. It was agreed therefore, that a greater emphasis on achievement of recovery and restoration metrics should be factored into the

performance criteria. The Remuneration Committee also agreed the inclusion of metrics aligned to duty to collaborate relating to capital, elective recovery and accelerator funding.

The metrics associated to performance, recovery, duty to collaborate and staff survey outcomes, the Committee agreed all criteria will need to be achieved in order to attain the overall weightings for each, which are 20%, 15% and 25% respectively. The performance targets and relevant weighting (where applicable) are identified in the table below:

Performance Bonus Scheme – 2021-22	Target %
Delivery of financial plans in line with previously agreed medium term financial plan (5 years) which is a £3m surplus for 2021-22.	20
Governance: - Achieve a Use of resources rating of 'Good' - Achieve a Well Led rating of 'Good' ***Dependent on inspections going ahead, if not*** - Demonstrate that the Trust would achieve a 'Good' rating for Use of Resources based on self-assessment and evidence collated. - Demonstrate that the Trust would achieve a 'Good' rating for Well Led based on self-assessment and evidence collated.	 5 5
Delivery of the following performance and recovery measures within agreed tolerance of 2%: - Diagnostic activity in 6 weeks >= 99% - Achievement of RTT >= 92% - Zero 52 week waiters by 31 December 2021 - Achieve an improved performance on Cancer 62 day standard from 2019/20 position (82.79%)	Overall 20 5 5 5 5
Duty to collaborate: - Deliver the capital plan within the agreed CEDL limits - Deliver the Elective Recovery Fund in line with NENC ICS expectations and agreed trajectories (85%) - Deliver accelerator elective and outpatient trajectories (100%)	Overall 15 5 5 5
Delivery of metrics aligned to the staff survey outcomes for 2020, with improvement from the 2019 scores: - Response rate >= 50% - Engagement score >=7.2 - Quality of care score >= 7.8 - Safe environment score of > =8.3 - Quality of appraisals >5.5	Overall 25 5 5 5 5 5
Satisfactory individual appraisal and delivery of core strategic objectives	10
	100

Members of the Executive Team, with the exception of the Medical Director, are appointed on permanent contracts with a notice period of three months for them to serve and a period of six months for the Trust to serve. The Medical Director is appointed for a term of office of three years, which was extended for a further 3-year period on 1 June 2019.

The Medical Director's salary is in accordance with the terms and conditions of the National Health Service Consultant Contract plus a responsibility allowance payable for the duration of office.

Early termination by reason of redundancy is in accordance with the provision of the NHS redundancy arrangements and in accordance with the NHS pension scheme. Employees above the minimum retirement age that request termination by reason of early retirement are subject to the normal provisions of the NHS pension scheme.

4.2.3 Annual report on remuneration

The Trust's Remuneration Committee membership and roles are reflected in section 4.1.3, (pages 48-50). This Committee has responsibility for setting the salaries, allowances and terms and conditions for the Chief Executive and Executive Directors.

The Trust's Nomination Committee sets the remuneration and expenses for the Chair and Non-Executive Directors. Details of the Nomination Committee can be found in section 4.1.2 (page 42). No cost of living increase was agreed by the Nominations Committee in 2021-22.

Expenses paid to Directors in the year have been £8,097.54 (2020-21: £4,428), and for governors £68.66 (2020-21 £17). Expenses are in relation to travel and subsistence necessarily incurred in the performance of their duties in accordance with Trust policies and in compliance with HMRC regulations or other legislation. As at 31 March 2022 there are 13 (2020-21:17) directors in office, and 10 (2020-21:13) of these have received expenses in 2021-22. As at 31 March 2022 there are 32 (2020-21:32) governors in office, with 2 (2020-21:1) of these having received reimbursement in the form of expenses.

The information in the following paragraph has been subject to audit.

The Trust is required to disclose the median remuneration of the Trust's staff and the ratio between this and the mid-point of the banded remuneration of the highest paid Director. The calculation is based on full-time equivalent staff of the reporting entity at the reporting year end date on an annual basis. The median remuneration of all Trust staff is £29,201 (2020-21: £27,930) and the ratio between this and the mid-point of the banded remuneration of the highest paid director is a ratio of 7.62 (2020-21: 8.23) to the highest paid Director being £225k - £230k (2020-21: £225k - £230k). In 2021-22, four employees of the Trust (2020-21:3) have received remuneration in excess of the highest paid director, remuneration ranged from £225k – £295k (2020-21: £235k – £300k). Two directors earned over £150,000. The lowest salary at the Trust in the reporting period is £10k-£15k with the highest salary £290k-£295k.

The banded remuneration of the highest-paid director in the organisation in the financial year 2021-22 was £225k-£230k (2020-21, £225-£230k). This is a change between years of -0.95%. For employees of the Trust as a whole the average percentage change from the previous financial year in respect of all employees of the entity excluding agency and bank taken as a whole is +4.9%, including agency and bank the percentage is +5.3%.

NHS Foundation Trusts must disclose pay ratio information showing the 25th percentile, median and 75th percentile of the pay and benefits of all employees at the reporting date , together with a ratio comparing the total pay and benefits figure to the remuneration of the highest paid Director.

The remuneration of the employee at the 25th percentile, median and 75th percentile is set out below. The pay ratio shows the relationship between the total pay and benefits of the highest paid director (excluding pension benefits).

2021/2022	25th percentile	Median	75th percentile	
	£	£	£	
Salary component of pay	£21,949	£29,157	£40,057	(This is the salary component of the total pay and benefits figure below)
Total pay and benefits excluding pension benefits	£22,293	£29,201	£40,150	(These figures are based on annualised full-time equivalent pay and benefits inc agency and temp staff)
Pay and benefits excluding pension: pay ratio for highest paid director	10.03	7.66	5.57	(mid point of banded remuneration (excluding pension benefits) of the highest paid director in the single total figure table)

The only non-cash elements of senior managers' remuneration packages are pension-related benefits, accrued under the NHS pension scheme. Contributions are made by the Trust and the employee in accordance with the rules of the national scheme, which applies to all NHS staff in the scheme.

In the event of any matters of concern, the Trust's normal investigation and disciplinary policies apply to senior managers.

Julie Gillon
Chief Executive

22 June 2022

This table has been subject to audit.

		To 31 March 2022				
Name and Title	Salary and Fees	Expense payments (taxable)	Other remuneration	Annual performance related bonuses	Pension Related Benefits	Total Remuneration
	(bands of £5,000) £000	Rounded to the nearest £100	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £2,500) £000	(bands of £5,000) £000
Mr Neil Mundy – Interim Joint Chair left 31 July 2021	15-20	-	-	-	-	15-20
Professor Derek Bell – Joint Chair from 1 September 2021	45-50	-	-	0-5	-	45-50
Ms Julie Gillon – Chief Executive	220-225	300	-	0-5	92.5-95	320-325
Mr Anandapuram Dwarakanath – Medical Director	225-230	200	10-15	0-5	272.5-275	510-515
Mrs Lindsey Robertson – Chief Nurse/Director of Patient Safety & Quality	125-130	300	-	0-5	97.5-100	225-230
Professor Graham Evans – Chief Information & Technology Officer and Chief Digital Officer (CDO) for the Integrated Care System (ICS) for the North East and North Cumbria region - the Trust pays 50% of Dr Evans basic salary and Newcastle & Gateshead CCG pay the other 50%	70-75	-	-	0-5	22.5-25	95-100
Mr Alan Sheppard – Chief People Officer	115-120	-	5-10	0-5	52.5-55	175-180
Mrs Lynne Taylor – Director of Planning & Performance retired with effect from 31 October 2021	55-60	-	-	0-5	5-7.5	60-65
Mrs Linda Hunter – Interim Director of Planning & Performance from 1 October 2021	45-50	-	-	0-5	25-27.5	70-75
Mr Levi Buckley – Chief Operating Officer	125-130	-	-	0-5	35-37.5	165-170
Mrs Barbara Bright – Director of Corporate Affairs & Chief of Staff retired with effect from 31 March 2022	115-120	-	-	0-5	-	115-120
Mr Neil Atkinson – Director of Finance	145-150	200	5-10	0-5	22.5-25	180-185
Mr Mike Worden – Managing Director of NTH Solutions LLP	120-125	-	-	15-20	-	135-140
Mr Stephen Hall – Non-Executive Director/Vice Chair	25-30	-	-	0-5	-	25-30
Mr Jonathan Erskine – Non-Executive Director resigned with effect from 21 February 2022	10-15	-	-	-	-	10-15
Mr Kevin Robinson – Non-Executive Director resigned with effect from 21 February 2022	10-15	-	-	-	-	10-15
Mr Philip Craig – Non-Executive Director resigned with effect from 21 February 2022	10-15	-	-	-	-	10-15
Mr Neil Schneider – Non-Executive Director left 14 April 2021	0-5	-	-	-	-	0-5
Ms Elizabeth Ann Baxter – Non-Executive Director	15-20	-	-	0-5	-	15-20
Mrs Rita Taylor – Non-Executive Director resigned with effect from 21 February 2022	10-15	-	-	-	-	10-15
Mr Christopher Macklin – Interim Non-Executive Director from 23 March 2022	-	-	-	-	-	-
Mr Brian Dinsdale – Chair of NTH Solutions LLP left 31 December 2021	10-15	-	-	-	-	10-15
Mr Graham Walton - Chair of NTH Solutions LLP from 7 February 2022	0-5	-	-	0-5	-	0-5

NOTES

1. All taxable benefits relate to cars and are expressed in £000's. The method of calculating benefits in kind is based upon HMRC guidance and uses the CO2 emissions rate of the vehicle and the type of fuel used.
2. Mr Neil Mundy was interim Joint Chair of North Tees and Hartlepool NHS Foundation Trust and South Tees NHS Foundation Trust from 1 February 2021 to 31 July 2021. The Trust paid 50% of Mr Mundy's salary
3. Professor Derek Bell was appointed Joint Chair of North Tees and Hartlepool NHS Foundation Trust and South Tees NHS Foundation Trust from 1 September 2021. The Trust pays 50% of Professor Bell's salary
4. Remuneration in relation to the Medical Director, Dr Anandapuram Dwarakanath includes payment for level 9 clinical excellence award of £35k-£40k.
5. Professor Graham Evans is over normal retirement age therefore a CETV calculation is not applicable. As Dr Evans is also employed as Chief Digital Officer (CDO) for the Integrated Care System (ICS) for the North East and North Cumbria region, the Trust received 50% of his salary from Newcastle and Gateshead CCG. Total salary received for 2021-22 is £140k-£145k
6. Mrs Barbra Bright Director of Corporate Affairs and Chief of Staff, Flexi retired from the Trust on 31 March 2022 and returned to the Trust April 2022 in another role.
7. Mrs Lynne Taylor, Director of Planning and Performance, flexi retired from the Trust on 31 October 2021 and returned and returned to the Trust in another role.
8. Mr Graham Walton commenced his role as Chair of North Tees and Hartlepool Solutions LLP/Non-Executive Director on 7 February 2022.
9. Mr Alan Foster is employed by the Integrated Care System (ICS) for the North East and North Cumbria region, although the Trust pays Mr Foster's salary the costs are fully reimbursed by Newcastle and Gateshead CCG.
10. Mr Neil Schneider, Non-Executive Director left on 14 April 2021.
11. Mr Brian Dinsdale, Chair of North Tees and Hartlepool Solutions LLP left on 31 December 2021.
12. Mrs Rita Taylor, Mr Jonathan Erskine, Mr Kevin Robinson, Mr Philip Craig, all Non-Executive Directors left on 21 February 2022.
13. Mr Christopher Macklin, Non-Executive Director commenced on 23 March 2022.
14. Pension - Related Benefits have been calculated in line with the 2021-22 NHS Foundation Trust ARM guidance and have been determined in accordance with the HMRC method of calculating less the amounts paid by employees.

Julie Gillon
Chief Executive
22 June 2022

		To 31 March 2021				
Name and Title	Salary and Fees	Expense payments (taxable)	Other remuneration	Annual performance related bonuses	Pension Related Benefits	Total Remuneration
	(bands of £5,000) £000	Rounded to the nearest £100	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £2,500) £000	(bands of £5,000) £000
Mr Paul Garvin – Chair until 31 January 2021	40-45	-	-	-	-	40-45
Mr Neil Mundy – Interim Joint Chair from 1 February 2021	0-5	-	-	-	-	0-5
Ms Julie Gillon – Chief Executive	220-225	114	-	0-5	2.5-5	240-245
Mr Anandapuram Dwarakanath – Medical Director	225-230	-	-	0-5	35-37.5	260-265
Mrs Julie Lane – Chief Nurse/Director of Patient Safety & Quality flexi retired from the Trust 31 July 2020 and fully retired from the Trust 2 November 2020.	60-65	-	-	0-5	-	60-65
Mrs Lindsey Robertson – Chief Nurse/Director of Patient Safety & Quality from 1 September 2020	70-75	-	-	0-5	90-95	165-170
Professor Graham Evans – Chief Information & Technology Officer and Chief Digital Officer (CDO) for the Integrated Care System (ICS) for the North East and North Cumbria region - the Trust pays 50% of Dr Evans basic salary and Newcastle & Gateshead CCG pay the other 50%	70-75	-	0-5	0-5	12.5-15	85-90
Mr Alan Sheppard – Chief People Officer	115-120	-	-	0-5	-	115-120
Mrs Lynne Taylor – Director of Planning & Performance	95-100	-	5-10	0-5	22.5-25	130-135
Mr Levi Buckley – Chief Operating Officer	125-130	-	-	0-5	140-142.5	265-270
Mrs Barbara Bright – Director of Corporate Affairs & Chief of Staff	115-120	-	-	0-5	17.5-20	135-140
Mr Neil Atkinson – Director of Finance	140-145	-	5-10	0-5	187.5-190	340-345
Mr Mike Worden – Managing Director of NTH Solutions LLP	110-115	-	-	-	-	110-115
Mr Stephen Hall – Non-Executive Director/Vice Chair	15-20	-	-	-	-	15-20
Mr Jonathan Erskine – Non-Executive Director	15-20	-	-	-	-	15-20
Mr Kevin Robinson – Non-Executive Director	15-20	-	-	-	-	15-20
Mr Philip Craig – Non-Executive Director	15-20	-	-	-	-	15-20
Mr Neil Schneider – Non-Executive Director	15-20	-	-	-	-	15-20
Ms Elizabeth Ann Baxter – Non-Executive Director	15-20	-	-	-	-	15-20
Mrs Rita Taylor – Associate Non-Executive Director	10-15	-	-	-	-	10-15
Mr Brian Dinsdale – Chair of NTH Solutions LLP	10-15	-	-	-	-	10-15

NOTES

1. All taxable benefits relate to cars and are expressed in £000's. The method of calculating benefits in kind is based upon HMRC guidance and uses the CO2 emissions rate of the vehicle and the type of fuel used.
2. Mr Paul Garvin resigned from his post as Chair of the Trust on 31 January 2021.
3. Mr Neil Mundy commenced his role as Interim Chair of the Trust on 1 February 2021. Mr Mundy is Joint Chair of North Tees and Hartlepool NHS Foundation Trust and South Tees NHS Foundation Trust. The Trust pays 50% of Mr Mundy's salary
4. Remuneration in relation to the Medical Director, Dr Anandapuram Dwarakanath includes payment for level 9 clinical excellence award of £35k-£40k.
5. Professor Graham Evans is over normal retirement age therefore a CETV calculation is not applicable. As Dr Evans is also employed as Chief Digital Officer (CDO) for the Integrated Care System (ICS) for the North East and North Cumbria region, the Trust received 50% of his salary from Newcastle and Gateshead CCG. Total salary received for 2020-21 is £140k-£145k
6. Mrs Julie Lane flexi retired from the Trust on 31 July 2020 and then fully retired on 2 November 2020.
7. Mrs Lindsey Robertson commenced her role as Chief Nurse/Director of Patient Safety and Quality on 1 September 2020, prior to this Mrs Robertson was employed by the Trust as Care Group Director: Responsive Care.
8. Mr Alan Foster is employed by the Integrated Care System (ICS) for the North East and North Cumbria region, although the Trust pays Mr Foster's salary the costs are fully reimbursed by Newcastle and Gateshead CCG.
9. Pension - Related Benefits have been calculated in line with the 2021-22 NHS Foundation Trust ARM guidance and have been determined in accordance with the HMRC method of calculating less the amounts paid by employees.

Julie Gillon
Chief Executive
22 June 2022

This table has been subject to audit.

Salary and Pension Entitlements of Senior Managers - B) Pension Benefits								
Name & Title	Real increase in pension at pension age	Real increase in pension lump sum at pension age	Total accrued pension at pension age at 31 March 2022	Lump sum at pension age related to accrued pension at 31 March 2022	Cash equivalent transfer value at 1 April 2021	Real increase in cash equivalent transfer value	Cash equivalent transfer value at 31 March 2022	Employer's contribution to stakeholder pension
	(bands of £2,500) £000	(bands of £2,500) £000	(bands of £5,000) £000	(bands of £5,000) £000	£000	£000	£000	£000
Ms Julie Gillon Chief Executive	7.5-10	-	110-115	260-265	2,322	0	2,363	32
Dr Anandapuram Dwarakanath Medical Director	12.5-15	35-37.5	100-105	305-310	2,158	338	2,551	36
Mrs Lindsey Robertson Chief Nurse/Director of Patient Safety & Quality	5-7.5	7.5-10	45-50	105-110	739	88	849	18
Mr Neil Atkinson Director of Finance	0-2.5	-	50-55	95-100	836	22	884	21
Professor Graham Evans Chief Information & Technology Officer	0-2.5	5-7.5	30-35	90-95	-	-	-	21
Mr Levi Buckley Chief Operating Officer	2.5-5	0-2.5	50-55	60-65	685	31	739	18
Mrs Lynne Taylor Director of Planning & Performance until 31 October 2021	0-2.5	-	5-10	-	128	6	152	8
Mrs Linda Hunter Interim Director of Planning & Performance from 1 October 2021	0-2.5	0-2.5	20-25	35-40	314	21	370	6
Mrs Barbara Bright Director of Corporate Affairs & Chief of Staff	-	-	45-50	95-100	1,030	-	950	17
Mr Alan Sheppard Chief People Officer	2.5-5	2.5-5	40-45	120-125	871	58	950	17

NOTES

1. Non-Executive Directors do not receive pensionable remuneration; there will be no entries in respect of pensions for Non-Executive Directors.
2. Mrs Barbara Bright, Director of Corporate Affairs and Chief of Staff flexi retired from her role on 31 March 2022 and returned to the Trust in April 2022 in another role.
3. Mrs Lynne Taylor, Director of Planning and Performance flexi retired from her role on 31 October 2021 and returned to the Trust in another role
4. Mrs Linda Hunter commenced in the role of Interim Director of Planning and Performance from 1 October 2021. Mrs Hunter was previously employed in the Trust in a different role.
5. Mr Mike Worden, Managing Director, North Tees and Hartlepool Solutions LLP is not a member of the NHS Pension Scheme, therefore there is no entry in in respect of pensionable remuneration shown.
6. Professor Graham Evans is over normal retirement age therefore a CETV calculation is not applicable.
7. Mr Graham Walton, Interim Chair of North Tees and Hartlepool Solutions LLP/Non-Executive Director commenced in role on 7 February 2022 and is not a member of the NHS Pension Scheme therefore, there is no entry in respect of pensionable remuneration shown.
8. .A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.
9. Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

The above tables form part of the audited statements.

Julie Gillon
Chief Executive


Medtronic
Medtronic
Medtronic

4.3 Staff Report

4.3.1 Keeping staff informed

Our dedication to keeping our staff informed remains a key priority for the organisation. We have a number of communications channels that support consistent messaging to ensure that colleagues remain informed. On a weekly basis we issue two formal bulletins – one with business critical information that will inform 'need to know' information, and a second that highlights all of the current news pertaining to the Trust, and how we have featured in the wider media.

The Trust also has exceptionally active social media accounts via Facebook, Twitter, Instagram, LinkedIn and more recently TiKTok. By working to segment our audiences where appropriate, we are able to direct messages via multiple channels to ensure breadth of reach.

The Trust also issues a weekly governors bulletin, a monthly chair update and several chief executive blogs and updates.

Our screen savers within the organisation are used to host pertinent messages about key campaigns that our colleagues can support, or hold key messages about business-critical matters.

4.3.2 Supporting Staff

Our Trust is made up of 5,500 individuals who care for our population with skills, compassion and dedication. Our greatest asset is our people and we value our staff highly.

Our goal is to make North Tees and Hartlepool NHS Foundation Trust the best place to work and we have been doing lots of work in support of this.

Staff Policies

Policy development is an area which we are very passionate about and we have reviewed and improved a number of critical workforce policies during 2021-22.

This work is strongly aligned to our values, particularly as we continue to embed a Just and Learning Culture. Within our organisation, a Just and Learning Culture means acting with compassion, treating people fairly and justly and embracing a learning culture; where, if something goes wrong, we seek first to understand.

We have implemented a new Disciplinary policy which has the fair treatment of staff at its core.

We have replaced our Grievance Policy with a new Resolution Policy, which has an emphasis on working with our staff to reach an agreed resolution to employment matters.

We have implemented a new flexible and agile working policy to support the individual needs of our employees.

We have introduced a new Dignity at Work Policy, which recognises that all staff have the right to a working environment that is free from any form of discrimination or harassment and to be treated with dignity and respect at all times.

Our Attendance Management Policy has been greatly enhanced to provide additional support to staff, including guidance on equality related matters and introducing a more formalised approach to agreeing reasonable adjustments.

Information and consultation, including staff side

Staff are consulted on any formal employment changes in accordance with our workforce change policy. We are committed to engaging with our staff at the earliest possible stage during any period of change and we have developed strong working relations with our staff-side colleagues to ensure we work in a partnership approach.

Our staff networks are fully involved in the policy review process and actively inform, champion and influence policy development, to meet the diverse needs of our workforce.

4.3.3 Equality, Diversity and Inclusion

We are proud of our strong reputation within the equality, diversity and inclusion agenda and we are committed to creating a more diverse and inclusive culture, where staff can come to work in a supportive working environment, with a strong sense of belonging.

We adhere to the duties under the Equality Act 2010, which legally protects people from discrimination within the workplace and the wider society. The Trust also strives to meet the statutory Public Sector Equality Duty (PSED), which is a duty placed on all public authorities to consider how policies and/or decisions affect people who are protected under the Equality Act 2010.

The Trust is required to produce detailed information to demonstrate our regard to the Equality Act 2010 and other NHS standards such as the Workforce Race Equality Standard (WRES), Workforce Disability Equality Standard (WDES) and Equality Delivery System (EDS2), all of which are published on our website.

We acknowledge all protected characteristics to be of equal importance, including age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

Our People Committee, led by our Chief People Officer and a Non-Executive Director, delivers the strategic EDI agenda. Day to day delivery of EDI activities is undertaken by the Employee Relations Team, with wider engagement from the staff networks, keeping people safe committee, communications and marketing team, and the Freedom to Speak Up Guardian.

The Patients and Carer's Experience Committee and Accessibility Forum include external representatives from HealthWatch and consider EDI matters from a patient focused viewpoint.

Key Achievements

The Trust maintains a strong focus on creating a values based culture which starts with the recruitment and selection of staff and is embedded through staff development and challenging inappropriate behaviours through a just and learning culture approach.

We recognise that nothing is more powerful than staff stories. Through our Staff Network programme, we are committed to sharing the lived experiences of our staff which allows us to understand the real issues being faced by staff and how this may affect them in their working lives. Our BAME, Disability and LGBTQ+ staff networks continue to meet on a regular basis and during 2021, we established additional staff networks in the areas of Age, Multi-faith and Women.

In May 2021, we launched the Rainbow Badge in support of our LGBTQ+ staff and patients. Over 300 staff made their pledges on the launch day, and we now have over 750 staff who wear a Rainbow Badge as a symbol of our openness and inclusivity.

We have recruited an additional four Cultural Ambassadors who have received accreditation from the RCN's Cultural Ambassador Programme. Our Cultural Ambassadors are trained to identify and challenge discrimination and cultural bias within disciplinary processes, formal investigations and grievance hearings where the employee is from a BAME ethnicity.

The Trust attained the status of Disability Confident Employer in 2021, an increase from our previous level of Disability Confident – Committed. We continue to guarantee to interview all disabled applicants who meet the minimum criteria for any post advertised, providing the applicant has indicated on the application that they have a disability in accordance with the Equality Act 2010.

The Trust commissioned an external review of equality, diversity and inclusion during 2021-22. Our aim is to build a strategic approach to cultural competence as part of an all-encompassing ED&I learning strategy. We will empower individual staff and teams to have the ability to interact with people from diverse cultures and respond to their health needs and work across a diverse workforce.

Gender Pay Gap

In March 2021, the Trust published its Gender Pay Gap information of the Government's Equalities website. More information on this can be found on the Trust's website: www.nth.nhs.uk/about/trust/how-we-are-doing/gender-pay

Modern Slavery Act

The Trust is committed to driving out acts of modern slavery and human trafficking from within its own business and supply chains. The Trust acknowledges its responsibility under the Modern Slavery Act (2015) and will ensure transparency is achieved within the organisation so that the objectives of the Act are achieved on a consistent basis.

4.3.4 NHS People Plan/Context

NHS England published the NHS People Plan in July 2020, setting out an overall vision for how the NHS should change over the next ten years.

The People Plan 2020-21: action for us all was published alongside **Our People Promise**, building on the **interim People Plan** to set out a range of actions to deliver this.

These are organised around four pillars:

- **Looking after our people** – with quality health and wellbeing support for everyone
- **Belonging in the NHS** – with a particular focus on tackling the discrimination that some staff face
- **New ways of working and delivering care** - making effective use of the full range of our people's skills and experience
- **Growing for the future** – how we recruit and keep our people, and welcome back colleagues who want to return.

Our People Promise is a dedication from each of us to work together to improve the experience of working in the NHS for everyone.

The People Promise has been developed and delivered by colleagues across the NHS – meaning it represents what matters most to our workforce. The ambitions of this promise are what we want to be saying about working in the NHS and closer to home, working at North Tees and Hartlepool NHS Foundation Trust.

Our Trust continues to dedicate to 'excellence as our standard' – a directive that colleagues across the organisation are aligned to in all that they deliver. Our provision of safe, quality care is owing to the staff who work for our organisation who are aligned to the values and principles of both the Trust and the People Promise.

There is much to celebrate and the Trust continues to innovate, evolve and develop the skills and potential of our diverse and talented workforce. Our people will continue to be recruited for their behaviours and values as well as their skills and qualifications. Our staff should be justifiably proud of the work they deliver and the important role they fulfil acting as ambassadors for the Trust, the wider NHS and the population in the communities they serve.

Supporting Staff

For our trust to achieve the ambitions of our strategic aims, we are responsible for providing a safe environment for our staff. This means providing access to any help and support needed which will drive for a mentally, emotionally and physically well workforce.

One of our strategic aims as an organisation is:

'Providing a working environment that will enable employees to meet their full potential both in and out of the workplace and enable them to deliver excellent patient care'

We are ambitious for our staff to assess and take responsibility for their health and wellbeing, as well, whilst also promoting health and wellbeing and providing prevention, intervention and rehabilitation services.

The **North Tees and Hartlepool Health and Wellbeing Strategy** is driven by the NHS People Plan detailing the importance of improving the health and wellbeing of employees and ensuring that our

employees are safe and healthy. We will also take a systems approach through involvement in the regional programmes which focusses on the health and wellbeing of our NHS workforce.

The Trust has been a holder of the annual **Better Health at Work** award for a number of years, climbing the levels of award to the highest level of 'Maintaining Excellence'.

Flu - 71% of frontline staff having their 'flu jab' in 2021-22

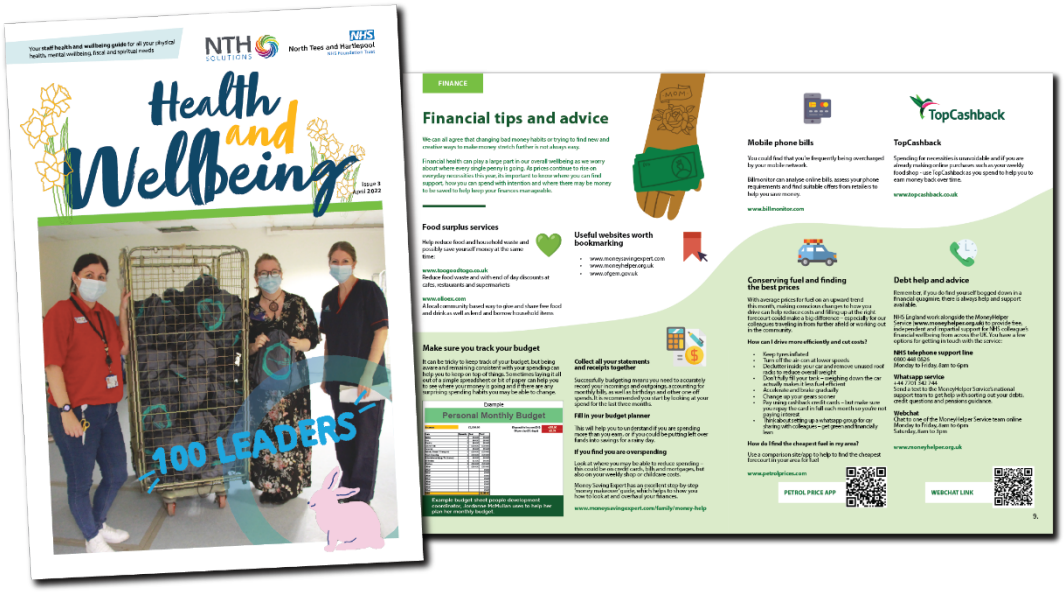
COVID-19 - The first batches of the Pfizer vaccine were received into the Trust on 22 December 2020 with first, second and booster doses delivered through a robust vaccination programme throughout 2021.

The Trust has a continued commitment to supporting our staff. Our ambitions continue to evolve, and this is reflected in the Trust's continued positive engagement score within the annual NHS Staff Survey.

Health and wellbeing
Health and wellbeing is promoted within our organisation as a preventaitive and proactive service, as well as one that supports staff as they need it. The COVID-19 health pandemic highlighted a need to evolve how we support our staff with regards to our health and wellbeing provision. Our focus is dedicated to the wider principles of population health – ensuring that staff are supported to stay well and fulfill their roles so that they may deliver the best possible care for our patients.

We continue to build on our staff health and wellbeing initiatives, which include:

- An annual calendar of wellbeing events
- Monthly Schwartz / Team Time
- Mindfulness and spiritual support
- Menopause support group
- Mental health activity champions
- Dedication to fiscal wellbeing for staff
- Healthy eating promotion via our catering services
- Better health at work award
- Mental health first aiders
- Development of health and wellbeing magazine, with a multidisciplinary editorial team developed for staff, by staff



Absence Data

The Department of Health and Social Care Group Accounting Manual requires the sickness absence data for NHS bodies to be reported in the annual report on a calendar year basis. The most current data for the Trust for the Calendar year 2021 can be found below and at: digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

Annual Report Sickness Table 2021

Figures converted by DH to best estimates of required data items		Statistics produced by NHS Digital from ESR Data Warehouse		
Average FTE 2021	Adjusted FTE Days Lost to Cabinet Office Definitions	Average Sick Days per FTE	FTE Days Available	FTE Days Lost to Sickness Absence
4,582	63,018	13.8	1,672,487	102,229

Source: NHS Digital - Sickness Absence and Workforce Publications - based on data from the ESR Data Warehouse
Period covered January – December 2021
Data items: ESR does not hold details of the planned working/non-working days for employees so days lost and days available are reported based upon a 365-day year. For the Annual Report and Accounts the following figures are used:
The number of FTE-days available has been taken directly from ESR. This has been converted to FTE years in the first column by dividing by 365.
The number of FTE-days lost to sickness absence has been taken directly from ESR. The adjusted FTE days lost has been calculated by multiplying by 225/365 to give the Cabinet Office measure.
The average number of sick days per FTE has been estimated by dividing the FTE Days by the FTE days lost and multiplying by 225/365 to give the Cabinet Office measure. This figure is replicated on returns by dividing the adjusted FTE days lost by Average FTE.

Development and Education of Staff

Development and education of our staff remains a key priority for our trust. This supports our ambitions to sustain a workforce that is confident and competent in delivering outstanding care.

The COVID-19 pandemic has continued to create opportunities to look innovatively at the way education and training is delivered both internally and externally to the Trust, with staff adapting quickly to the ever-changing need for increasing technology usage within education delivery.

Mandatory training has remains a focus, with staff continuing to complete their training where possible via MyESR. Face-to-face sessions have continued with appropriate physical distancing in place to maintain the safety of staff and trainers.

Continuing Professional Development (CPD) - In 2020-21, £150 million was made available from Health Education England to support nurses, midwives, and allied health professionals, employed in NHS Trusts and primary care to have access to a 'personal training budget' of £1k over 3 years to undertake CPD.

With support from Health Education England, the Trust commissioned the University of Teesside to deliver a series of appropriate core and optional modules and short courses including on leadership, quality improvement, mental health support and Making Every Contact Count (MECC) from 2021-2024. The theme and content of these modules was agreed following extensive engagement with appropriate stakeholders.

It is anticipated that such spending will result in more staff, working in rewarding jobs and supportive environments across the system, which will be key to delivering the improvements for patients set out in the NHS Long Term Plan. Moreover, on-going training is vital for health care staff when they are thinking about their next career move within the system.

Apprenticeship Levy – The Trust continues to make sustained progress with the Apprenticeship Levy funding; we are pleased to report that we remain one of the few Trusts in the region who are yet to expire funds. The Trust continues to make sustained progress with the Apprenticeship Levy funding.

Within the Trust, we currently have 440 apprentices undertaking a broad range of different courses including in administration, nursing, engineering and management and leadership. The public sector performance target is to have 2.3% of the workforce as new apprentices in each year, whether that be current staff, or new apprenticeship roles. This target becomes more difficult each year and requires close working with our local colleges and our internal leaders to ensure new sign-ups for apprenticeships are achieved which can be utilised to upskill current staff, or develop new roles.

The Faculty of Leadership and Improvement – In 2021 our Trust launched the Faculty of Leadership and Improvement. The ambition of the faculty was a dedication to continued, sustainable growth and development of staff amid a culture of meaningful leadership and improvement. Clinically led, with corporate participation, this new model of working has evolved a culture of courageous, impactful change.

Initiatives include:

100 Leaders – a project aimed at working with 100 members of staff across the organisation, split into teams of 10, with an appointed 'pack leader' – each team is empowered to make a courageous change for staff and patients, with the support of an executive director as their dedicated sponsor. This was a project borne of work delivered Listening into Action (LiA) – a programme aimed at inspiring change in health and care.

The Trust continues to work with **Hartlepool College of Further Education** with level 3 and level 5 leadership programmes, with future programmes being developed for our level 7 in line with the Faculty of Leadership and Improvement.

Placement Schemes – A number of placement schemes ran during the last year including the Kickstart Scheme. This £2 billion fund was established by the government to create high quality six month work placements for young people currently not in employment. The initiative supports young people to develop new skills, with the aim for them move into sustained employment after they have completed their Kickstart placement, with employability training skills provided.

The Trust is also working with the **Prince's Trust** to pilot new delivery approaches in partnership with a range of organisations. Planning has commenced to secure a Trust coordinator who will deliver pre-employment programmes, resulting in paid employment and training for approximately 70 young people across the specific target groups noted below and to support the ICP and ICS widening participation agenda. The coordinator will work to support opportunities across health and social care agencies in the South Integrated Care Partnership.

Health and Care Academy - In June 2021, it was announced that Hartlepool had been successful in securing a £25m Town's Deal from the Government. This money was divided between projects that had been presented to and agreed by the Town's Deal, including the Trust's bid to develop a health and care academy in conjunction with Hartlepool College of Further Education. The Trust proposed a joint venture with Hartlepool College for Further Education (HCFE) but did not deliver any transactions during 2021-22. The project will deliver a regionally significant training facility at our current estate within Ward 10 at the University Hospital of Hartlepool. The Health and Care Academy proposal received capital funding of £1.25m with matched funding of £0.5m. The project has an estimated go live date of December 2022.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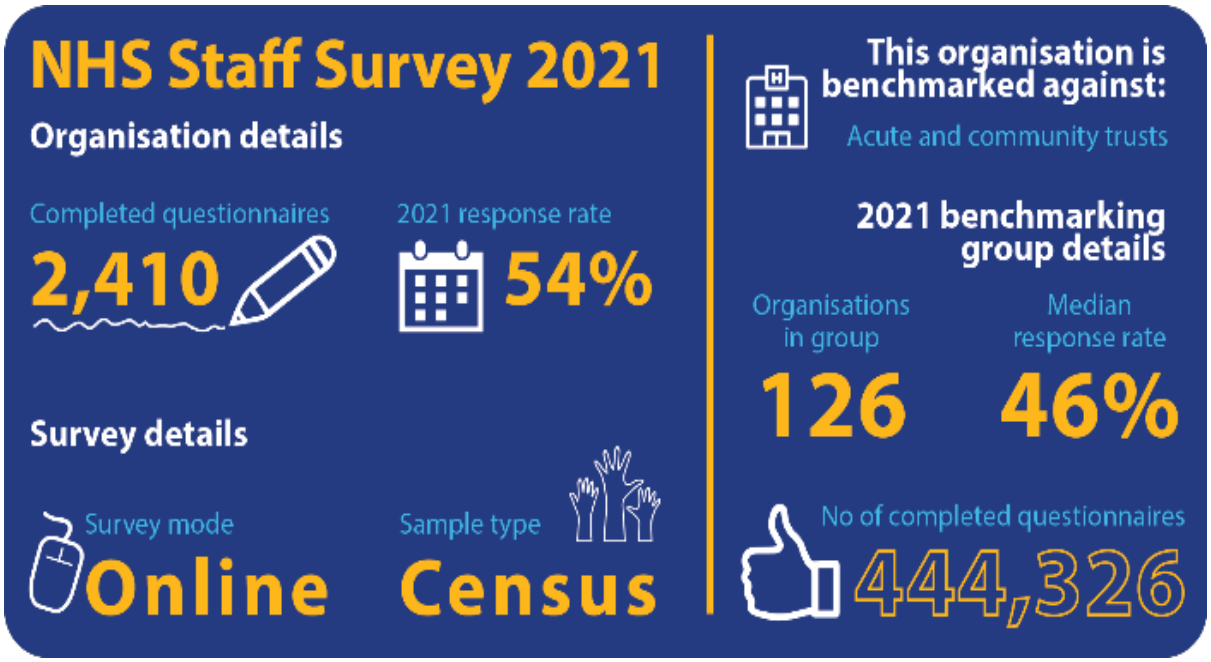
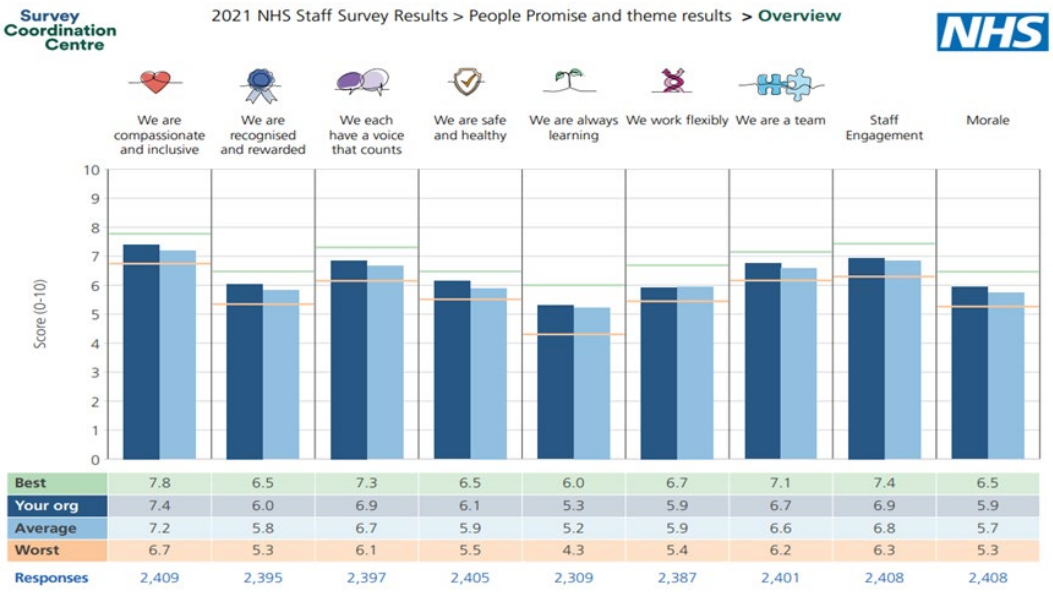
4.3.5 Staff Survey



Each year, NHS staff are invited to take part in the NHS Staff Survey, the largest survey of staff opinion in the UK. The survey questions cover all aspects of staff's experience from morale and engagement to quality and leadership. This year has seen additional questions included which have then been mapped against the **NHS People Plan** and more specifically the **People Promise** meaning that the themes are titled differently to the previous year. These changes will allow a different way of viewing the information to help understand things such as compassionate culture to burnout providing an opportunity to use the information in a different way.

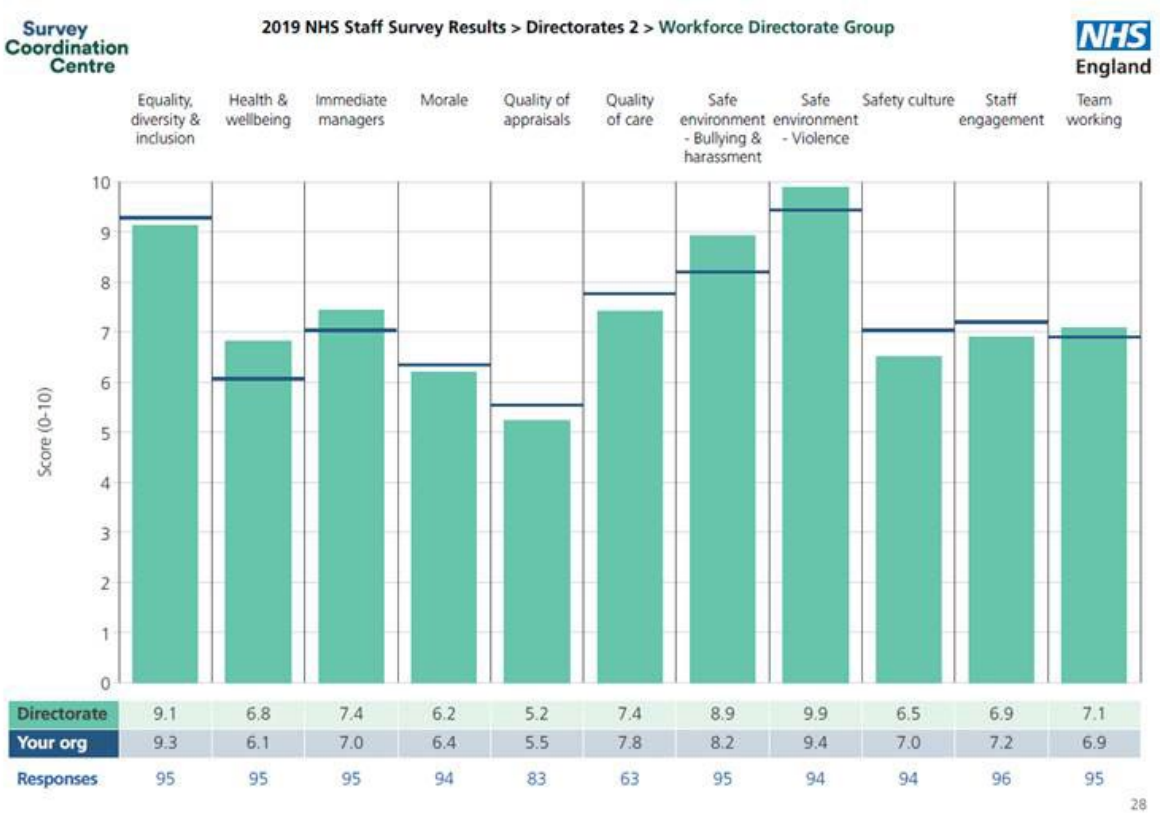
The Staff Survey this year is made up of nine themes which are titled; we are compassionate and inclusive; we are recognised and rewarded; we each have a voice that counts; we are safe and healthy; we are always learning; we work flexibly; we are a team; staff engagement and morale.

The table overleaf provides an overview of the nine themes and the sub themes contained within each theme, an average has been created for each sub theme score with comparison to the national comparator (trusts which have used Quality Health and are described as Acute and Community combined organisations).



For all nine themes, the Trust scored the same as or above the national comparator average. The Trust has continued to build on providing a place to work that people are proud to be a part of. An overall theme score has then been created along with the national comparator (NC) overall score.

The table below demonstrates that we are above the national comparator in all themes and within all sub themes, and shows our position over the last three years.



Theme	Sub theme	Trust sub theme score	NC sub theme score	Trust total score	NC total score
We are compassionate and inclusive	Compassionate culture	76%	72%	74%	71%
	Compassionate leadership	68%	66%	74%	71%
	Diversity and Equality	81%	76%	74%	71%
	Inclusion	70%	68%	74%	71%
We are recognised and rewarded	We are recognised and rewarded	55%	52%	55%	52%
We each have a voice that counts	Autonomy and control	69%	68%	68%	65%
	Raising concerns	65%	60%	68%	65%
We are safe and healthy	Health and safety climate	48%	45%	55%	52%
	Burnout	31%	28%	55%	52%
	Negative experience	79%	76%	55%	52%
We are always learning	Development	61%	58%	52%	50%
	Appraisals	41%	41%	52%	50%
We work flexibly	Support for work life balance and flexible working	53%	53%	53%	53%
We are a team	Team working	68%	63%	67%	64%
	Line management	65%	63%	67%	64%
Staff engagement	Motivation	64%	63%	67%	65%
	Autonomy	67%	65%	67%	65%
	Advocacy	73%	67%	67%	65%
Staff morale	Job retention	54%	51%	54%	51%
	Available resources	44%	41%	54%	51%
	Job role	54%	53%	54%	51%
	Working relationships	63%	61%	54%	51%
			Total score:	62%	59%

Staff experience and engagement

A full electronic census was undertaken which allowed all staff the opportunity to complete the survey, with 2410 surveys completed which was 313 more than 2020. This gave a response rate of 54% which was above average when compared to similar Trusts in the benchmarking group (46%). Within the North East region, this was the second highest response rate and the highest of those taking a census approach to the survey.

The 2021 survey saw additional questions included which have then been mapped against the NHS People Plan and more specifically the People Promise meaning that the themes are titled differently to the previous year. These changes will allow a different way of viewing the information to help understand things such from compassionate culture to burnout providing an opportunity to use the information in a different way.

The staff survey approach being taken this year is to ensure ownership at team-level to enable the delivery of actions in response to the findings. Staff survey reports have been created for the following areas; Trust, Care Group and department to ensure leaders have an awareness of what the survey has indicated. This will then be built upon by sessions sharing information with teams across the Trust to further increase the understanding. It is important that we embed Staff Survey as a tool to support celebration of successes across the Trust, engage staff in how Staff Survey can help support great employee experience and provide the tools and support for teams to lead their own change conversations.

2021-22 Results

Indicators ('People Promise' elements and themes)	2021-22	
	Trust Score	Benchmarking group score
People Promise:		
We are compassionate and inclusive	7.4	7.2
We are recognised and rewarded	6.0	5.8
We each have a voice that counts	6.9	6.7
We are safe and healthy	6.1	5.9
We are always learning	5.3	5.2
We work flexibly	5.9	5.9
We are a team	6.7	6.6
Staff engagement	6.9	6.8
Staff morale	6.9	6.7

2019-20 and 2020-21 Results

Indicators	2019-20		2020-21	
	Trust Score	Benchmarking group score	Trust Score	Benchmarking group score
Equality, diversity and inclusion	9.3	9.2	9.3	9.1
Health and wellbeing	6.1	6.0	6.3	6.1
Immediate managers	7.1	6.9	6.9	6.8
Morale	6.4	6.2	6.4	6.2
Quality of appraisals	5.5	5.5		
Quality of care	7.8	7.5	7.7	7.5
Safe environment – bullying and harassment	8.2	8.2	8.3	8.1
Safe environment – violence	9.5	9.5	9.6	9.5
Safety culture	7.0	6.8	7.0	6.8
Staff engagement	7.2	7.1	7.1	7.0
Team working	6.9	6.7	6.8	6.5

The results of 2021-22 demonstrate we have areas of success, and these should be celebrated, exploring what we are doing in these particular areas that makes them successful. The survey also provides an insight into areas where we need to continue to build upon the work which has already been undertaken such as; we are always learning, we work flexibly and we are safe and healthy. It is clear despite the difficult circumstances that areas have been continuing to strive for excellence and have clearly built upon previous successes.

As a Trust, it is clear that we have areas of excellence that are demonstrating good practice and it is important that we acknowledge and recognise the achievements of being able to thrive during a particular difficult period of time.

All areas will be supported to explore their results utilising an Appreciative Inquiry approach, the areas noted above will be provided with a range of supportive opportunities based on their initial areas of focus in collaboration with the Care Group, line managers and teams to ensure that we approach change in a supportive way.

Local surveys and results

Across the region, North Tees and Hartlepool NHS FT scored the highest response rate in relation to Trust's who took part in a census style survey. It is positive to note that regionally our scores in each theme are in the top ranges and demonstrate the commitment of the teams across the Trust to continue to ensure we are a great place to work and provides safe and effective patient care.

Trust	Response Rate	We are compassionate and inclusive	We are rewarded and recognised	We each have a voice that counts	We are safe and healthy	We are always learning	We work flexibly	We are a team	Staff engagement	Staff morale
Cumbria, Northumberland	45%	7.7	6.5	7.1	6.4	5.9	6.8	7.2	7.1	6.3
Northumbria	79.9%*	7.8	6.4	7.3	6.5	5.9	6.1	7	7.4	6.5
TEWV	50.10%	7.4	6.2	6.9	6.2	5.4	6.3	6.9	6.8	5.9
North Tees and Hartlepool	54%	7.4	6	6.9	6.1	5.3	5.9	6.7	6.9	5.9
South Tees	31.30%	7.3	5.9	6.8	5.9	5.1	5.8	6.7	6.9	5.8
Gateshead	46.50%	7.4	5.9	6.9	6	5.1	6	6.6	6.9	5.9
CDDT	52.70%	7.2	5.7	6.6	5.8	5	5.7	6.5	6.6	5.6
Newcastle	46.20%	7.3	5.8	6.8	6	5.2	5.6	6.4	6.9	5.9
South Tyneside and Sunderland	46.50%	7.1	5.7	6.7	5.9	5.1	5.9	6.4	6.7	5.7
North Cumbria	46%	6.9	5.7	6.4	5.9	4.9	5.7	6.4	6.5	5.6

Future priorities and targets

The next steps for the organisation is to share all staff survey reports to leaders of the Care Group and department reports ensuring that the leaders have an awareness of what the survey has indicated. This will then be built upon by sessions sharing information with teams across the Trust to further increase the understanding. It is important that we embed Staff Survey as a tool to support celebration of successes across the Trust, engage staff in how Staff Survey can help support great employee experience and provide the tools and support for teams to lead their own change conversations.

Celebrating Successes

This year's Staff Survey clearly demonstrates areas of strength as a Trust within We are Compassionate and Inclusive, We each have a voice that counts, We are a team and Engagement. We must ensure that we share the positive work that has taken place in these areas to ensure that people are aware

and can celebrate how they contribute to making it a great place to work. Taking an Appreciative Inquiry to the delivery of Staff Survey results is important ensuring that people see the Staff Survey as a positive tool for change. This focus on celebrating successes will still lead to consideration of improvements however these will be built on foundations of positivity and will result in changes being sustained.

Supporting areas that are surviving

Whilst we must focus on celebrating successes, we must also acknowledge that some areas have survived throughout the pandemic and we must now support them to thrive creating a parity of experience across the organisation. There are clear linkages between leadership, engagement and wellbeing within the areas and the creation of the strategies for each of these areas and alignment will further help to develop a culture of compassion and support. The areas that require the most support will also be approached utilising appreciative inquiry however, the work undertaken will need to be over a long period of time with a clear plan of incremental sustainable change. Conversations have already taken place with each Care Group to provide an understanding of the areas which require further support and the Workforce Directorate will work together to support achievement of these goals.

4.3.6 Trade Union Facility Time

The Trust will fulfil its obligations under the Trade Union (Facility Time Publications Requirements) Regulations for the year 2021-22 by reporting the information in July 2022 and then publishing this on the Trust's website.

The information reported for 2021-22 is as follows:

Table 1 - Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
15	13.12 FTE

Table 2 - Percentage of time spent on facility time

Percentage of time	Number of employees
0%	8
1%-50%	5
51%-99%	2
100%	0

Table 3 - Percentage of pay bill spent on facility time

Provide the total cost of facility time	£59,464,86
Provide the total pay bill (£000)	£251,374
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.02%

Table 4 - Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0.21%

4.3.7 Disclosure of Concerns (Whistleblowing)

A full time Freedom to Speak Up Guardian (FTSUG) was appointed in August 2021. The FTSUG completed National Guardian Office training (NGO) in September 2021 and is registered on the NGO database. The FTSUG has also joined the North East regional Guardian network for collaboration and best practice. The role and ethos continues to be promoted across the Trust at all levels including the senior leadership team.

The number of concerns raised under the Trust's Disclosure of Concerns Policy for the period 1 April 2021 to 31 March 2021 are shown in the following table:

Cases carried forward from 2020-21	Cases commenced in 2021-22	Cases concluded in 2021-22 (with outcome)	Total on-going cases carried forward
0	50	27	23

The table shows that 50 new cases were referred to the Freedom to Speak Up Guardian during the period April 2021 – March 2022. No cases were brought forward from 2020-21.

There was an increase of 36 cases from the previous year. This is due to increasing awareness across the Trust as well as promoting the FTSUG role during October 2021 as part of the NGO national "Speak Up" campaign.

The main themes for the 50 new cases (across clinical and non-clinical services) can be summarised as follows:

Patient Safety and Quality – 11 Cases

- Staffing (5)
- Patient safety (1)
- Patient quality (5)

Senior Management - 24 Cases

- Senior management/communication (22)
- Senior Management/culture/patient safety (2)

Working Environment / Infrastructure – 3 Cases

- Shift patterns (2)
- Equipment and office space (1)

Bullying and harassment – 4 Cases

- Bullying and harassment – (2)
- Behaviour and relationships – (2)

Staff Safety – 2 cases

- Health and Safety (1)
- Psychological safety (1)

Cultural – 2 cases

- Team Behaviours and Relationships (2)

Systems and Process – 4 cases

- Patient Safety and Quality (1)
- Workforce processes (1)
- Suggestions for Improvement (2)

27 cases have been resolved and closed during the reporting period with a further 23 cases remaining open and carried forward.

All open cases are either under review and awaiting follow up outcomes to be confirmed, awaiting final conclusions and recommendations following an investigation process or are commencing follow up actions as part of an improvement plan.

3 staff informally contacted the FTSUG requesting initial advice including work relationships, workforce queries or signposting for psychological support. No further action was requested or required from the FTSUG.
For quality assurance purposes, staff are invited to provide feedback at the end of the FTSU process. Staff also to continue to offer feedback on an ad hoc and voluntary basis during the FTSU process and are encouraged to share any concerns about the speak up process.

The FTSUG prepares monthly board reports and periodically attends Executive Team Meetings to provide verbal updates and request leadership input where needed e.g. how to proactively tackle the issue of detriment after speaking up and to undertake NGO training for senior leaders.

The FTSUG process is also subject to audit reviews conducted by AuditOne. A number of recommendations have been progressed during the reporting period including production of an easy to read staff leaflet and secure storage of data.

4.3.8 Staffing Analysis

The Trust employs circa 5,700 staff and the table below shows staff numbers at 31 March 2022. These numbers are inclusive of staff employed within the subsidiary companies, North Tees and Hartlepool Solutions LLP and Optimus Health Limited.

Headcount and FTE/WTE figures split by gender as at 31 March 2022

	Headcount		WTE	
	Male	Female	Male	Female
Directors (including non-executive directors and chairman)	9	5	8.80	5.00
Senior Managers	78	165	75.26	151.01
Employees	1,014	4,390	844.10	3,565.71
Grand Total	**1,101**	**4,560**	**928.15**	**3,721.72**

*(*headcount figures include Bank and Locum staff)*

Average number of employees

The information in the following table has been subject to audit review.

			2021-22	2020-21
	Permanent	Other	Total	Total
Medical and dental	529	-	529	523
Ambulance staff	-	-	-	-
Administration and estates	1,491	27	1,518	1,494
Healthcare assistants and other support staff	879	121	1,000	978
Nursing, midwifery and health visiting staff	1,338	71	1,409	1,407
Nursing, midwifery and health visiting learners	-	-	-	-
Scientific, therapeutic and technical staff	399	3	402	408
Healthcare science staff	141	8	149	143
Social care staff	-	-	-	-
Agency and contract staff	-	-	-	-
Bank staff	-	-	-	-
Other	7	-	7	9
Total average numbers	**4,784**	**230**	**5,014**	**4,962**
Of which:				
Number of employees (WTE) engaged on capital projects	-	-	-	-

Analysis of staff costs

The information in the following table has been subject to audit review.

			2021-22	2020-21
	Permanent	Other	Total	Total
			£000	£000
Salaries and wages	194,319	276	194,595	183,665
Social security costs	16,550	-	16,550	15,531
Apprenticeship Levy	1,048	-	1,048	1,048
Employer's contributions to NHS pensions	27,031	-	27,031	26,236
Pension cost - other	289	-	289	242
Agency/contract staff	-	11,738	11,738	8,062
NHS charitable funds staff	123	-	123	-
Total gross staff costs	**239,360**	**12,014**	**251,374**	**234,550**
Recoveries in respect of seconded staff	-	-	-	-
Total staff costs	**239,360**	**12,014**	**251,374**	**234,550**

Expenditure on consultancy

The Trust, in 2021-22, spent a total of £1,585,000 on services provided by external consultancies, compared to £1,042,000 in 2020-21.

Staff exit packages

The amounts agreed are highlighted below and the information in the table is subject to audit review.

Exit package cost band	Number of compulsory redundancies 2021-22	Number of other departures agreed 2021-22	Total number of exit packages 2021-22	Number of compulsory redundancies 2020-21	Number of other departures 2020-21	Total number of exit packages 2020-21
<£10,000	-	-	-	-	-	-
£10,001 - £25,000	-	-	-	-	1	1
£25,001 - £50,000	-	3	3	-		-
Total number of exit packages by type	-	3	3	-	3	3
Total resource cost (£)	**£0**	**£89,853**	**£89,853**	**£0**	**£144,239**	**£144,239**

The Trust had three non-compulsory departure payments in 2021-22, and three in 2020-21.

Off-payroll arrangements

The Trust, as of 31 March 2022, had no off-payroll engagements for more than £245 per day and that lasted for longer than six months.

The Trust had no off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022.

The Trust has a policy of not employing senior staff, directors and senior managers via off payroll arrangements. For other staff, the Trust ensures that contracted individuals declare that they are paying an appropriate level of tax to HMRC. The Trust implemented procedures to ensure that new IR35 regulations were followed as of April 2017 and a review of these procedures took place during 2019 to ensure continued compliance with the regulations.

For all off-payroll engagements as of 31 March 2022, for more than £245 per day and that last for longer than six months.	Number of existing engagements as of 31 March 2022
Number that have existed for less than one year at time of reporting	0
Number that have existed for between one and two years at time of reporting	0
Number that have existed for between two and three years at time of reporting	0
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	0

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2021 and 31 March 2022 for more than £245 per day and that last for longer than six months.	Number of new engagements between 1 April 2021 and 31 March 2022
Number assessed as within the scope of IR35	0
Number assessed as not within scope of IR35	0
Number engaged directly (via PSC contracted to the trust) and are on the trust's payroll	0
Number of engagements reassessed for consistency/assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0
	Number of engagements 2021-22
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0

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

4.4 Code of Governance

The Board of Directors and the Council of Governors of the Trust are committed to the principles of good corporate governance as detailed in the NHS Foundation Trust Code of Governance.

The Board of Directors attaches great importance to ensuring that the Trust operates to high ethical and compliance standards and has applied the principles of the NHS Foundation Trust Code of Governance on 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.

Prior to the resignation of four NEDs in February 2022, only two of the existing cohort of NEDs had been with the organisation for a period exceeding 6 years. The period of their tenure was reflective of the journey of collaboration between the two provider Trusts in Tees Valley and the experience and knowledge that accompanied this journey. Both were re-appointed due to their significant organisational memory, knowledge and expertise of Board governance matters. One of the two long serving NEDs resigned in February 2022. The one remaining long serving NED who’s tenure has exceeded 6 years remains in post as Vice Chair of the Board.

The Board of Directors considers that 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 Trust’s performance, operations and strategy.

Non-Executive Director	Date Appointed	Governance process for re-appointment
Steve Hall	1/12/2007 – appointed with 4 year tenure to 28/2/2011. Re-appointed at 3-yearly intervals to 28/2/2021. Appointed Vice Chair 1/2/2021 to be reviewed annually.	The Nominations Committee reviewed the appointment at required intervals and considered the skills, knowledge and continuity of appointment particularly during the recruitment of Associate NEDs in 2018.
Rita Taylor	1/12/2007 – appointed with 2 year tenure to 31/12/2019. Re-appointed at 3-yearly intervals until 31/12/2016 with transition to Associate NED role on 1/4/2020. This role was reviewed annually until her resignation 21/2/2022.	The Nominations Committee reviewed the appointment and considered the skills, knowledge and continuity of appointment particularly during the recruitment of Associate NEDs in 2018/19.

4.5 NHS Oversight Framework

NHS England and NHS Improvement's System 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 framework has been updated for 2022-23 that will be applied across the ICS and the Trust will report against the new arrangements and metrics.

Segmentation

During 2021-22, North Tees and Hartlepool NHS Foundation Trust has been allocated to segment 2 of the System Oversight Framework.

The Trust will continue to make significant contributions to the wider local health economy and maintains regular engagement with NHS Improvement.

Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

Use of Resources

Due to COVID-19, the information uploaded to the Model Hospital website (which publishes Use of Resources information). The Trust has continued to monitor the position against the metrics (where information was unavailable, internal calculations were used). 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 below.

The Trust has continued to strive to achieve clinical and financial success during 2021-22, which has resulted in overall adherence to the Licence Conditions and maintained the scores from 2020-21 to 2021-22.

Area	Metric	2021-22				2020-21			
		Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
Financial sustainability	Capital Service Capacity	1	1	1	4	1	1	1	4
Financial Sustainability	Liquidity	4	4	4	4	4	4	4	4
Financial efficiency	I&E margin	1	1	1	1	1	1	1	1
Financial Controls	Distance from financial plan	1	1	1	1	1	1	1	1
Financial Controls	Agency spend	1	1	1	1	1	1	1	1
Overall scoring		**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**


NHS
I've had my flu jab
Dietitian

4.6 Statement of the Chief Executive

Statement of the chief executive's responsibilities as the accounting officer of North Tees and Hartlepool NHS Foundation Trust

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require North Tees and Hartlepool 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 North Tees and Hartlepool NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

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

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

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

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

Julie Gillon
Chief Executive

22 June 2022

4.7 Annual Governance Statement

1. 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*.

2. 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 North Tees and Hartlepool 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 North Tees and Hartlepool NHS Foundation Trust for the year ended 31 March 2022 and up to the date of approval of the Annual Report and Accounts.

3. Capacity to Handle Risk

Leadership

The Board of Directors is responsible for ensuring there is an effective system of integrated governance, risk management and internal control across the Trust. Responsibility is delegated through directors in accordance with the Trust's Scheme of Reservation and Delegation.

The Trust's approach to collaboration with strong and robust governance structures has long been a cornerstone of our ambitions for a number of years, and this has been demonstrated through many collaborative initiatives with partners within the local health economy, within the broader developing integrated care system, and through our ambitions for a Tees Valley Health and Care Partnership with colleagues at South Tees Hospitals NHS Foundation Trust. We have always ensured that good governance is central to our ambitions.

However, a discussion with NHS England and NHS Improvement to manage structural leadership covering the two Foundation Trusts in Tees Valley following the appointment of a joint chair and the announcement of a formal review of governance led by the regulator in February 2022 ensued. The resignation of four of our Non-Executive Directors with immediate effect resulted in the need for immediate action.

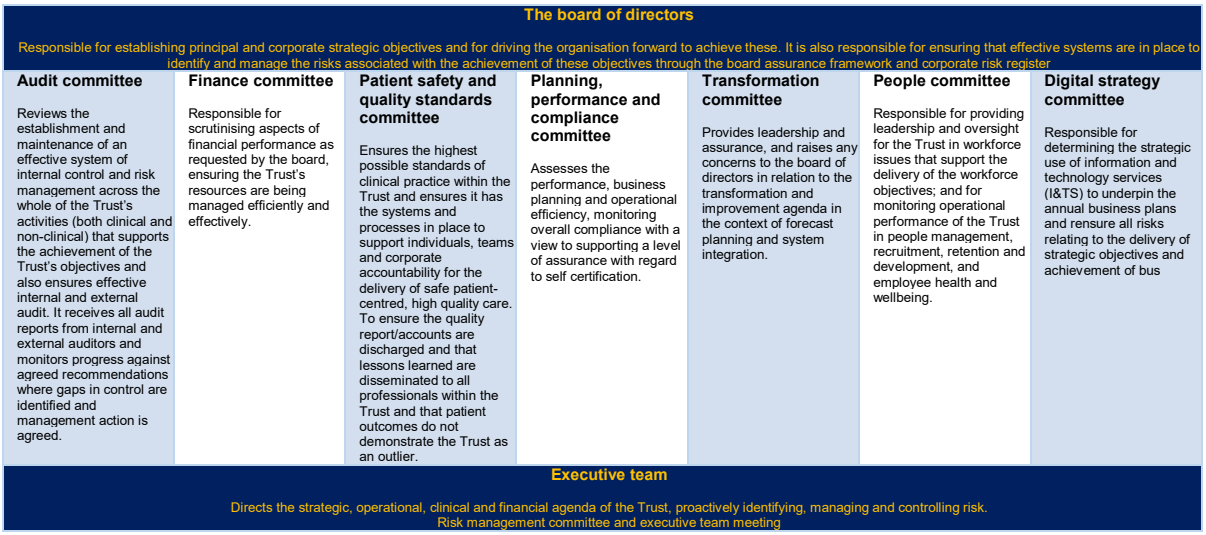
The Trust responded with a rapid recruitment process to ensure Board stability was maintained throughout the constitutional statutory process in line with our licence requirements and this resulted in the successful recruitment and appointment of three interim Non-Executive Directors (NED) which began in March 2022. A process to recruit to permanent NED positions will begin with partnership and the future system context in mind in June 2022.

The Trust is disappointed that the report has not been published however we understand this is due to the normal processes NHSE/I have to go through prior to publication. We have been assured that whilst the report will contain some learning points and recommendations the Trust will not be in any breach of licence conditions. In addition the Regional Director, has

assured the Trust that none of the findings will have a negative impact on any audit opinions.

Whilst the review is still ongoing, and we await the final report from NHSE/I, the Trust continues to maintain the highest standards of governance and leadership. The Trust acknowledges that there was a weakness identified within the Disciplinary process during the year. However, the Board put in place swift remedial action to manage and mitigate all risks with the majority of actions fully addressed to the satisfaction of the Audit Committee by the Trust within year, resulting in no significant internal control issues within the organisation.

The Board is responsible for ensuring there is an effective system to identify and manage risk. The Board is supported by a committee structure as follows:



The Chief Nurse/Director of Patient Safety and Quality and the Medical Director have delegated responsibility to lead the Trust's risk management and processes. All executive directors have responsibility for the delivery of a robust risk management and governance process in their portfolios. The Senior Information Risk Owner at Board level is the Chief Information and Technology Officer.

Care Group senior management teams have responsibility for ensuring consistency of approach of Care Group Directors, and Care Group Clinical Leads and Heads of Nursing, Business Partners in the proactive identification and mitigation of risks. In the operational delivery of service sustainability. They have responsibility for providing leadership to, and ensuring appropriate oversight of the achievement of Care Group objectives through forecasting and identification of risk mitigation of risk.

The Care Groups are supported by corporate and support service functions for training, advice and guidance on all areas of risk management, finance, human resources, safety and quality, workforce planning, digital enablement and service planning.

Training

The Board of Directors participate in annual reviews of skills and competence with regular training, networking and attendance at national events.

All members of staff have responsibility for risk management and have access to training including risk management, mandatory training portfolio, reporting systems and processes for managing risks, which are appropriate to their authority role and duties. Following the introduction of the revised Risk Management Strategy, particular focus has continued to ensure consistency and standardisation of application and process.

All staff can access training including risk assessment, risk management and the use of the Trust's risk reporting system. The training opportunities which are tailored to the needs of staff and services utilise a range of approaches. All learning from good practice and training is shared appropriately across the Trust; this is described further under 'The Risk and Control Framework'.

4. The Risk and Control Framework

The system of internal control is designed to manage risk to a reasonable level. The Board of Directors is committed to leadership of the risk management and governance functions in the Trust. Each Executive Director has within their portfolio a responsibility for some aspect of risk management and governance; this Annual Report and Accounts 2020-21 | 84 also includes Non-Executive Directors Chairing Board Committees, for example, Audit, Finance and Patient Safety and Quality Standards. The constitution and terms of reference for all standing committees of the Board are reviewed periodically and any proposed amendments are subject to Board endorsement. The minutes of all committees are presented to the Board of Directors as a standing agenda item.

The Risk Management Strategy sets out the structures and processes for the identification, evaluation and control of risk, as well as the system of internal control. Delivery of this strategy is overseen by the Executive Management Team with individual officers having specific delegated responsibilities. The Strategy has been developed to support the delivery of the Trust's Strategic Aims and Objectives in line with the Board's risk appetite to ensure that risks are proactively identified, quantified and managed to an acceptable level and is reviewed on an annual basis.

The Board Assurance Framework assesses and evaluates the principal risks to the achievement of the strategic priorities and there is an alignment between the framework and the risks currently outlined on the strategic risk register. The Board Assurance Framework is reported on a quarterly basis through the committee structure to the Board. The end of year position was received by the Audit Committee and the Board of Directors. The Board Assurance Framework also provides assurance that effective controls and monitoring arrangements are in place. It is also the key document that underpins this Annual Governance Statement.

The Trust reviews its appetite for and attitude to risk on an annual basis, and includes its subsidiary organisations fully in the process, but is conscious of the need to take stock of external changes that may affect the attitude towards risk and this is managed on a regular basis through regular Board strategic sessions and through individual committees when reviewing the BAF.

To promote the sharing of good practice, the approach to managing quality, operational, regulatory and financial risk follows the same core principles. The management of these risks is approached systematically to identify, analyse, evaluate and ensure economic control of existing and potential risks posing a threat to patients, visitors, staff, and reputation of the organisation.

Risks are identified through third-party inspections, recommendations, comments and guidelines from external stakeholders and internally through incident forms, complaints, risk assessments, audits (including clinical and internal), information from the Patient Experience Team, benchmarking and claims and national survey results. External stakeholders include the Care Quality Commission, NHS England/NHS Improvement, the Health and Safety Executive, NHS Resolution (previously the NHS Litigation Authority) and the Information Commissioner's Office. In 2019-20, significant work was undertaken to develop the reporting system in the trust to support coordination of key aspects of risk management and governance and this continued throughout 2020-21, supporting the correlation of themes, supporting the governance structure and driving continuous improvement of quality and risk management.

The Care Group and Directorate management teams ensure that operational staff identify and mitigate risk

with the Sub-Committees of the Board providing assurance to the Board of Directors that the mitigations are effective and the risks are adequately controlled. Risk is monitored and communicated via these committees reporting to the Audit Committee and ultimately the Board. The clinical audits, internal audit programme and external reviews of the organisation are the sources used to provide assurance that these processes are effective and risk monitoring is fully embedded.

During the COVID-19 pandemic, the Trust has maintained its governance infrastructures despite operational demands, this includes all functions that support staff, patient and relatives to raise their concerns to the organisation. Furthermore, during the pandemic and the post-pandemic period, the Trust continued to maintain all clinical governance and delivery of recovery programmes to achieve high quality of care.

The Audit Committee oversees and monitors the performance of the risk management system, and both internal and external auditors work closely with this committee. The internal auditors undertake reviews and provide assurances on the systems of control operating within the Trust.

To ensure risk management is embedded in all Trust activities, care is taken to ensure that Care Group and Directorate Business Plans and projects introduced to support the organisation's strategic objectives are informed by reference to the Trust's Risk Assessment process and where necessary included in the risk register. In order to ensure service changes are reviewed effectively, the Trust has continued to utilise Quality Impact Assessments (QIA's) to support the introduction of change within services, allowing assessment of:

- Patient Safety;
- Clinical Effectiveness; and
- Patient Experience.

5. Explicitly describe the key elements how assurance is obtained routinely on compliance with CQC registration requirements

The system of internal control is designed to manage risk to a reasonable level. The terms of reference for all standing committees of the Board are reviewed periodically to ensure they remain fit for purpose with any proposed amendments subject to Board approval. The minutes of all committees are presented to the Board of Directors as a standing agenda item.

The Trust has a Risk Management Strategy 2020-23. The Trust seeks to minimise risk to all of its stakeholders through a comprehensive system of internal controls with support and leadership provided by the Board of Directors, its committees, the Chief Executive and the Executive Management Team. The Risk Management Strategy provides a framework which encompasses strategic, quality, compliance, financial, reputational and health and safety risks. Its aim is to ensure the safety of patients, staff and the public and to deliver quality, patient-centred services that achieve excellent results and promote the best possible use of public resources, through an integrated approach to managing risks from all sources. The strategy also seeks to support consistency and standardisation through the gathering and dissemination of intelligence on risks and mitigation control measures amongst all staff.

The Risk Management Strategy and Policy sets out the structures and processes for the identification, evaluation and control of risk. Delivery of the Strategy is overseen by the Executive Management Team with individual officers having specific delegated responsibilities. The Strategy supports the delivery of the Trust's strategic aims and objectives in line with the Board's risk appetite to ensure that risks are proactively identified, quantified and managed to an acceptable level and reviewed on an annual basis.

The Board of Directors has agreed a risk appetite statement which is incorporated within the Trust's Risk Management Strategy and Policy. The statement defines the Board of Directors appetite for each risk

identified to the achievement of strategic objectives for the financial year in question.

The Board Assurance Framework (BAF) provides a mechanism to inform the Board of Directors where the delivery of its strategic objectives is at risk either due to a gap in control or lack assurance on the effectiveness of the controls. The Trust's risk register has been developed to support cohesion of operational risks to those risks identified in the BAF supporting greater transparency and integration of risk identification and management at all levels.

The Board Assurance Framework provides assurance in relation to the achievement of the strategic priorities and mitigation of the principal risks. The BAF is reported on a quarterly basis through the committees and to the Board. The BAF provides assurance that effective controls and monitoring arrangements are in place and that sufficient diligence and oversight has been afforded to mitigation.

The Board of Directors regularly reviews its risk appetite and includes its subsidiary organisations fully in the process. The Trust is conscious of the need to consider external factors that may affect the attitude towards risk and this is managed through Board strategic sessions and through individual committees.

The management of all risks follows the same approach to systematically identify, analyse, evaluate and ensure control of existing and potential risks. During the COVID-19 pandemic the Trust adopted a responsive approach to the emergent risks that have manifested during this time, with regular oversight provided by the Executive Team, to ensure the response was coordinated and consistent meeting the needs of both patients and staff.

Risks are identified through many sources including external inspections, from external stakeholders and internally through incident forms, complaints, risk assessments, audits (including clinical and internal), benchmarking, claims and national survey results. Significant work has been undertaken to strengthen the reporting system to support the collation and correlation back to root cause and impact of learning lessons and practical application of change themes, supporting the governance structure and driving continuous improvement of quality and risk management clinical audits, are the sources used to provide assurance that these processes are effective and risk monitoring is fully embedded. During the COVID-19 pandemic, the Trust has maintained its governance arrangements including all functions that support staff, patient and

relatives to raise their concerns to the organisation.

This has been complimented by a more robust Freedom to Speak Up structure including a full time guardian, leadership at Board level and a comprehensive launch and continuous visibility programme.

The Trust recognises that there is always a level of inherent risk in the provision of healthcare which must be accepted or tolerated, but which must also be actively and robustly monitored, controlled and scrutinised.

Systems are in place to ensure the Trust complies with its duty to operate efficiently, effectively and economically, with timely and effective scrutiny and oversight by the Board, including securing compliance with healthcare standards as specified by the Secretary of State for Health and Social Care, the CQC, NHS England, NHS Improvement and statutory regulators of healthcare professions.

There were a number of changes to Board membership during the year. Board stability was maintained throughout the process in line with our licence requirements through succession planning at Executive level to ensure operational effectiveness and the successful recruitment and appointment of three interim Non-Executive Directors (NED) during March 2022. Further details about Board members and changes to Board membership during the year can be found in the Directors' Report and the Remuneration Report and provides the opportunity to review the roles in oversight governance and the committee structure

The Board Assurance Framework is reviewed by each Sub-Committee of the Board at their meetings in relation to the risks linked to the committee's terms of reference. The Board Assurance Framework includes an assessment of the source and level of assurance received as well as gaps in assurance. There were eleven risks on the Board Assurance Framework aligned to the strategic objectives during 2021-22:

Performance Governance Framework

The Trust has a structured performance framework in place to support 'Board to Ward' oversight. This includes a robust governance framework aligning operational delivery to the Trust's strategy objectives, as outlined in the organisation's Corporate Strategy.

The framework encompasses compliance, quality and patient safety, workforce, efficiency and productivity and financial delivery, strategic and transformational delivery. Oversight of operational delivery is monitored through the Care Group structure and Executive Management Team, with the Board of Directors and Council of Governors providing strategic oversight and due diligence.

An appropriate level of earned autonomy, oversight and scrutiny is applied to the governance of individual directorates through an internal accountability and improvement framework, which is based on the NHSE/I System Oversight Framework segmentation methodology. Triggers of escalation identify directorates requiring additional support, based on key financial performance standards, with corporate resource available to provide further assistance.

The Trust must plan for and be able to respond to a wide range of emergencies and business continuity incidents that could affect health or patient care. Under the Civil Contingencies Act (2004), the Trust is designated as a Category 1 responder, which means it must be able to provide an effective response in emergencies whilst still maintaining service provision. The Trust is subject to the full range of civil protection duties, including risk assessment to inform contingency planning and sharing information with other responders to enhance co-ordination, which is referred to as Emergency Preparedness, Resilience and Response (EPRR).

The Trust' has assessed its compliance against the Emergency Preparedness Resilience and Response Core Standards (EPRR) issued by NHS England. The Trust has achieved substantial compliance indicating that the Trust was fully compliant with against 89-99% of the relevant NHS

EPRR core standards. Continued oversight of EPRR functions through the Trust Resilience Forum is supported. Learning from the response to the pandemic informed an iterative review of incident management planning and the Trust Resilience Forum working arrangements. This is supported by the refresh of a Business Continuity Policy, which pervades the organisation to ensure training and learning, simulation and lessons learnt are embedded

Quality Governance Framework

Key elements include:

- Management structure to deliver the Board's objectives and quality priorities.
- Wide range of policies, procedure and guidelines to govern operational practices and training requirements.
- Separation between management and assurance responsibilities within the Board's committee structure.
- Clearly defined set of quality priorities and performance measures which are reviewed and used by the Board to drive accountability for performance and delivery.
- Engagement with our stakeholder community through which we are held to account for our delivery.
- Risk management framework including the BAF which is aligned to our operational risk registers.

Incident reporting is a vital component of risk and safety management. Our Just Culture is actively promoted and can be observed through the Trust's approach to incident reporting.
If it is shown that professional or clinical standards or Trust policies have been breached then an appropriate investigation will be initiated. All serious incidents are scrutinised at a weekly Safety Panel and monitored on behalf of the Board of Directors by the Patient Safety and Quality Standards Committee supported by a robust governance process.

The Board encourages multi-disciplinary investigations across the organisation in order to obtain the maximum learning from any incident. Planned work with NHS improvement in relation to training and the development of staff investigations has been delayed due to COVID-19, national guidance expected in 2020-21 has been delayed. The Trust has implemented the role of Patient Safety Specialist in line with the NHS Patient Safety Strategy following a review of People Practices and Leadership, Strategy, Health and Wellbeing Strategy and People Plan. This role will support the development of training processes working with the Workforce Investigator to continue develop investigation skills and methodologies in line with national guidance.

A weekly multi-disciplinary Safety Panel is led by the Chief Nurse/Director of Patient Safety and Quality and Medical Director. This panel reviews a range of information related to safety, quality and risk from the previous week in order to evaluate any immediate actions and where necessary initiate further actions. Close involvement of the Education team in safety and quality work permits rapid use of lessons learned within educational opportunities such as mandatory training or Simulation training. A variety of internal communications disseminates information in relation to quality initiatives and improvement activity.

The Trust has continued to use Quality Impact Assessments (QIA's) to support the introduction of change within services, assessing the impact of the proposed changes on process to develop learning and implement into cultural and service change supported through Faculty etc:

• Patient safety;
• Clinical effectiveness;
• Patient experience; and
• Equality and diversity.

All QIAs are reviewed and, if appropriate, approved by the Chief Nurse/Director of Patient Safety and Quality and the Medical Director prior to any changes being implemented. The assessment is used across all areas of service improvement, transformation and change. An integral part of this process is to identify measures to be used to assess the achievement of the identified improvements in quality following the implementation of change.

The system of quality governance is designed to ensure there is an integration of systems, structures and processes from Ward to Board level. In this way, appropriate actions are taken to ensure required standards are achieved; any variance or risks associated with these can be identified early, investigated and appropriate action introduced. This on-going process of quality assessment can improve planning and supports the drive for continuous improvement. The Trust's committee and governance structure provides for direct escalation to Board and Executive level if required.

The Trust, throughout the year, has maintained good working relations with NHS England/NHS Improvement and ensured they were notified of any significant risks to compliance or service continuity either via the regular Quarterly Review Meetings or specific meetings to discuss such concerns, for example in relation to the financial position. In addition, collaborative meetings have also been held involving NHS England/NHS Improvement and local commissioners to discuss and progress system wide risks and issues.

Each Care Group and corporate directorate across the Trust produces an annual business plan including a fully scoped workforce plan. Plans include details of any predicted gaps in workforce and any skills deficit by staff group. This reflects the significant workforce risk as a result of national and regional workforce shortages and a local ageing workforce. The Care Group structure provides an agile structure that can respond to changing and developing needs across acute and community Care and health and social care services and this is exemplified through the early adoption of system change regarding population health management, tackling health inequalities and the wider prevention of health disparities through the appointment of a Consultant in Public Health. The Trust's work in this area is strengthened through the purposeful Board leadership in driving partnership working and collaboration evolving and adapting to the architecture of the ICS. This approach is pivotal in place-based relationship management and leadership throughout the Provider Collaborative.

The Trust recognises that balancing high quality care with long-term financial sustainability and delivering integrated care are significant challenges which require collaborations with partners in the Tees Valley and beyond. The Trust continues to work closely with South Tees Hospitals to ensure that quality and sustainable (clinically, operationally and financially) service provision can be delivered and maintained for the population of Teesside. A Joint Chair has been appointed across both Trusts.

The Trust has actively supported and assisted the development of the North East and North Cumbria ICS and is an active participant in the development of a provider collaborative across the Tees Valley region. The Board of Directors contribute to the work of both the Provider Collaborative and the Joint Partnership Board with South Tees Hospitals ensuring a strong and shared governance

The Board of Directors discusses at each meeting an Integrated Performance Report, which includes all NHS Improvement System Oversight Framework metrics. Exception reports are discussed in more detail at the relevant committee. The Patient Safety and Quality Standards Committee receives reports in relation to any external assurance visits undertaken to assess compliance with national standards.

The Committee also considers national reports, to establish if there are any identified gaps in service provision and opportunities to share learning and good practice. The Trust has a policy advising on the process of follow up of external reports and inspections to ensure agreed actions are implemented accordingly.

The Trust actively promotes patient and public involvement in the development and evaluation of quality initiatives with members of the Hospital Users Group (HUG) attending the Patient and Carer Experience committee alongside patient representatives and Healthwatch representatives. During the pandemic this has been maintained virtually were possible, as part of the commitment to reduce the transmission of COVID-19 within the Trust and to maintain the safety of our partners.

The Accessibility Group supports patients and carers with physical and mental health needs access the Trust's services, helping the trust improve its services to ensure that they are accessible to all. The number of national surveys has decreased significantly due to the pandemic however the trust has endeavoured to maintain the principle of national surveys were possible using a localised approach to understand the experience of the patients. National patient survey alongside the NHS staff survey is presented to the Patient Safety and Quality Standards Committee as well as other linked committees or groups.

The Trust Board has, over the last year has continued to implement the requirements in line with the "Learning from Deaths" guidance published by the National Quality Board in 2017. The "Learning from Deaths policy" identifies how this national guidance is being applied. The policy outlines specific mortality cases to be reviewed within the Trust to ensure there is a robust approach towards identifying any preventable deaths and opportunities to learn from any reviews undertaken.

During 2020-21 the Trust has seen a sustained reduction in the published Hospital Standardised Mortality Rate (HSMR) and Summary Hospital-Level Mortality Index (SHMI); both are now currently within national "as expected" ranges.

Data Security

The Trust has identified and evaluated the risks associated with data security and has taken steps to enhance controls and resilience. The Trust has well established information governance policies to protect confidential information.

Major Risks

Major risks to the delivery of the Trust's strategic objectives include:

Putting our Population First	
Patient Safety	There is a risk that the organisation will fail to implement safe and effective clinical practice
Patient Experience	There is a risk that patients and service users do not receive high quality care which impacts on patient and carer experience
Performance & Compliance	There is a risk that the performance management framework does not identify and manage risk to compliance in a timely way
Emergency Preparedness Resilience & Response	There is a risk that a serious major incident, locally or nationally, will present a catastrophic breakdown or impact on the services provided by the Trust to patients and members of the local community.
Valuing People	
Workforce	There is a risk that the People Strategy principles are not fully embraced or embedded across the Trust resulting in not attracting, developing or retaining the workforce we need in order to take forward the Corporate Strategy and Clinical Services Strategy
	There is a risk that people processes, procedures and policies are not sufficiently robust or consistently applied resulting in ineffective people management practices and employee relations cases/employment tribunals that will have an adverse impact on the Trust from a performance, finance, reputation, quality and people perspective
	There is a risk that people processes, procedures and policies are not sufficiently robust or consistently applied resulting in ineffective people management practices and employee relations cases/employment tribunals that will have an adverse impact on the Trust from a performance, finance, reputation, quality and people perspective
Transforming our Services	
Transformation (Internal)	There is a risk of failure to develop a system wide approach with adverse impact upon flow and capacity within the system
Transformation (External)	There is a risk of failure to deliver transformational improvements that are sustainable, financially effective, aligned with local and national requirements, beneficial and which have secured commissioner support
Finance	The Trust does not deliver the 2021-22 financial plan as submitted to NHSI/NHSE (including future years)
Digital	There is a risk that the integrity and robustness of systems, and the use of those systems, will not support the business
Transformation	The Integrated Care Partnership fails to deliver its financial objective and strategy and therefore a sustainable model of integrated services that meet the needs of the population across Stockton and Hartlepool, and puts at risk the longer-term sustainability of healthcare services across the locality and the wider region in the system delivery against the four elements of the work programme
Health & Wellbeing	
Population Health & Health Inequalities	The Trust fails to effectively address population health, prevention issues and strategic co-ordination of the public health agenda across Stockton, Hartlepool and the wider geographies as evidenced by an increase in admissions and patient pathways

The highest scoring risks identified via the Board Assurance Framework relate to a full review/sustainable solution to People Practices, Leadership, Strategic Workforce planning with full risk reduction plans to manage and mitigate any on-going strategic risks. The Trust's Board Assurance Framework is recognised as providing a good level of assurance following a recent internal audit opinion.

Clinical risks

Corporate Governance

The Board maintains continuous oversight of the Trust's risk management arrangements and system of internal control through reporting to the Board and the Audit Committee.

The Audit Committee oversees and monitors the effectiveness of the risk management system, with support from internal and external audit. The internal auditors undertake reviews and provide assurances on the systems of control operating within the Trust.

The conditions are detailed within the Corporate Governance Statement, the validity of which has been assured by the Audit Committee.

The Trust continues to monitor risks associated with the impact of COVID-19 on the delivery of NHS services across primary, community and secondary care and works closely with our partners to manage and mitigate risks. A key aspect of the organisation's response to the pandemic has been a focus on recovery of normal service provision. Recovery planning started during the first wave of the pandemic and the Trust has continued to update its recovery plans in line with the NHSE advice.

Workforce

The Trust's People Plan describes the framework by which the Trust plans, delivers, monitors and manages its workforce to deliver the Trust's Clinical Services Strategy. The concept of Attract, Develop and Retain runs through the strategy; it is a simple way of expressing the complexity of ensuring the Trust has the right people with the right skills in the right place at the right time.

The Board receives a report on the bi-annual workforce review of nurse and midwifery staffing levels, health professionals, medical and dental staffing. The report adopts a triangulated approach in relation to the use of evidence-based tools, professional judgement and patient outcomes to provide assurance of safe, sustainable and effective staffing.

Register of Interests

The foundation trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by Trust with reference to the guidance) within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance.

Pensions

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.

Equality Diversity and Human Rights

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

The Trust commissioned a review around Equality, Diversity and Inclusion as one of the lessons learnt from the Employment Tribunal cases. The phase 1 report was produced on 22 January and shared with the Executive Team with proposal of 9 actions. The action plan aimed to establish priorities from the 24

recommendations made in the Phase 1 review such that clear and visible actions are agreed with timelines. These actions, when developed and implemented, will be governed in such a way that the effect and impact will be embedded to allow for sustained progress to be made with the Trust ED&I approach.

Within the phase 1 report approval was sought to commissioning further support from the external consultants who conducted Phase 1 to work alongside the workforce team to develop the EDI strategy and action plan with key deliverables including timescales, targets and metrics. This work was undertaken between December and January 2022and a review report produced 24th January 2022.

The review identified areas of strength , good practice and areas for improvement identifying actions and recommendations that would support cultural and inclusion practices at North Tees and Hartlepool. It highlighted immediate actions and longer term actions. A follow up day to further develop our ambition and strategy if planned for 30th May 2022 including key stakeholders.

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

The Trust has arrangements in place for setting objectives and targets on a strategic and annual basis. These arrangements include seeking to ensure that the financial strategy is aligned to the service strategy and is affordable. Savings plans are scrutinised to ensure compliance with terms of authorisation. Individual objectives are co-ordinated with corporate objectives as identified in the Annual Plan, to ensure the aims of the Trust are delivered.

The financial performance of the Trust during 2021-22 was ahead of the plan agreed with NHS Improvement. This improved position, is due in part to strengthened financial governance and reporting arrangements, as well as enhancing ‘Grip and Control’ within the Trust.

The Trust’s financial governance for managing public money is also reflected in the governance framework of the organisation, which can also be found at section 4 of this report, in addition to:

- The Board’s Committee Structure;
- Board attendance records;
- Board committee reports (audit and nomination committees;
- Account of corporate governance including Board assessment of compliance with Code of Governance

The following processes and mechanisms were in place or have been enhanced in year:

- Complying with national block contract arrangements for H1 and H2 and the Trust has consistently reported ahead of plans submitted to NHS Improvement.
- Given the economic and financial environment of the Trust, the Board of Directors has refreshed the corporate services which clearly sets out the ambitions and future direction of travel;
- Monthly reporting to the Finance Committee and Board of Directors on key performance indicators; including income position; pay and non-pay expenditure run rates; capital investments; cash position, balance sheet flexibilities and forecasts.
- Strengthened governance arrangements to ensure greater ‘grip and control’ with regular presentations from service areas on performance against plan and targets;
- The continued application of a robust financial management performance framework with appropriate levels of escalation and specific focus on forecasting;
- Weekly reporting to Executive Management Team meeting on key factors effecting the Trusts’ financial position and performance (including COVID-19 expenditure);

- A rigorous process of setting annual budgets with underpinning service improvement, run-rate and efficiency programmes presented and approved by the Board of Directors or a delegated sub-committee of the Board prior to the start of the financial year;
- Daily, weekly and monthly cash flow monitoring and a rolling 12-month cash flow projection in accordance with the approved Treasury Management Policy;
- Regular review of Standing Financial Instructions and Scheme of Delegation;
- Development of service line reporting/management and patient level information and costing system (PLICs) to support directorates to better understand and manage their relative efficiency and profitability, and to make informed business decisions;
- Enhance collaborative arrangements with South Tees Hospitals NHS Foundation Trust;
- Continue to be part of the wider system collaborative with NHS organisations.
- Estate rationalisation, workforce skill mix review and staffing reviews linked to Key Performance Indicators (KPIs) and key strategic objectives;
- Regular reporting and meetings with NHS Improvement and Clinical Commissioning Groups; and
- Efficient and effective working relationships with ICP system organisations and wider ICS.

The Board of Directors delegates responsibility for reviewing the economy, efficiency and effectiveness of the use of resources to the Audit Committee and Finance Committee. This is supported throughout the year with:

- Agreeing and approving the Annual Plan;
- Detailed monthly review of financial performance, financial risk and monitoring the delivery of the service improvement and efficiency programme; and
- Reviewing and agreeing all plans for major capital investment and disinvestment.

The Board of Directors also gains assurance from:

- Internal audit reports, including value for money audits;
- External audit reports;
- The Care Quality Commission inspection report;
- Ad-hoc service reviews;
- Benchmarking; and
- Various other external accreditation bodies.

It is recognised that there is little financial flexibility to support transition between present and desired service models unless the wider health and social care system work together to understand how funding will be managed for the benefits of the patients the Trust serves. The Integrated Care Board is being developed across Cumbria and the North East will set the foundations for the future direction of travel.

In developing this approach, the Trust continues to work with a number of stakeholders including clinicians and staff; commissioners; Local Authority providers; NHS Improvement; Primary Care Networks and individual practices and GPs; Health and Wellbeing Boards; local scrutiny functions; Public Health departments; and patient representatives, including local Health-watch organisations; NHS England local area team, and Foundation Trust providers. The Trust strives to continue to address the challenge of health inequalities and deprivation of the local population and the place based arrangements in 2022-23 will support the Trust’s actions.

7. Information governance

The confidentiality and security of information regarding patients and staff is monitored and maintained through the implementation of the Trust Governance Framework which encompasses the elements of law and policy from which applicable information governance (IG) standards are derived.

Personal information is increasingly held electronically within secure IT systems. It is inevitable that in complex NHS organisations especially where there is a continued reliance upon manual paper records during a transitional phase to paperless or a paper-light environment, that a level of data security incidents can occur.

Any incident involving loss or damage to personal data is comprehensively investigated by the Trust in line with its Data and Cyber Breach Management Policy and graded in line with the NHS Digital 'Guide to the Notification of Data Security and Protection Incidents'.

All incidents are graded using the NHS Digital breach assessment criteria and the Trust risk assessment tool according to the significance of the breach and the likelihood of those serious consequences occurring. The incidents are also graded according to the impact on the individual or groups of individuals rather than the on the Trust. Those incidents deemed to be of a high risk are reportable to the Information Commissioners Office (ICO) via the Data Security Protection Toolkit within 72 hours of being reported to the Trust.

The Trust actively encourages staff to report any suspected data protection and cyber breaches irrespective of their severity in line with its reporting policy. The Trust reported five incidents to the ICO during 2021-22 with a sixth incident reported but then rescinded when no breach was identified.

Incident ID	Reported Date	Brief Description	Outcome
23669	15/4/2021	Disclosure of personal data in error caused by non-compliance with Trust policy – Impact on one data subject	• Incident Closed by ICO • Additional staff training given / procedures reviewed
24130	21/5/2021	Inappropriate access and sharing of data by staff member. Non-compliance with Trust policy – Impact on one data subject	• Incident Closed by ICO • HR disciplinary actions as per policy • Additional staff training given
25699	7/10/2021	Disclosure of personal data in error caused by non-compliance with Trust policy – Impact on one data subject	• Incident Closed by ICO • Additional staff training given / procedures reviewed
26668	14/1/2022	Inappropriate access and sharing of data by staff member. Non-compliance with Trust policy – Impact on one data subject	• Incident Closed by ICO • HR disciplinary actions as per policy • Additional staff training given
27436	18/3/2022	Unauthorised sharing of data by staff member. Non-compliance with Trust policy – Impact on one data subject	• Incident open with ICO • HR disciplinary actions as per policy • Additional staff training given

As in previous years, in order to further strengthen existing Trust policy and to prevent repeat incidents in areas where incidents have occurred during 2021-22 the following key actions were undertaken or are planned:

- Review of IG policies and standard operating procedures to ensure they reflect the specific needs and practicalities of each internal department and they reflect the changing needs of legislation and national guidance.
- Continued programme of comprehensive quality assurance and spot checks to ensure all departments are complying with Trust polices relating to the protection of personal data.
- Continue to provide annual Data Security Training inclusive of Cyber Security and the provision of targeted training in areas of non-compliance.
- Robust monitoring of departmental action plans following incidents to ensure appropriate actions have been implemented via the Information Management and Information Governance Committee.
- Full annual review of information assets and information flows thought the Trust within a redesigned framework to comply with GDPR requirements.
- HR processes followed where repeated non-compliance has been found.

Assurance continues to be provided to the Board of Directors that systems and processes are being constantly assessed and improved to ensure that information is safe.

In accordance with UK GDPR Article 37, the Trust has an appointed Data Protection Officer (DPO) who provides support, advice and assurance to the board in respect of obligations pursuant to legislation, monitors compliance and acts as a point of contact for data subjects and the supervisory authority (ICO).

Data Security Protection Toolkit (DSPT)

The Data Security and Protection Standards for health and care are set out in the National Data Guardian's (NDG) ten standards and are measured though the completion of the Data Security Protection Toolkit (DSPT).

All organisations that have access to NHS patient data and systems must use this toolkit to provide assurance that they are practicing good data security and that personal information is handled correctly.

Data Security Protection Toolkit (DSPT) 2021 Submission

The DSPT 2021 set out 111 mandatory evidence items in 42 assertions which cover the NDG ten standards of which the Trust must evidence compliance against in order to gain full DSPT compliance.

The Trusts last DSPT submission was made on the 25th June 2021 at which the Trust self-assessed DSPT compliance with all 111 mandatory evidence items, and were compliant with all 42 mandatory assertions covering all 10 NDG standards; therefore, the Trust scored as all 'Standards Met' for the 20/20/21 DSPT with no pending actions.

The 2020-21 DSPT was also subject to external audit, a sample of 13 of the mandatory evidence items were audited by External Audit (Audit One). The overall audit assessment scored the as *substantial* across all 10 National Data Guardian Standards and against the independent veracity of the Trusts self-assessment.

Data Security Protection Toolkit (DSPT) 2022 Submission

For 2021-22, the deadline for submission of the DSPT is the 30 June 2022 and therefore the Trust has not yet submitted its annual return via the DSPT.

The Trust remains on plan to submit the DSPT evidence items by the June 2022 deadline and submit a fully compliant DSPT submission for 2021-22.

The 2021-22 DSPT is also subject to external audit, the audit is planned week commencing the 9th May 2022 and the Trust awaits the final assessment report.

8. Data Quality and Governance

The quality reporting structure is fully embedded within the organisation with the quality dashboard and alternative sources of benchmarking data and assurance (North East Quality Observatory Service, NHS Digital and Healthcare Evaluation Data) are used to validate conclusions and recommendations. Internal controls are in place to ensure the accuracy of data and the reporting of measures of performance.

Mandatory training is provided to raise awareness of information governance and control with employees. Internal audits are undertaken.

9. 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 Directors 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 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 Patient Safety and Quality Standards Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The governance structure aligns the Trust's quality, risk and performance management arrangements. Committees, individuals and groups have defined responsibilities to ensure delivery of the Trust's objectives measured by compliance with performance and quality indicators and management of associated risks.

The Assurance Framework is well established and is designed to meet the requirements of the 2021-22 Annual Governance Statement and provide reasonable assurance that there is an effective system of internal control to manage the principal risks identified by the organisation. A plan to address the weaknesses and ensure continuous improvement of the system is in place.

Key Review Bodies:

The Role of the Board of Directors and its Committees in maintaining and reviewing the Trust's systems of internal control is described in section 3 of the Annual Governance Statement.

Internal Audit provides an independent and objective assurance. Through the agreed audit programme, it assists the Trust to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The Head of Audit, as part of his requirements, provides me with an annual opinion based upon all internal audit work undertaken during the year and the arrangements for gaining assurance via the Assurance Framework.

In his opinion, from his review of our systems of internal control, he is providing good assurance that there is a sound system of internal control, designed to meet the Trust's objectives, and that controls are generally being applied consistently. It is also the Head of Audit's opinion that there are no significant control issues which he would wish to bring to my attention for potential disclosure/inclusion within this statement. In addition to this, the Trust's Executive Directors have reviewed the finding of all internal audit work throughout the year and have not identified any significant control weaknesses for disclosure.

External Audit provides an independent opinion on the review of resources and the financial aspects of corporate governance as set out in their Code of Audit Practice.

NHS Improvement – is responsible for overseeing the performance of foundation trusts as the independent regulator. The

Single Oversight Framework is based on the principle of earned autonomy, which segments providers according to the extent to which they meet the definition of success. The Trust has maintained regular contact and reporting with the regulator over the last 12 months.

Care Quality Commission – In 2015, the CQC published guidance regarding how it expects NHS Bodies to comply with the Fundamental Standards identified in the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014. The CQC inspection regime ensures the Trust is compliant with these Fundamental Standards. The Trust continued to comply with the CQC registration without conditions and continued to deliver against key standards.

Clinical Commissioning Group – The local Clinical Commissioning Group (CCG) would normally undertake quarterly assurance visits, however, due to COVID-19 the visits were stood down for 2020-21. The CCG is transitioning towards a new role within the ICS as set out in the Health and Social Care Bill during 2021-22. The Trust has therefore maintained an ongoing focus on safety and quality within its services.

The pandemic continues to present unprecedented challenges for the Trust, the NHS and its partners. The Board of Directors continued to discharge its responsibilities and continues to build productive stakeholder relationships. The Board of Directors understands the challenges relating to financial sustainability and managing demand more effectively. These challenges have been made more acute with the impact of the pandemic with prolonged waits for treatment and inequalities in health and social care. These priorities are embedded in our objectives for the year ahead.

The Trust's system of internal control is designed to identify principal risks to the achievement of our objectives, it is designed to manage rather than eliminate risk and can therefore only provide reasonable and not absolute assurance of effectiveness against material misstatement or risk.

The Audit Committee is not aware of any material issues regarding fundamental failures which stem directly from a failure of the control environment or internal controls which comprise that environment. The responsibilities of the Board of Directors' Committees and executive led meetings are defined in the terms of reference and subject to review,

The Trust undertakes an annual assessment of all directors to ensure that they continue to meet the fit and proper person's regulations. This is in addition to checks undertaken during the appointment process.

26 audit reports have been issued, 8 providing substantial assurance, 10 good assurance, 7 reasonable assurance and 1 limited assurance. During the year all recommendations made in reports have been routinely followed up and reported to the Audit Committee at each meeting during 2021/22. There is also a decreasing trend in the numbers of overdue recommendations, which provides positive assurance regarding the Trust's response to Internal Audit recommendations and the Trust's internal control environment.

Reported incidents, complaints, claims and patient feedback are routinely analysed to identify risk, learning and improvement to support internal control. Lessons learnt and improvements are disseminated to staff using a variety of methods including sharing of investigation reports and identified trends within Care Groups and relevant Trust Groups (i.e. deteriorating patient, falls, tissue viability etc) for learning and inclusion in forward work plans; inclusion of learning and improvements at Trust panels and committees; inclusion of learning within monthly and quarterly reports; and where relevant, learning from individual incidents or emerging trends are highlighted via the 'incident on a page' format and sent out via communications.

There has been one Never Event reported in the period of 2021-22 in relation to a breach of an integrity check following a total knee replacement which was fully investigated, processes and procedures changed in response to the findings. All serious incidents are scrutinised at a weekly Safety Panel and monitored on behalf of the Board of Directors by the Patient Safety and Quality Standards

Committee supported by a robust governance process.

There were 31 events that met the criteria for reporting to the Health and Safety Executive under the provisions of the Reporting of Injuries, Diseases or Dangerous Occurrences (RIDDOR) Regulations.

The Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. These can be found in the Accountability section of the Annual Report.

Conclusion

The Board of Directors have considered the Annual Governance Statement and I can confirm that there are no significant internal control issues within the Trust.

Julie Gillon
Chief Executive

22 June 2022

5. External Audit Opinion

Independent auditor's report to the board of governors and board of directors of North Tees and Hartlepool NHS Foundation Trust

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of North Tees and Hartlepool 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 the Foundation Trust's affairs as at 31 March 2022 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 Consolidated Statement of Comprehensive Income;
- the Consolidated and Foundation Trust Statements of Financial Position;
- the Consolidated and Foundation Trust Statements of Changes in Equity;
- the Consolidated and Foundation Trust Statements of Cash Flows; and
- the related notes 1 to 37.

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

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), the Code of Audit Practice 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.

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

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

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

The going concern basis of accounting for the Group and the Foundation Trust is adopted in consideration of the requirements set out in the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts, which require entities

to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of accounting officer

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

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 they have been informed by the relevant national body of the intention to dissolve the Foundation Trust without the transfer of the Foundation Trust's services to another public sector entity.

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

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

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud
We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which our procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

We considered the nature of the Group and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal

audit and the local counter fraud service about their own identification and assessment of the risks of non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the Group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the National Health Service Act 2006.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Data Protection Act 2018 and relevant employment legislation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our specific procedures performed to address it are described below:

- accruals recorded at 31 March 2022 and the timing of their recognition at year-end is subject to potential management bias: we tested a sample of accruals to supporting documentation to assess whether the liability had been incurred as at 31 March 2022. We also tested the design and implementation of controls in relation to accruals in order to identify any control weaknesses that may impact on the accruals made by management.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

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

In our opinion:

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

Matters on which we are required to report by exception

Use of resources

Under the Code of Audit Practice and Schedule 10(1(d)) of the National Health Service Act 2006, we are required to report to you if we have not been able to satisfy ourselves that the Foundation Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Our work in respect of the Foundation Trust's arrangements is not complete at the date of our report on the financial statements. We note that NHS Improvement are undertaking an investigation relating to governance at the Trust, as set out on pages 97 and 98 of the Annual Report. We will report the outcome of our work on the Foundation Trust's arrangements, including our consideration of NHS Improvement's investigation, and include any additional exception reporting in respect of significant weaknesses in our audit completion certificate and our separate Auditor's Annual Report. We are satisfied that the remaining work is unlikely to have a material impact on the financial statements.

Respective responsibilities of the accounting officer and auditor relating to the Foundation Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

The accounting officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of the Foundation Trust's resources.

We are required under the Code of Audit Practice and Schedule 10(1(d)) of the National Health Service Act 2006 to satisfy ourselves that the foundation trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Foundation Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance, published by the Comptroller & Auditor General in December 2021, as to whether the Foundation Trust has proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy, efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the Foundation Trust a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022 by the time of the issue of our audit report. Other findings from our work, including our commentary on the Foundation Trust's arrangements, will be reported in our separate Auditor's Annual Report.

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 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.

We have nothing to report in respect of these matters.

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.

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 this matter.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed our work in respect of the Foundation Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources (as reported in the Matters on which we are required to report by exception – Use of resources section of our report) and the work necessary to issue our statement on consolidation schedules. We are satisfied that our remaining work in these areas is unlikely to have a material impact on the financial statements or on our value for money conclusion.

Use of our report

This report is made solely to the Board of Governors and Board of Directors ("the Boards") of North Tees and Hartlepool 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 Boards as a body, for our audit work, for this report, or for the opinions we have formed.

Nicola Wright

Nicola Wright (Key Audit Partner)
For and on behalf of Deloitte LLP
Appointed Auditor
Newcastle upon Tyne

22 June 2022


FIRE
EXIT

6. Financial Performance

6.1 Foreword to the accounts

These accounts for the year ending 31 March 2022 have been prepared by North Tees and Hartlepool NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the NHS Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph (4) (a) of the National Health Service Act 2006; and have been audited by Deloitte LLP the Trust's external auditors.

The accounts have received an unmodified opinion that they give a true and fair view of the state of affairs of the Trust as at 31 March 2022 including its income and expenditure for the period.

This report contains the four primary financial statements:

- the statement of comprehensive income;
- the statement of financial position;
- statement of changes in equity; and
- statement of cash flows.

Also included for information are the supporting notes to the accounts.

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

Julie Gillon
Chief Executive
22 June 2022

6.2 Financial Performance 2021-22

The Trust's continued focus for 2021-22 was to efficiently and effectively respond to the COVID-19 pandemic whilst maintaining robust financial control. The challenging demands on NHS services and the wider economic environment continues to impact on the Trust, however, there remains a continuing focus on delivering high quality patient care, which has been achieved throughout the year, as demonstrated by CQC rating the Trust as good in all categories including well-led. In conjunction with this, the Trust has managed to reduce the underlying deficit when compared to 2020-21, and continues to make substantial progress towards ensuring financial stability and sustainability, in accordance with the Trust's approved medium-term financial plan.

The Trust complies with IAS 27, which requires the preparation of consolidated accounts for a group of entities under the "control" of a parent. Control is defined as "the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities".

The Trust has therefore consolidated the Charitable Funds, North Tees and Hartlepool Solutions LLP subsidiary and its wholly owned Optimus Health Ltd subsidiary into the Group position for 2021-22.

Optimus Health Limited trades as Panacea Pharmacy and offers a dispensing service for outpatients on the North Tees site, as well as retail goods to all visitors and staff. North Tees and Hartlepool Solutions LLP is a wholly owned NHS subsidiary company, which commenced trading on 1 March 2018 and to which the Trust holds 95% shareholding.

At the end of 2021-22, per the Statement of Comprehensive Income the Trust reported a deficit of £5.6m, however after excluding technical adjustments (e.g. impairments and donated assets) the Trust has reported a surplus position of £12.5m, which is the figure that will be reported against the ICP system achievement. This position is broadly consistent with the reported surplus for 2020-21 (£9.7m) and also demonstrates the Trust's continuing improvement in the underlying deficit position. Furthermore, the reported position has been underpinned by efficient and effective cost containment, controls and processes.

The table below shows the Trust's reported surplus position against the Trust's control total. This is before impairments, revaluations, the impact of donated assets, centrally sourced PPE stock adjustment and the impact of the charitable funds and is one of the primary financial KPIs used by the Trust and NHSE/I. This non-GAAP measure has been referred to as 'Operational Surplus' in the Annual Report.

Analysis of Surplus/(Deficit) for the year	Group	
	2021-22	2020-21
	£000	£000
Surplus/(Deficit) from continuing operations – before consolidation of the charity. Excludes £453,000 charity deficit as per Note 37	**(6,097)**	**8,509**
Movement in fair value of investment property and other investments	18,912	5,356
Gain losses on asset disposals	-	-
Remove capital donations/grants I&E impact	(430)	(2,622)
Remove net impact of consumables donated from other DHSC bodies	156	(1,524)
Surplus/(Deficit) for the financial period before impairments, revaluations, the impact of donated assets, centrally sourced PPE stock adjustment and charitable funds – Performance against control total	**12,541**	**9,719**

The continued improvement in the reported financial position between 2020-21 and 2021-22 is as a result of robust grip and control of the financial position, underspend on non-recurrent funding across the year and over-performing subsidiary companies. It is not anticipated that this level of improvement will continue into 2022-23.

The MEA valuation for March 2022 resulted in an overall decrease in the building valuation. This included an impairment of £18.9m and an increase in the revaluation reserve of £1.6m, so a net reduction in value of £17.3m (this is a non-cash transaction).

The main reason for the material impairment is the recognised reduction in the life of the Trust's buildings and is informed by an independent 6 facet survey that was commissioned. This means that there is a reduced life of the building and increases annual deprecation costs. The reduced remaining life results in a lower Net Replacement Cost (NRC) capital value following the valuation process performed by the District Valuer.

Statement of Comprehensive Income (SoCI) Group Position excluding charity			
Reporting period 1 April 2021 to 31 March 2022	**Actual**	**Exceptional Items**	**Revised Position**
	£000	**£000**	**£000**
Income	**382,680**	**-**	**382,825**
Pay expenditure	(251,251)	-	(251,251)
Non-pay expenditure	(113,776)	-	(113,921)
Total expenditure	**(365,027)**	**-**	**(365,172)**
EBITDA	**17,653**		**17,653**
Depreciation	(14,733)	-	(14,733)
Interest receivable	33	-	33
Interest payable	(542)	-	(542)
PDC	(1,487)	-	(1,487)
Corporation Tax	(65)	-	(65)
Other Gains and Losses on Disposal	(6,956)	-	(6,956)
Interest, Depreciation and PDC	**(23,750)**	**-**	**(23,750)**
Surplus/(Deficit) for the Period/Year	**(6,097)**	**-**	**(6,097)**
Impairment	18,912	(18,912)	-
I&E impact of capital grants and donations	(430)	-	(430)
PPE centrally procured stock adjustment	156	(156)	**-**
Total Trust Adjusted Financial Performance	**12,541**	**(19,068)**	**(6,527)**

The Trust's primary focus in 2021-22, was to continue to respond to the COVID-19 pandemic, support the recovery agenda and transition to business as usual processes, whilst maintaining financial control. The Trust had on overall plan to deliver a breakeven position in 2021-22.

The table overleaf summarises the financial performance 2021-22 and 2020-21.

Income and expenditure Summary as at 31 March 2022 (including consolidation of Charity)	Group	
	2021-22	**2020-21**
	£000	**£000**
Operating income from patient care activities (*)	349,329	319,267
Other operating income (**)	34,099	48,949
Operating expenses	(361,184)	(352,596)
Operating surplus(deficit) from continuing operations excluding impairment	**22,244**	**15,620**
Impairment (***)	(18,912)	(5,356)
Operating surplus(deficit) from continuing operations	**3,332**	**10,264**
Finance income	74	40
Finance expenses	(542)	(568)
PDC dividends payable	(1,487)	(803)
Net finance costs	**(1,955)**	**(1,331)**
Other gains/(losses) (****)	(6,956)	(137)
Corporation Tax	(65)	(28)
Surplus/(deficit) for the year	**(5,644)**	**8,768**
Other comprehensive income		
Will not be reclassified to income and expenditure:		
Impairments	(2,565)	(713)
Revaluations	4,183	3,896
Other reserve movements	-	-
May be reclassified to income and expenditure when certain conditions are met:		
Fair value gains/(losses) on available-for-sale financial investments	118	233
Total comprehensive income/(expense) for the period	**(3,908)**	**12,184**
Surplus/(deficit) for the period attributable to:		
North Tees and Hartlepool NHS Foundation Trust	(5,644)	8,768
Total	**(5,644)**	**8,768**
Total comprehensive income/(expense) for the period attributable to:		
North Tees and Hartlepool NHS Foundation Trust	(3,908)	12,184
Total	**(3,908)**	**12,184**

(*) Increase relates to additional commissioner income relating to growth, inflation, and top-ups applied to block funding, plus the introduction of elective recovery funding.
(**) Decrease primarily relates to a decrease in COVID-19 re-imbursement funding (re-provided as part of commissioner block funding in 2021-22) and a reduction in central PPE funding.
(***) The impairment primarily relates to the reduction of the useful economic life of Trust buildings.
(****) This primarily relates to the disposal and donation of two capital schemes.

Table 1 – Financial Performance against Plan 2021-22

	Plan	Actual	Variance
Closing Cash Balance (Excluding Charitable Funds)	59,332	80,849	21,517
Control Total (Excluding Charitable Funds, including PSF, FRF and MRET)	(1,559)*	12,541	14,102

*This number represents the NHSI/E net plan number (across the year), however the Trust's overall plan for 2021-22 was to breakeven.

6.3 Income and contract performance

Income in 2021-22 totalled £383.4m including charity. The majority of the Group's income (£347.2m, 91%) relates to funding from Clinical Commissioning Groups (CCGs) and NHS England in relation to healthcare services provided to patients during the year. Other operating income also includes £3.2m of COVID-19 re-imbursement and top-up funding from NHS England, £12.0m of education and training income, £6.1m from support services provided to other bodies (mainly providers), and miscellaneous fees and charges.

A summary of the Group's total income is illustrated in the chart and table below:

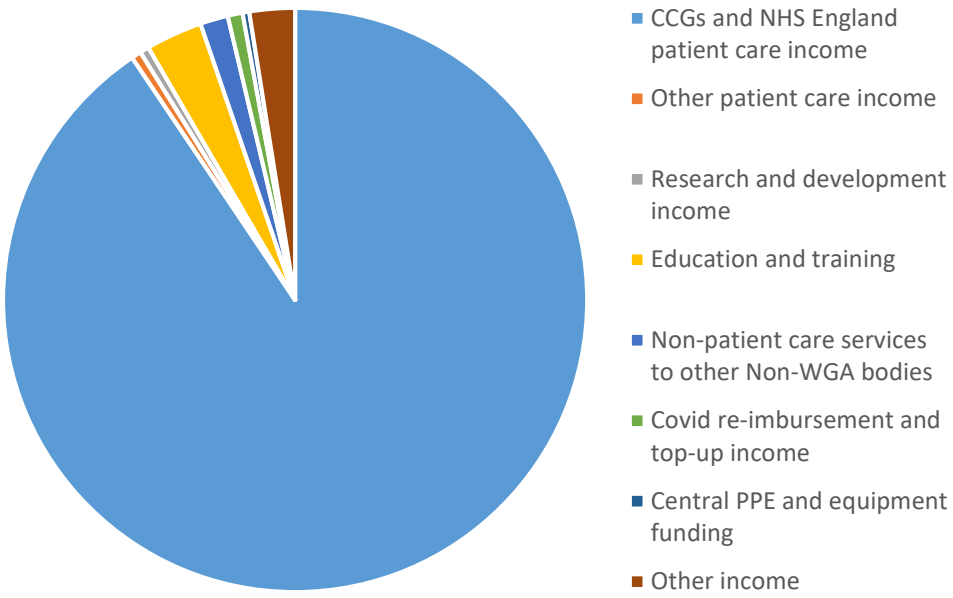


Table 2 – Analysis of Sources of Operating Income 1 April 2021 to 31 March 2022

	21/22	21/22	20/21	20/21
Operating Income	**£m**	**%**	**£m**	**%**
CCGs and NHS England patient care income	347.2	91%	317.1	86%
Other patient care income	2.1	1%	2.2	1%
Research and development income	1.9	1%	1.2	0%
Education and training	12.0	3%	10.7	3%
Non-patient care services to other bodies	5.9	2%	7.1	2%
COVID re-imbursement and top-up income	3.2	1%	15.7	4%
Central PPE and equipment funding	1.4	0%	8.1	2%
Other income (*)	9.6	3%	6.2	2%
Total Operating Income	**383.4**	**100%**	**368.2**	**100%**

(*) Other income includes charitable funds, donated asset income, LLP sales revenue, and other trust revenue streams such as catering, lease cars, car parking, quality control labs, rental revenue and occupational health.

The key movements from 2020-21 include:

- £30.1m increase in CCG and NHS England patient care income in relation to growth, inflation and top-ups applied to block funding.
- £12.6m decrease in COVID-19 re-imbursement and top-up income due to the end of the re-imbursement scheme in 2020-21 and the incorporation of top-up income into the CCG core block allocations.
- £6.7m reduction in central PPE and equipment funding due to the decreasing impact of the pandemic.

A summary of patient care income from Clinical Commissioning Groups and NHS England is illustrated in the chart and table below:

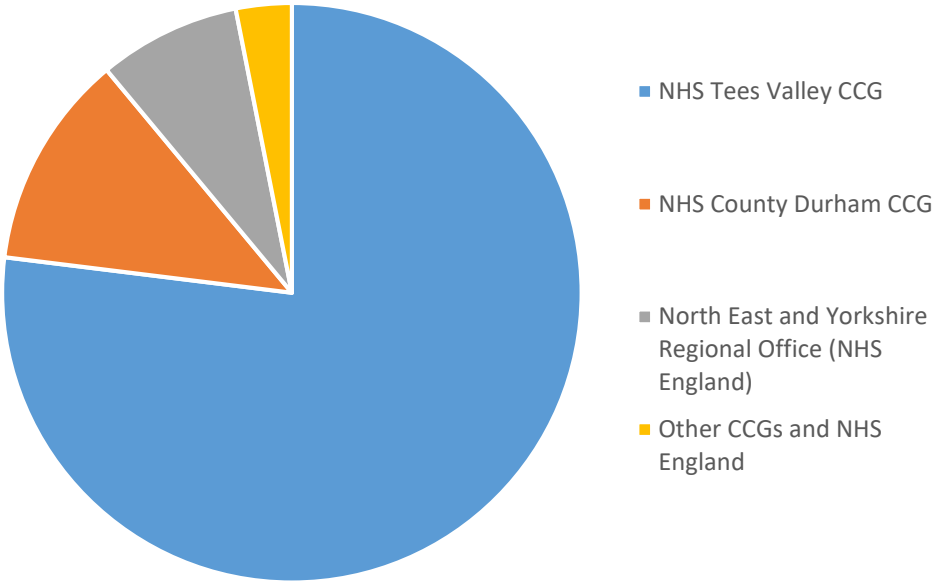


Table 3 – Analysis of Patient Care Income from Clinical Commissioning Groups and NHS England 1 April 2021 to 31 March 2022

	21/22	21/22	20/21	20/21
CCGs and NHS England Income	**£m**	**%**	**£m**	**%**
NHS Tees Valley CCG	267.4	77%	234.1	74%
NHS County Durham CCG	41.7	12%	42.5	13%
North East and Yorkshire Regional Office (NHS England)	27.5	8%	30.9	10%
Other CCGs and NHS England	10.7	3%	9.6	3%
Total CCGs and NHS England Income	**347.2**	**100%**	**317.1**	**100%**

The key movement from 2020-21 is an increase of £33.3m relating to NHS Tees Valley CCG (the Trust's main commissioner) resulting from growth and top-up funding, and the addition of elective recovery funding.

Expenditure

An analysis of the Group's operating expenditure is presented in table 4 and the chart below:

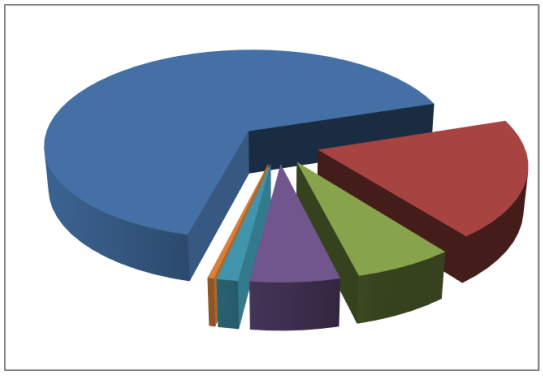


Table 3 – Analysis of operating expenses 1 April 2021 to 31 March 2022

Table 4

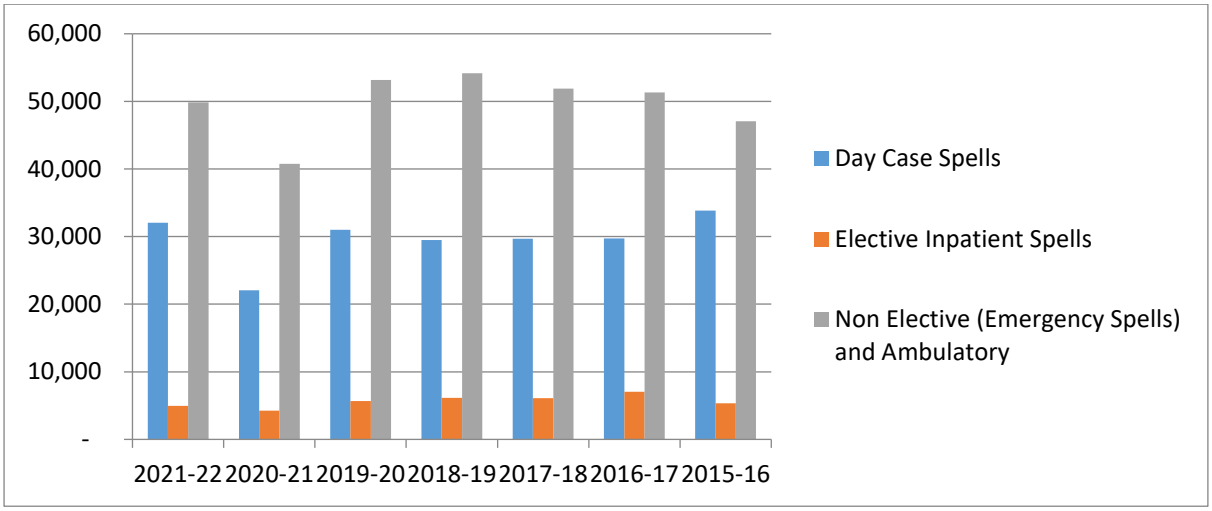
	21/22	21/22	20/21	20/21
Operating Expenses	**£m**	**%**	**£m**	**%**
Employee Expenses (*)	251.37	66.1%	234.74	65.6%
Other Costs	71.31	18.8%	65.96	18.4%
Supplies and Services – Clinical	25.30	6.7%	27.98	7.8%
Drugs Costs	22.55	5.9%	20.2	5.6%
Supplies and Services – General	5.38	1.4%	5.92	1.7%
Services from NHS Organisations	4.19	1.1%	3.13	0.9%
Total Operating Expenditure	**380.10**	**100%**	**357.95**	**100%**

(*) The main reason for the increase relates to the 2021-22 pay award and increased costs associated with returning activity and recovery.

Tables 5 and 6 below and overleaf show the Trust's activity profile over current and previous years.

- Day case performance has increased by 9996 (45%) spells compared to 2020-21;
- Elective performance has increased by 698 (16%) spells;
- Non-elective performance has increased by 9080 (22%) spells;
- First outpatient attendances have increased by 10116 (19%);
- Follow-up attendances have increased by 23570 (16%) and;
- Outpatient procedures have increased by 2866 (26%).

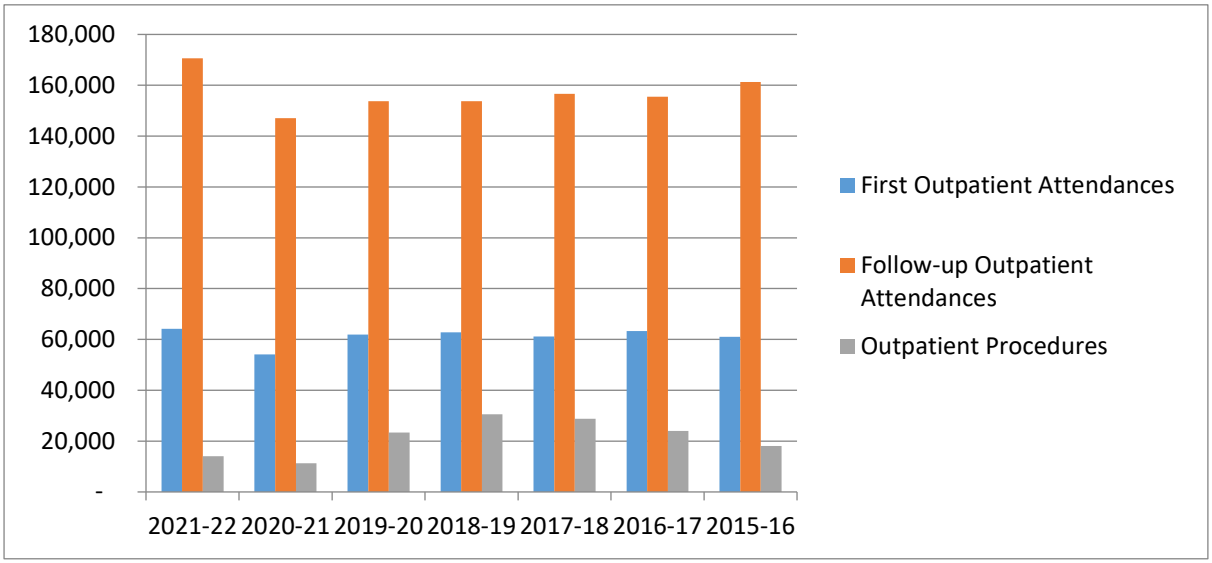
Table 5 – Analysis of the financial components of the 2021-22; 2020-21; 2019-20; 2018-19; 2017-18; 2016-17; and 2015-16 Contract Activity



Analysis of Activity	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Day Case Spells	32,030	22,034	30,997	29,490	29,671	29,747
Elective Inpatient Spells	4,951	4,253	5,677	6,123	6,099	7,038
Non Elective (Emergency Spells) and Ambulatory	49,831	40,751	53,172	54,172	51,907	51,317

The Trust has been significantly impacted by COVID-19 since March 2020 in terms of activity levels and they are now starting to recover. Activity levels in 2021-22 have been considerably higher than 2020-21.

Table 6 – Analysis of the 2021-22; 2020-21; 2019-20; 2018-19; 2017-18; 2016-17; and 2015-16 Contract Outpatient Activity



Analysis of Activity	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
First Outpatient Attendances	64,198	54,082	61,862	62,840	61,204	63,330
Follow-up Outpatient Attendances	170,614	147,044	153,722	153,672	156,632	155,484
Outpatient Procedures	14,105	11,239	23,419	30,522	28,794	23,957

As noted earlier in the report, activity levels in 2021-22 have been considerably higher than 2020-21 and first outpatients' attendances have exceeded 2019-20 levels. The additional funding provided to the Trust during 2021-22 has supported recovery. However, the cost to provide services has increased due to the impact of the pandemic e.g. greater patient acuity, necessary protocols such as patient separation and additional cleaning requirements etc.

6.4 Capital Investment

During 2021-22 and despite the COVID-19 pandemic, the Trust maintained its commitment to the improvement of clinical services and invested £29.9m in line with its Estates Strategy.

Capital expenditure had been invested in the following areas during 2021-22:

- Medical Equipment – £3.339m
- ICT schemes – £1.848m
- GDE - £0.195m
- Other IT externally funded schemes £0.371m
- Community diagnostic hub combined spend of £6.675m including, £1,309m North Tees CDH and £5.366m South Tees CDH.
- Targeted invest fund spend on various estates, equipment and digital schemes of £2.391m.
- Contingency funding of £1.651m, including, £1.742m on theatres robot.
- Estates and backlog maintenance schemes £12.331m, of which includes £2.305m for the Respiratory Support Unit reconfiguration.
- Imaging and endoscopy academy externally funded estates spend of £0.213m.
- Donated Assets from various sources including digital pathology scanners of £0.855m.

The above investment has resulted in improved patient services and hospital environment. During 2021-22, the Trust has also submitted a national expressions of interest to support the development of its estate and anticipates a response in 2022-23.

6.5 Financial Outlook for 2022-23

Financial Outlook

The Trust's Medium Term Financial Plan has been significantly impacted by COVID-19 and the two years of national interim funding arrangements that included significant non-recurrent funding support. Looking to future years and the impact of the draft Health & Care Bill, requiring Integrated Care Systems to deliver an overall breakeven position, this will place additional pressure on the Trust to continue to improve its financial performance, underpinned by the delivery of recurrent CIP targets in 2022-23.

National operational and financial planning guidance was issued on 24th December 2021. The guidance for 2022-23, requires the return to pre-COVID-19 funding allocations and this is underpinned by a significant reduction in non-recurrent funding arrangements and annual convergence adjustments (this will result in a gradual reduction to original funding levels). The aim is to return to funding arrangements on a population and fair shares basis. Despite the short time available, the Trust has produced and approved an annual financial plan for 2022-23, which plans for a £1.4m deficit, specifically driven by inflationary pressures relating to utility costs.

The Trust's financial plan is consistent with current financial performance and run rate expenditure with realistic, but challenging, estimates for cost improvement, which are consistent with historic performance.

This plan is in keeping with the Trust's ambition to return to surplus as outlined in its original five-year financial strategy and reinforces the Trust's commitment to returning to recurrent financial balance.

Like most health economies, significant financial challenges are faced by the local NHS, particularly in 2022-23, which will see a significant reduction on non-recurrent funding, convergence

adjustments and inflationary cost pressures.

The Trust's financial plan for 2022-23 was approved at the Board of Directors meeting on 28th April 2022, and is a deficit plan of £1.4m and requires the Trust to deliver a CIP requirement of £9.3m (approx. 2.5% of turnover).

The Trust does and will continue to play a key part in the Integrated Care Partnership (ICP) and the wider Integrated Care System (ICS), which will look at ways to address clinical and financial sustainability for the longer term. The Trust will also continue to explore the potential opportunities as part of the Provider Collaboration as well as continuing local collaboration with South arrangement with South Tees Hospitals NHS Foundation Trust.

Planning and Recovery

At the time of writing this annual report, the Trust had submitted an annual activity plan for 2022-23 to support the continued recovery of patient activity to achieve 104% of 2019/20 value based activity levels. This will be closely monitored and reported in 2022-23. This plan will need to be delivered whilst operating with continued operational pressures from COVID-19, whilst continuing the transition to business as usual processes. The Trust will ensure that it continues to provide safe, efficient and effective services to our patients.

Capital Planning

Significant capital investment will be required on the North Tees site in the next 5 years and the 2021-22 capital programme reflected this position.

In total, the capital programme is funded to the value of £21.983m in 2022-23 (CDEL £21.584m) with the Trust continuing to invest in equipment replacement plans to ensure patients receive high quality care. The capital allocations are categorised into the following main areas of work:

	2022-23
	£m
Estates backlog	5.5
New Hospital Support	6.0
Robot Enabling Works	2.4
Pathology Collaboration	1.4
Medical Equipment Programme	3.0
IT	1.3
Contingency	1.5
Other (donated, Tech, IFRS 16)	0.9
Total	**21.9**

6.6 Summary

In setting the financial plan for 2022-23 the Board of Directors recognise the need to maintain high quality and safe care and deliver financial balance.

The Trust will continue to deliver a capital programme that will result in a significant upgrade to the site infrastructure and an ambitious technology programme, which will ultimately drive future efficiencies and improve both patient safety and the delivery of patient care.

6.7 Key Performance Targets

The Trust will continue to plan to meet the targets, as set out by NHS England and Improvement and detailed in the Single Oversight framework.

Regulatory Ratings

The System Oversight Framework 2020-21 set out a direction of travel for oversight and escalation arrangements, whereby Integrated Care System governance arrangements would include leading on oversight of organisations and ICPs within the ICS area.

Legislation and policy documents arising from the implementation of the Bill are expected to confirm that this will be a core responsibility of the Integrated Care Board from 1st July 2022.

The approach to oversight for finance metrics will need to be considered by the ICS and will in turn be considered and incorporated into a single comprehensive oversight framework established by each ICB. This will be implemented across the system in 2022-23.

6.8 Annual Accounts 2021-22 including Financial Statements and Notes

Consolidated Statement of Comprehensive Income			
		Group	
		2021-22	2020-21
	Note	£000	£000
Operating income from patient care activities	3	349,329	319,267
Other operating income	4	34,09	48,949
Operating expenses	6, 8	(380,098)	(357,952)
Operating surplus		**3,332**	**10,264**
Finance income	11	74	40
Finance expenses	12	(542)	(568)
PDC dividends payable		(1,487)	(803)
Net finance costs		**(1,955)**	**(1,331)**
Other losses	13	(6,956)	(137)
Corporation tax expense		(65)	(28)
(Deficit) / surplus for the year		**(5,644)**	**8,768**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(2,565)	(713)
Revaluations	20	4,183	3,896
May be reclassified to income and expenditure when certain conditions are met:			
Fair value gains on financial assets mandated at fair value through OCI	21	118	233
Total comprehensive (expense) / income for the period		**(3,908)**	**12,184**

Please note that the deficit for the year of £5.644m includes income and expenses which fall outside of control total. The control total is the surplus/deficit set by NHSE/I for NHS organisations to adhere to. Performance against control total is a surplus of £12.541m and note 37 details and explains the movement from annual deficit to control total surplus. The note also includes the prior year comparator.

Statements of Financial Position		Group		Foundation Trust	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
	Note	£000	£000	£000	£000
Non-current assets					
Intangible assets	15, 16	7	8	0	1
Property, plant and equipment	17, 18	110,162	119,278	110,151	119,278
Other investments / financial assets	21	1,469	1,351	0	0
Receivables	24	1,773	2,198	30,416	26,576
Total non-current assets		**113,411**	**122,835**	**140,567**	**145,855**
Current assets					
Inventories	23	6,605	6,367	6,247	6,067
Receivables	24	20,775	11,909	23,495	21,351
Cash and cash equivalents	25	82,096	53,749	74,309	50,647
Total current assets		**109,476**	**72,025**	**104,051**	**78,065**
Current liabilities					
Trade and other payables	26	(68,268)	(43,885)	(74,10)	(39,463)
Borrowings	28	(1,543)	(2,180)	(1,543)	(2,180)
Provisions	31	(9,454)	(14,910)	(9,410)	(14,887)
Other liabilities	27	(4,400)	(4,963)	(4,324)	(4,776)
Total current liabilities		**(83,665)**	**(65,938)**	**(89,386)**	**(61,306)**
Total assets less current liabilities		**139,222**	**128,922**	**155,232**	**162,614**
Non-current liabilities					
Borrowings	28	(20,589)	(22,044)	(20,589)	(22,044)
Other financial liabilities	29	0	0	(21,020)	(37,498)
Provisions	31	(2,051)	(2,277)	(2,051)	(2,277)
Total non-current liabilities		**(22,640)**	**(24,321)**	**(43,660)**	**(61,819)**
Total assets employed		**116,582**	**104,601**	**111,572**	**100,795**
Financed by					
Public dividend capital		167,538	151,649	167,538	151,649
Revaluation reserve		11,431	9,813	11,431	9,813
Income and expenditure reserve		(65,004)	(58,908)	(67,397)	(60,667)
Charitable fund reserves	22	2,617	2,047	0	0
Total taxpayers' equity		**116,582**	**104,601**	**111,572**	**100,795**

The notes on pages 145 – 193 form part of these accounts.

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

Group	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2021 - brought forward	**151,649**	**9,813**	**(58,908)**	**2,047**	**104,601**
(Deficit) / surplus for the year	0	0	(6,096)	452	**(5,644)**
Impairments	0	(2,565)	0	0	**(2,565)**
Revaluations	0	4,183	0	0	**4,183**
Fair value gains/(losses) on financial assets mandated at fair value through OCI	0	0	0	118	**118**
Public dividend capital received	15,889	0	0	0	**15,889**
Taxpayers' and others' equity at 31 March 2022	**167,538**	**11,431**	**(65,004)**	**2,617**	**116,582**

Group	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**141,621**	**6,630**	**(67,417)**	**1,555**	**82,389**
Surplus for the year	0	0	8,509	259	**8,768**
Impairments	0	(713)	0	0	**(713)**
Revaluations	0	3,896	0	0	**3,896**
Fair value gains on financial assets mandated at fair value through OCI	0	0	0	233	**233**
Public dividend capital received	10,028	0	0	0	**10,028**
Taxpayers' and others' equity at 31 March 2021	**151,649**	**9,813**	**(58,908)**	**2,047**	**104,601**

Statement of Changes in Equity for the year ended 31 March 2022				
Foundation Trust	**Public dividend capital**	**Revaluation reserve**	**Income and expenditure reserve**	**Total**
	£000	**£000**	**£000**	**£000**
Taxpayers' equity at 1 April 2021 - brought forward	**151,649**	**9,813**	**(60,667)**	**100,795**
Deficit for the year	0	0	(8,009)	**(8,009)**
Impairments	0	(2,565)	0	**(2,565)**
Revaluations	0	4,183	0	**4,183**
Public dividend capital received	15,889	0	0	**15,889**
Other reserve movements	0	0	1,279	**1,279**
Taxpayers' and others' equity at 31 March 2022	**167,538**	**11,431**	**(67,397)**	**111,572**
Statement of Changes in Equity for the year ended 31 March 2021				
Foundation Trust	**Public dividend capital**	**Revaluation reserve**	**Income and expenditure reserve**	**Total**
	£000	**£000**	**£000**	**£000**
Taxpayers' and others' equity at 1 April 2020 - brought forward	**141,621**	**6,630**	**(68,594)**	**79,657**
Surplus for the year	0	0	6,648	**6,648**
Impairments	0	(713)	0	**(713)**
Revaluations	0	3,896	0	**3,896**
Public dividend capital received	10,028	0	0	**10,028**
Other reserve movements	0	0	1,279	**1,279**
Taxpayers' and others' equity at 31 March 2021	**151,649**	**9,813**	**(60,667)**	**100,795**

Information on reserves

Public dividend capital

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

Revaluation reserve

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

Income and expenditure reserve

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

Charitable funds reserve

This reserve comprises the ring-fenced funds held by the NHS charitable funds consolidated within these financial statements. These reserves are classified as restricted or unrestricted; a breakdown is provided in **note 22**.

Statements of Cash Flows					
		Group		Foundation Trust	
		2021-22	2020-21	2021-22	2020-21
	Note	£000	£000	£000	£000
Cash flows from operating activities					
Operating surplus		3,332	10,264	634	7,184
Non-cash income and expense:					
Depreciation and amortisation	6.1	14,734	16,146	14,734	16,146
Net impairments	7	18,912	5,356	18,912	5,356
Income recognised in respect of capital donations	4	(851)	(4,812)	(851)	(4,812)
(Increase) / decrease in receivables and other assets		(9,717)	6,156	(6,991)	6,293
Increase in inventories		(238)	(1,296)	(180)	(1,241)
Increase in payables and other liabilities		22,837	7,906	16,741	7,420
(Decrease) / increase in provisions		(5,702)	6,402	(5,723)	6,379
Movements in charitable fund working capital		274	(194)	0	0
Tax paid		(65)	(28)	0	0
Other movements in operating cash flows		(284)	2,109	994	3,387
Net cash flows from operating activities		**43,232**	**48,009**	**38,270**	**46,112**
Cash flows from investing activities					
Interest received		33	0	1,765	972
Purchase of PPE		(28,890)	(19,060)	(28,880)	(19,060)
Receipt of cash donations to purchase assets		885	847	885	847
Net cash flows from charitable fund investing activities		41	40	0	0
Net cash flows used in investing activities		**(27,931)**	**(18,173)**	**(26,230)**	**(17,241)**
Cash flows from financing activities					
Public dividend capital received		15,889	10,028	15,889	10,028
Movement on loans from DHSC		(1,088)	(1,088)	(1,088)	(1,088)
Capital element of finance lease rental payments		(743)	0	(743)	0
Interest on loans		(532)	(560)	(1,956)	(560)
PDC dividend paid		(480)	(1,618)	(480)	(1,618)
Net cash flows from financing activities		**13,046**	**6,762**	**11,622**	**6,762**
Increase in cash and cash equivalents		**28,347**	**36,598**	**23,662**	**35,633**
Cash and cash equivalents at 1 April - brought forward		**53,749**	**17,151**	**50,647**	**15,014**
Cash and cash equivalents at 31 March	25.1	**82,096**	**53,749**	**74,309**	**50,647**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

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

Accounting convention

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

Note 1.2 Going concern

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

In reaching the decision to adopt the going concern basis of preparation, the directors have assessed the Trust's and the Group's ability to continue as a going concern and have confirmed that this will continue for at least one year from the signing of these accounts. The Trust has operated under interim national financial arrangements for the last two years and has prepared the accounts on a going concern basis. In terms of the provision of services into the future; under the draft Health & Care Bill, funding was allocated at Integrated Care System level and financial plans have been agreed across the system. Based on the confirmed financial arrangements for 2022-23 and reintroduction of the contracting and commissioning process, the Trust remains a going concern and these accounts have been prepared on that basis.

Note 1.3 Consolidation

NHS Charitable Funds

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

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

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

Subsidiaries - Optimus Health Limited and North Tees and Hartlepool Solutions LLP

Subsidiary entities are those over which the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Trust has two such subsidiaries - Optimus Health Limited and North Tees and Hartlepool Solutions LLP. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to minority interests are immaterial to the Group and therefore consolidated in the Statement of Financial Position.

The amounts consolidated are drawn from the subsidiary underlying accounting records for the year to 31 March 2022 for Optimus Health Limited and North Tees and Hartlepool Solutions LLP.

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

Note 1.4 Revenue from contracts with customers

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

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

Revenue from NHS contracts

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

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

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

Revenue from research contracts

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

NHS injury cost recovery scheme

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

Note 1.5 Other forms of income

Grants and donations

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

Apprenticeship service income

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

Note 1.6 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as

though it is a defined contribution scheme: the cost to the Trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the Trust commits itself to the retirement, regardless of the method of payment.

NEST Pension Scheme

The Trust (and its subsidiaries, North Tees and Hartlepool Solutions LLP and Optimus Health Limited) offers the National Employment Savings Trust (NEST) to employees. This is a defined contribution pension scheme.

Note 1.7 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

Note 1.8 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:
• it is held for use in delivering services or for administrative purposes;
• it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
• it is expected to be used for more than one financial year;
• the cost of the item can be measured reliably;
• the item has cost of at least £5,000; or
• collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (i.e. operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently

held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use; and
- Specialised buildings – depreciated replacement cost on modern equivalent asset basis

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and meeting the location requirements of the services being provided.

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the Trust's buildings, where the construction would be completed by the Trust's subsidiary - North Tees and Hartlepool Solutions LLP and the costs have recoverable VAT for the Trust.

The Trust has a contract with the Valuation Office Agency for production of the MEA valuation. The name of the surveyor is Myles Riordan MRICS, RICS Registered Valuer.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment which has been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating expenditure.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Impairments

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised. Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated and grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

This includes assets donated to the Trust by the Department of Health and Social Care as part of the response to the coronavirus pandemic. As defined in the GAM, the Trust applies the principle of donated asset accounting to assets that the Trust controls and is obtaining economic benefits from at the year end.

Useful lives of property, plant and equipment

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life	Max life
	Years	Years
Land	-	-
Buildings, excluding dwellings	7	86
Dwellings	92	92
Plant & machinery	2	25
Transport equipment	5	15
Information technology	2	10
Furniture & fittings	5	15

Land has an infinite life.

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the Trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.9 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably.

Expenditure on research is not capitalised. Expenditure on development is capitalised where it meets the requirements set out in IAS 38.

Software

Software which is integral to the operation of hardware, e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, e.g. application software, is capitalised as an intangible asset.

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluation gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Intangible assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

Amortisation

Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits.

Useful lives of intangible assets

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life Years	Max life Years
Software licences	7	7
Licences & trademarks	86	86

Note 1.10 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method.

In 2020-21 and 2021-22, the Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

Note 1.11 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are recorded at current values.

Note 1.12 Financial assets and financial liabilities

Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, i.e. when receipt or delivery of the goods or services is made.

Classification and measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

Financial assets and liabilities are classified as subsequently measured at amortised cost or fair value through income and expenditure.

Financial assets and financial liabilities at amortised cost

Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and

recognised in the Statement of Comprehensive Income as financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income where business model objectives are met by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest. Movements in the fair value of financial assets in this category are recognised as gains or losses in other comprehensive income except for impairment losses. On derecognition, cumulative gains and losses previously recognised in other comprehensive income are reclassified from equity to income and expenditure, except where the Trust elected to measure an equity instrument in this category on initial recognition.

The Trust has irrevocably elected to measure charitable funds equity instruments at fair value through other comprehensive income.

Financial assets and financial liabilities at fair value through income and expenditure

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive income.

The Trust has irrevocably elected to measure charitable funds financial assets / financial liabilities at fair value through income and expenditure.

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

For all Non NHS debtors:

- 100% expected credit losses is assumed on all invoices over 12 months old.
- 75% expected credit losses is assumed on average for invoices between 9 months and 12 months.
- 50% expected credit losses is assumed on average for invoices between 6 months and 9 months.
- 25% expected credit losses is assumed on average for invoices between 3 months and 6 months.
- 10% expected credit losses is assumed on average for invoices between 1 month and 3 months.
- 0% expected credit losses is assumed on average for invoices between 0 months and 1 month.

For overseas visitors and for BUPA invoices 100% expected credit losses has been assumed on all outstanding invoices. The BUPA debtor balance relates to invoices over 12 months old and all of these invoices are in dispute.

For NHS, expected credit losses have been assumed on specific disputed invoices and where no agreement for receipt has been received via the agreement of balances exercise, the Trust has applied the same percentage credit loss as with Non NHS debtors, based on the age of the outstanding debt.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Derecognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Note 1.13 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The Trust as a lessee

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property, plant and equipment.

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to finance costs in the Statement of Comprehensive Income.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the statement of financial position and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

The Trust as a lessor

Finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Trust's net investment outstanding in respect of the leases.

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Note 1.14 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective from 31 March 2022:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	0.47%	Minus 0.02%
Medium-term	After 5 years up to 10 years	0.70%	0.18%
Long-term	After 10 years up to 40 years	0.95%	1.99%
Very long-term	Exceeding 40 years	0.66%	1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31 March 2022:

		Inflation rate	Prior year rate
Year 1		4.00%	1.20%
Year 2		2.60%	1.60%
Into perpetuity		2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 1.30% in real terms (prior year: minus 0.95%).

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 31.3 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses when the liability arises.

Note 1.15 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

The Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care.

This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts.

Note 1.16 Value added tax

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Note 1.17 Corporation tax

Foundation Trusts are exempt from corporation tax on their principal healthcare income streams under section 519A Income and Corporation Taxes Act 1988. In determining whether other income may be taxable, a three-stage test must be employed which asks whether the activity is an authorised activity related to the provision of core healthcare, whether the activity is actually or potentially in competition with the private sector, and whether the annual profits of the activity are in excess of £50k per trading activity. The Trust has assessed its car parking and catering income against this criteria and does not have any corporation tax liability in the current or prior year.

Optimus Health Limited has carried out its own tax computation and for the second time since incorporation, corporation tax is payable on its trading year of £65k. The Foundation Trust has assessed that no tax liability arises from North Tees and Hartlepool Solutions LLP.

Note 1.18 Foreign exchange

The functional and presentational currency of the Trust is sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items are translated at the spot exchange rate on 31 March;
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

Note 1.19 Third party assets
Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM*.

Note 1.20 Losses and special payments
Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

The losses and special payments note is compiled directly from the losses and compensations register which reports on an accruals basis with the exception of provisions for future losses.

Note 1.21 Gifts
Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.22 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2021-22.

Note 1.23 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

IFRS 16 Leases will replace *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease*and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the Statement of Financial Position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the Statement of Financial Position, the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The Trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2022, the Trust will apply the standard retrospectively without restatement and with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the Trust's incremental borrowing rate. The Trust's incremental borrowing rate will be defined by HM Treasury. For 2022, this rate is 0.95%. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

For leases commencing in 2022-23, the Trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

The new leases standard IFRS 16 will see a number of operating leases currently included within note 10 operating lease expenses being included in the Statement of Financial Position. There is also other operating expenditure such as managed service contracts which will also be included in the Statement of Financial Position.

The Trust has estimated the impact of applying IFRS 16 in 2022-23 on the opening statement of financial position and the in-year impact on the statement of comprehensive income and capital additions as follows:

		£000
Estimated impact on 1 April 2022 statement of financial position		
Additional right of use assets recognised for existing operating leases		16,427
Additional lease obligations recognised for existing operating leases		(16,325)
Changes to other statement of financial position line items		26
Net impact on net assets on 1 April 2022		**371**
Estimated in-year impact in 2022-23		
Additional depreciation on right of use assets		(3,427)
Additional finance costs on lease liabilities		(245)
Lease rentals no longer charged to operating expenditure		2,443
Other impact on income / expenditure		1,130
Estimated impact on surplus / deficit in 2022-23		**(99)**
Estimated increase in capital additions for new leases commencing in 2022-23		**176**

The lease register is up to date as at the end of March 2022 and processes and procedures are in place for the monthly transactions in 2022-23. There are 3 immaterial peppercorn leases included for which we have received a draft valuation from the District Valuer.

The other impact on income / expenditure is the reduction on operating expenditure for managed service contracts which will be recorded within the Statement of Financial Position in 2022-23 financial year.

Other standards, amendments and interpretations

There are no standards, amendments and interpretations in issue but not yet effective or adopted and there are no early adoptions. There will be no significant impact from the other standards in financial year 2022-23 with the exception of IFRS16.

Note 1.24 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

a) The Trust's land and buildings non-current assets are valued by the valuation office on an annual basis. In financial year 2021/22 the valuation has been carried out as a table exercise and only areas of significant capital spend in year have been physically inspected. The Trust commissions a full physical valuation of all land and buildings every five years and this is dure in financial year 2022/23. The remaining life applied to land and building assets is provided by the valuation office but in this financial year, a detailed and structural survey was commissioned by the Trust and the report produced by Faithful and Gould Limited, indicated that the majority of the buildings on the North Tees site have a maximum remaining life of 10 years. This detailed report has been reviewed by the district valuer and the valuation report has been amended accordingly.

b) The Trust has purchased capital items in financial year 2021/22 and in previous years on behalf of other organisations as the Trust received the PDC and cash to purchase these items on behalf of the system. The Trust accounting treatment for these items of capital expenditure is to capitalise and then dispose and donate to the relevant NHS organisation. As a result, there are two major disposals this year, South Tees Hospitals NHS Foundation Trust Community Diagnostic Hub disposal is £5,366k and Digital Pathology and Radiology disposal is £1,532k (this has been donated to various Trusts)

Note 1.25 Sources of estimation uncertainty

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

a) The cost of annual leave entitlement earned but not taken by employees at the end of March 2022 is recognised in the financial statements and an expenditure accrual. As the calculation involves a large number of staff, sampling techniques are used to collate the results for the entire group. The returned sample equated to an average of 24.75 hours per staff member and the average cost of annual leave per hour is £41.57.

b) The useful economic life (UEL) of each category of fixed asset is assessed when acquired by the Trust. A degree of estimation is occasionally used in assessing the useful economic life of assets. The average UEL for tangible fixed assers is 11 years and annual depreciation is £14.733m, therefore on average if all assets were to increase or decrease by 1 year in UEL, the impact would be £1.4m per annum in depreciation.

c) When arriving at the valuation for property, Trust management engages a qualified surveyor to assist them in forming estimates. The value of land and buildings for the Trust is £79.866m and a 1% change in value would equate to £798k.

d) Material trust provisions include specific Trust employment cases and flowers provision. Ex-gratia payments have been made in 2021/22 for overtime corrective payments, agreed and funded nationally to pay staff for annual leave entitlement as a result of additional hours worked above contracted hours. This payment covers the period April 2021 to March 2021. The value and number of claims is £782 and 7,421 claims respectively. A provision has been made to cover the previous 4 years as neighbouring Trusts have on-going claims from staff requesting a corrective payment covering 6 years as opposed to 2 years. This provision is estimated based on previous years additional standard hours and overtime worked.

e) Trade receivables mainly consist of transactions with commissioners under contractual terms that require settlement of obligation within a time frame established generally by the Department of Health and Social Care. The amounts included within accrued income reflect the best estimate of amounts due in respect of performance against contracts with commissioners which have yet to be agreed. Accrued income is based upon the performance data held by the Trust. The Trust has assessed assumptions in arriving at expected revenues from healthcare contracts relating to 2021-22, where these contracts are not yet settled. These risks specifically relate to elective recovery fund (ERF) and cancer drugs fund (CDF). The Trust continues to pursue recovery but has judged these revenues sufficiently uncertain to derecognise part of the revenues associated with them.

Note 2 Operating Segments

The Board of Directors act as the Chief Operating Decision Maker for the Trust and the monthly financial position of the Trust is presented/reported to them as a single segment.

The Trust conducts the majority of its business with Health Bodies in England. Transactions with entities in Scotland, Ireland and Wales are conducted in the same manner as those within England.

Organisations which contribute 5% or more of the Trust's income in either year are set out in the table below. Further information can be found in note 37, Related Party transactions.

	2021-22	2020-21
Tees Valley CCG	70%	64%
County Durham CCG	11%	12%
North East and Yorkshire Regional Office (incl NHSE NE Commissioning Hub)	7%	8%
NHS England	1%	5%

Note 3 Operating income from patient care activities (Group)

All income from patient care activities relates to contract income recognised in line with accounting policy note 1.4.

Note 3.1 Income from patient care activities (by nature)	2021-22	2020-21
	£000	£000
Acute services		
Block contract / system envelope income	274,466	255,039
High cost drugs income from commissioners (excluding pass-through costs)	16,802	13,330
Other NHS clinical income	2,608	2,209
Community services		
Block contract / system envelope income	35,763	36,189
Income from other sources (e.g. local authorities)	657	651
All services		
Private patient income	70	15
Elective recovery fund	9,466	0
Additional pension contribution central funding*	8,234	7,984
Other clinical income	1,263	3,850
Total income from activities	**349,329**	**319,267**

*The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019/20, NHS providers have continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

Note 3.2 Income from patient care activities (by source)		
	2021-22	2020-21
Income from patient care activities received from:	£000	£000
NHS England	37,820	41,471
Clinical commissioning groups	309,427	275,616
Department of Health and Social Care	0	45
Other NHS providers	96	288
NHS other	0	145
Local authorities	657	651
Non-NHS: private patients	70	15
Non-NHS: overseas patients (chargeable to patient)	106	76
Injury cost recovery scheme	492	340
Non NHS: other	661	620
Total income from activities	349,329	319,267

Note 3.3 Overseas visitors (relating to patients charged directly by the provider)						
	2021-22	2020-21				
	£000	£000				
Income recognised this year	106	76				
Cash payments received in year	46	23				
Amounts added to provision for impairment of receivables	60	41				

Note 4 Other operating income (Group)	2021-22			2020-21		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	1,929	0	**1,929**	1,187	0	**1,187**
Education and training	12,006	0	**12,006**	10,685	0	**10,685**
Non-patient care services to other bodies	5,937	0	**5,937**	7,069	0	**7,069**
Reimbursement and top up funding	3,161	0	**3,161**	15,728	0	**15,728**
Receipt of capital grants and donations	0	851	**851**	0	4,812	**4,812**
Charitable and other contributions to expenditure	0	1,417	**1,417**	0	6,233	**6,233**
Rental revenue from operating leases	0	663	**663**	0	593	**593**
Charitable fund incoming resources	0	748	**748**	0	666	**666**
Other income *	7,387	0	**7,387**	1,976	0	**1,976**
Total other operating income	**30,420**	**3,679**	**34,099**	**36,645**	**12,304**	**48,949**

* Other income includes LLP sales £1.935m (0.862m 20/21); deferred activity income from prior year £1.695 (-£1.695m 20/21); catering income £0.871m (£0.785m 20/21); lease cars £0.819m (£0.561m 20/21); car parking £0.711m (£0.340m in 20/21); quality control labs £0.444m (£0.402m 20/21); occupational health £0.224m (£0.089m in 20/21); the remainder is made up of miscellaneous other revenue streams.

Note 5 Additional information in income (Group)

Note 5.1 Additional information on contract revenue (IFRS 15) recognised in the period

	2021-22	2020-21
	£000	£000
Revenue recognised in the reporting period that was included within contract liabilities at the previous period end	3,992	2,298
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	0	0

Note 5.2 Transaction price allocated to remaining performance obligations

Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	31 March 2022	31 March 2021
	£000	£000
within one year	3,903	4,682
after one year, not later than five years	0	0
after five years	0	0
Total revenue allocated to remaining performance obligations	**3,903**	**4,682**

The Trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the Trust recognises revenue directly corresponding to work done to date is not disclosed.

Note 5.3 Income from activities arising from commissioner requested services

Under the terms of its provider licence, the Trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	2021-22	2020-21
	£000	£000
Income from services designated as commissioner requested services	336,497	304,558
Income from services not designated as commissioner requested services	46,183	62,992
Total	**382,680**	**367,550**

Note 5.4 Fees and charges (Group)

HM Treasury requires disclosure of fees and charges income. The Trust does not receive income from charges to service users where income from that service exceeds £1m.

Note 6 Operating expenses (Group)

Note 6.1 Operating expenses (Group)

	2021-22	2020-21
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	4,183	3,133
Purchase of healthcare from non-NHS and non-DHSC bodies	129	158
Staff and executive directors costs	251,374	234,736
Remuneration of non-executive directors	118	119
Supplies and services - clinical (excluding drugs costs)	25,300	27,977
Supplies and services - general	5,384	5,919
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	22,550	20,222
Inventories written down	130	265
Consultancy costs	1,585	1,042
Establishment	3,944	3,942
Premises	20,420	18,652
Transport (including patient travel)	440	391
Depreciation on property, plant and equipment	14,733	16,145
Amortisation on intangible assets	1	1
Net impairments	18,912	5,356
Movement in credit loss allowance: contract receivables / contract assets	251	691
(Decrease)/increase in other provisions	(5,139)	6,443
Change in provisions discount rate(s)	44	55
Fees payable to the external auditor		
audit services- statutory audit	126	126
Internal audit costs	232	259
Clinical negligence	9,970	9,451
Legal fees	338	211
Insurance	293	339
Research and development	4	4
Education and training	1,424	1,096
Rentals under operating leases	2,743	1,482
Car parking & security	30	29
Losses, ex gratia & special payments	10	21
Other NHS charitable fund resources expended	207	255
Other *	360	(568)
Total	**380,096**	**357,952**

* Other expenditure includes the reduction in the clinician pension £256k and for system capital depreciation charges £576k (2020-21 £568k recharge income from other FTs for system capital depreciation charges).

There are no compulsory redundancy costs included in operating expenditure.

Note 6.2 Limitation on auditor's liability (Group)

The limitation on auditor's liability for external audit work is £1 million (2020-21: £1 million).

Note 7 Impairment of assets (Group)

	2021-22	2020-21
	£000	£000
Net impairments charged to operating surplus resulting from:		
Changes in market price	18,912	5,356
Total net impairments charged to operating surplus	**18,912**	**5,356**
Impairments charged to the revaluation reserve	2,565	713
Total net impairments	**21,477**	**6,069**

Changes in market price of £18.9m relate to the MEA valuation as at 31 March 2022 and corresponding decreases in individual building valuations. The revaluation reserve has increased by £1.6m also, so a net reduction in value of £17.3m.

The main reason for the material impairment is a result of a reduction in the remaining life applied to the building at the North Tees site due to a detailed structural survey report produced by Faithful and Gould Limited, indicating that the majority of the buildings on this site have a maximum remaining life of 10 years. This detailed report has been reviewed by the District Valuer and the MEA report has been amended accordingly.

Note 8 Employee and director benefits (Group)

Note 8.1 Employee benefits (Group)

	2021-22	2020-21
	£000	£000
Salaries and wages	194,595	183,665
Social security costs	16,550	15,531
Apprenticeship levy	1,048	814
Employer's contributions to NHS pensions	27,031	26,236
Pension cost - other	289	242
Temporary staff (including agency)	11,738	8,062
NHS charitable funds staff	123	186
Total gross staff costs	**251,374**	**234,736**
Recoveries in respect of seconded staff	0	0
Total staff costs	**251,374**	**234,736**

Note 8.2 Retirements due to ill-health (Group)

During 2021-22 there were three early retirements from the Trust agreed on the grounds of ill-health (four in the year ended 31 March 2021). The estimated additional pension liabilities of these ill-health retirements is £301k (£148k in 2020-21).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

Note 8.3 Directors' remuneration		
The aggregate amounts payable to directors were:		
	Group	
	2021-22	**2020-21**
	£000	**£000**
Salary	1,597	1,617
Taxable benefits	4	11
Other remuneration	27	32
Employer's pension contributions	194	183
Total	**1,822**	**1,843**
Further details of directors' remuneration can be found in the remuneration report.		

Note 9 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2022, is based on valuation data as 31 March 2021, updated to 31 March 2022 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation
The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay.

The 2016 funding valuation also tested the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

HMT published valuation directions dated 7 October 2021 (see Amending Directions 2021) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required. The 2016 valuation reports can be found on the NHS Pensions website at: https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports

Note 10 Operating leases (Group)

Note 10.1 North Tees and Hartlepool NHS Foundation Trust as a lessor

This note discloses income generated in operating lease agreements where North Tees and Hartlepool NHS Foundation Trust is the lessor.

The Trust receives rental income from a number of agreements in relation to the leasing of land and accommodation space. No contingent rent is payable.

	2021-22	2020-21
	£000	£000
Operating lease revenue		
Minimum lease receipts	663	593
Total	**663**	**593**

	31 March 2022	31 March 2021
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	536	502
- later than one year and not later than five years;	865	1,024
- later than five years.	1,714	1,971
Total	**3,115**	**3,497**

Note 10.2 North Tees and Hartlepool NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where North Tees and Hartlepool NHS Foundation Trust is the lessee.

The Trust leases certain items of equipment where financial assessment has determined that leasing represents better value than the outright purchase of the equipment. The majority of agreements are in relation to NHS Properties and lease vehicles over a three year period. Other agreements include the provision of medical equipment.

	2021-22	2020-21
	£000	£000
Operating lease expense		
Minimum lease payments	2,743	1,482
Total	**2,743**	**1,482**

	31 March 2022	31 March 2021
	£000	£000
Future minimum lease payments due:		
- not later than one year;	2,799	1,422
- later than one year and not later than five years;	8,429	2,995
- later than five years.	8,218	107
Total	**19,446**	**4,524**
Future minimum sublease payments to be received	0	0

Note 11 Finance income (Group)

Finance income represents interest received on assets and investments in the year.

	2021-22	2020-21
	£000	£000
Interest on bank accounts	33	0
NHS charitable fund investment income	41	40
Total finance income	**74**	**40**

Note 12 Finance expenditure (Group)

Finance expenditure represents interest and other charges involved in the borrowing of money or asset financing.

	2021-22	2020-21
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	522	548
Total interest expense	**522**	**548**
Unwinding of discount on provisions	20	20
Total finance costs	**542**	**568**

Note 13 Other losses (Group)

	2021-22	2020-21
	£000	£000
Losses on disposal of assets	(6,956)	(137)
Total losses on disposal of assets	**(6,956)**	**(137)**
Total other losses	**(6,956)**	**(137)**

There are two major disposals this year. This is due to PDC funding received for the system and capital purchases made on behalf of the system. These assets have been capitalised and then disposed of and donated to the relevant Trust.

South Tees Hospitals NHS Foundation Trust Community Diagnostic hub disposal is £5,366k and Digital Pathology and Radiology disposal is £1,532k (this has been donated to various Trusts).

Note 14 Trust income statement and statement of comprehensive income

In accordance with Section 408 of the Companies Act 2006, the Trust is exempt from the requirement to present its own Income Statement and Statement of Comprehensive Income. The Trust's deficit for the period was £8,009k (2020-21: surplus of £6,649k). The Trust's total comprehensive expense for the period was £6,31k (2020-21: total comprehensive income of £9,832k).

Note 15 Intangible assets 2021-22 (Group)

Note 15.1 Intangible assets - 2021-22

Group	Software licences	Licences & trademarks	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2021 - brought forward	214	0	214
Reclassifications	(8)	8	0
Valuation / gross cost at 31 March 2022	206	8	214
Amortisation at 1 April 2021 - brought forward	206	0	206
Provided during the year	0	1	1
Amortisation at 31 March 2022	206	1	207
Net book value at 31 March 2022	0	7	7
Net book value at 1 April 2021	8	0	8

Note 15.2 Intangible assets - 2020-21

Group	Software licences	Licences & trademarks	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2020 - as previously stated	214	0	214
Valuation / gross cost at 31 March 2021	214	0	214
Amortisation at 1 April 2020 - as previously stated	205	0	205
Provided during the year	1	0	1
Amortisation at 31 March 2021	206	0	206
Net book value at 31 March 2021	8	0	8
Net book value at 1 April 2020	9	0	9

Note 16.1 Intangible assets - 2021-22		
Foundation Trust	**Software licences**	**Total**
	£000	**£000**
Valuation / gross cost at 1 April 2021 - brought forward	**207**	**207**
Reclassifications	(1)	**(1)**
Valuation / gross cost at 31 March 2022	**206**	**206**
Amortisation at 1 April 2021 - brought forward	**206**	**206**
Amortisation at 31 March 2022	**206**	**206**
Net book value at 31 March 2022	**0**	**0**
Net book value at 1 April 2021	**1**	**1**

Note 16.2 Intangible assets - 2020-21		
Foundation Trust	**Software licences**	**Total**
	£000	**£000**
Valuation / gross cost at 1 April 2020 - as previously stated	**207**	**207**
Valuation / gross cost at 31 March 2021	**207**	**207**
Amortisation at 1 April 2020 - as previously stated	**205**	**205**
Provided during the year	1	**1**
Amortisation at 31 March 2021	**206**	**206**
Net book value at 31 March 2021	**1**	**1**
Net book value at 1 April 2020	**2**	**2**

Note 17 Property, plant and equipment - 2021-22 (Group)

Note 17.1 Property, plant and equipment - 2021-22

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2021 - brought forward	**5,883**	**84,836**	**230**	**381**	**36,998**	**777**	**29,822**	**1,837**	**160,712**
Additions	5	12,243	40	115	10,545	9	5,073	1,837	**29,867**
Impairments	(5)	(25,626)	(40)	0	0	0	0	0	**(25,671)**
Reversals of impairments	0	17	0	0	0	0	0	0	**17**
Revaluations	0	2,442	0	0	0	0	0	0	**2,442**
Reclassifications	0	(139)	0	(283)	136	2	284	0	**0**
Disposals / derecognition	0	0	0	0	(7,713)	(124)	(2,473)	(87)	**(10,397)**
Valuation/gross cost at 31 March 2022	**5,883**	**73,773**	**230**	**213**	**39,966**	**664**	**32,706**	**3,535**	**156,970**
Accumulated depreciation at 1 April 2021 - brought forward	**0**	**0**	**0**	**0**	**23,447**	**700**	**16,077**	**1,210**	**41,434**
Provided during the year	0	5,911	7	0	2,897	25	5,767	126	**14,733**
Impairments	0	(3,736)	0	0	0	0	0	0	**(3,736)**
Reversals of impairments	0	(434)	(7)	0	0	0	0	0	**(441)**
Revaluations	0	(1,741)	0	0	0	0	0	0	**(1,741)**
Disposals / derecognition	0	0	0	0	(2,299)	(124)	(935)	(83)	**(3,441)**
Accumulated depreciation at 31 March 2022	**0**	**0**	**0**	**0**	**24,045**	**601**	**20,909**	**1,253**	**46,808**
Net book value at 31 March 2022	**5,883**	**73,773**	**230**	**213**	**15,921**	**63**	**11,797**	**2,282**	**110,162**
Net book value at 1 April 2021	**5,883**	**84,836**	**230**	**381**	**13,551**	**77**	**13,745**	**575**	**119,278**

Note 17.2 Property, plant and equipment - 2020-21									
Group	**Land**	**Buildings excluding dwellings**	**Dwellings**	**Assets under construction**	**Plant & machinery**	**Transport equipment**	**Information technology**	**Furniture & fittings**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Valuation / gross cost at 1 April 2020 - as previously stated	**5,883**	**82,313**	**230**	**271**	**31,420**	**767**	**25,635**	**1,513**	**148,032**
Additions	0	9,577	0	205	8,113	7	4,850	309	**23,061**
Impairments	0	(9,433)	0	0	0	0	0	0	**(9,433)**
Reversals of impairments	0	343	4	0	0	0	0	0	**347**
Revaluations	0	2,123	0	0	0	0	0	0	**2,123**
Reclassifications	0	(87)	(4)	(95)	(1,137)	6	(226)	(10)	**(1,553)**
Disposals / derecognition	0	0	0	0	(1,398)	(3)	(437)	(27)	**(1,865)**
Valuation/gross cost at 31 March 2021	**5,883**	**84,836**	**230**	**381**	**36,998**	**777**	**29,822**	**1,785**	**160,712**
Accumulated depreciation at 1 April 2020 - as previously stated	**0**	**0**	**0**	**0**	**20,239**	**677**	**11,289**	**1,155**	**33,360**
Provided during the year	0	4,784	6	0	6,105	26	5,141	83	**16,145**
Impairments	0	(2,643)	0	0	0	0	0	0	**(2,643)**
Reversals of impairments	0	(368)	(6)	0	0	0	0	0	**(374)**
Revaluations	0	(1,773)	0	0	0	0	0	0	**(1,773)**
Reclassifications	0	0	0	0	(1,553)	0	0	0	**(1,553)**
Disposals / derecognition	0	0	0	0	(1,344)	(3)	(353)	(28)	**(1,728)**
Accumulated depreciation at 31 March 2021	**0**	**0**	**0**	**0**	**23,447**	**700**	**16,077**	**1,210**	**41,434**
Net book value at 31 March 2021	**5,883**	**84,836**	**230**	**381**	**13,551**	**77**	**13,745**	**575**	**119,278**
Net book value at 1 April 2020	**5,883**	**82,313**	**230**	**271**	**11,181**	**90**	**14,346**	**358**	**114,672**

Note 17.3 Property, plant and equipment financing - 2021-22									
Group	**Land**	**Buildings excluding dwellings**	**Dwellings**	**Assets under construction**	**Plant & machinery**	**Transport equipment**	**Information technology**	**Furniture & fittings**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Owned - purchased	5,883	73,397	230	213	14,220	63	10,372	2,153	**106,531**
Finance leased	0	0	0	0	0	0	886	0	**886**
Owned - donated/granted	0	376	0	0	1,701	0	539	129	**2,745**
NBV total at 31 March 2022	**5,883**	**73,773**	**230**	**213**	**15,921**	**63**	**11,797**	**2,282**	**110,162**

Note 17.4 Property, plant and equipment financing - 2020-21									
Group	**Land**	**Buildings excluding dwellings**	**Dwellings**	**Assets under construction**	**Plant & machinery**	**Transport equipment**	**Information technology**	**Furniture & fittings**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Owned - purchased	5,883	84,324	230	381	12,012	77	11,100	475	**114,482**
Finance leased	0	0	0	0	0	0	2,543	0	**2,543**
Owned - donated/granted	0	512	0	0	1,539	0	102	100	**2,253**
NBV total at 31 March 2021	**5,883**	**84,836**	**230**	**381**	**13,551**	**77**	**13,745**	**575**	**119,278**

Note 18 Property, plant and equipment - 2021-22 (Foundation Trust)

Note 18.1 Property, plant and equipment - 2021-22

Foundation Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2021 - brought forward	**5,883**	**84,836**	**230**	**381**	**36,998**	**777**	**29,822**	**1,785**	**160,712**
Additions	5	12,243	40	115	10,534	9	5,073	1,837	**29,856**
Impairments	(5)	(25,626)	(40)	0	0	0	0	0	**(25,671)**
Reversals of impairments	0	17	0	0	0	0	0	0	**17**
Revaluations	0	2,442	0	0	0	0	0	0	**2,442**
Reclassifications	0	(139)	0	(283)	136	2	284	0	**0**
Disposals / derecognition	0	0	0	0	(7,713)	(124)	(2,473)	(87)	**(10,397)**
Valuation/gross cost at 31 March 2022	**5,883**	**73,773**	**230**	**213**	**39,955**	**664**	**32,706**	**3,535**	**156,959**
Accumulated depreciation at 1 April 2021 - brought forward	**0**	**0**	**0**	**0**	**23,447**	**700**	**16,077**	**1,210**	**41,434**
Provided during the year	0	5,911	7	0	2,897	25	5,767	126	**14,733**
Impairments	0	(3,736)	0	0	0	0	0	0	**(3,736)**
Reversals of impairments	0	(434)	(7)	0	0	0	0	0	**(441)**
Revaluations	0	(1,741)	0	0	0	0	0	0	**(1,741)**
Disposals / derecognition	0	0	0	0	(2,299)	(124)	(935)	(83)	**(3,441)**
Accumulated depreciation at 31 March 2022	**0**	**0**	**0**	**0**	**24,045**	**601**	**20,909**	**1,253**	**46,808**
Net book value at 31 March 2022	**5,883**	**73,773**	**230**	**213**	**15,910**	**63**	**11,797**	**2,282**	**110,151**
Net book value at 1 April 2021	**5,883**	**84,836**	**230**	**381**	**13,551**	**77**	**13,745**	**575**	**119,278**

Note 18.2 Property, plant and equipment - 2020-21									
Foundation Trust	**Land**	**Buildings excluding dwellings**	**Dwellings**	**Assets under construction**	**Plant & machinery**	**Transport equipment**	**Information technology**	**Furniture & fittings**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Valuation / gross cost at 1 April 2020 - as previously stated	**5,883**	**82,313**	**230**	**271**	**31,420**	**767**	**25,635**	**1,513**	**148,032**
Additions	0	9,577	0	205	8,113	7	4,850	309	**23,061**
Impairments	0	(9,433)	0	0	0	0	0	0	**(9,433)**
Reversals of impairments	0	343	4	0	0	0	0	0	**347**
Revaluations	0	2,123	0	0	0	0	0	0	**2,123**
Reclassifications	0	(87)	(4)	(95)	(1,137)	6	(226)	(10)	**(1,553)**
Disposals / derecognition	0	0	0	0	(1,398)	(3)	(437)	(27)	**(1,865)**
Valuation/gross cost at 31 March 2021	**5,883**	**84,836**	**230**	**381**	**36,998**	**777**	**29,822**	**1,785**	**160,712**
Accumulated depreciation at 1 April 2020 - as previously stated	**0**	**0**	**0**	**0**	**20,239**	**677**	**11,289**	**1,155**	**33,360**
Provided during the year	0	4,784	6	0	6,105	26	5,141	83	**16,145**
Impairments	0	(2,643)	0	0	0	0	0	0	**(2,643)**
Reversals of impairments	0	(368)	(6)	0	0	0	0	0	**(374)**
Revaluations	0	(1,773)	0	0	0	0	0	0	**(1,773)**
Reclassifications	0	0	0	0	(1,553)	0	0	0	**(1,553)**
Disposals / derecognition	0	0	0	0	(1,344)	(3)	(353)	(28)	**(1,728)**
Accumulated depreciation at 31 March 2021	**0**	**0**	**0**	**0**	**23,447**	**700**	**16,077**	**1,210**	**41,434**
Net book value at 31 March 2021	**5,883**	**84,836**	**230**	**381**	**13,551**	**77**	**13,745**	**575**	**119,278**
Net book value at 1 April 2020	**5,883**	**82,313**	**230**	**271**	**11,181**	**90**	**14,346**	**358**	**114,672**

Note 18.3 Property, plant and equipment financing - 2021-22

Foundation Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	5,883	73,397	230	213	14,209	63	10,372	2,153	**106,520**
Finance leased	0	0	0	0	0	0	886	0	**886**
Owned - donated / granted	0	376	0	0	1,701	0	539	129	**2,745**
NBV total at 31 March 2022	**5,883**	**73,773**	**230**	**213**	**15,910**	**63**	**11,797**	**2,282**	**110,151**

Note 18.4 Property, plant and equipment financing - 2020-21

Foundation Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	5,883	84,324	230	381	12,012	77	11,100	475	**114,482**
Finance leased	0	0	0	0	0	0	2,543	0	**2,543**
Owned - donated / granted	0	512	0	0	1,539	0	102	100	**2,253**
NBV total at 31 March 2021	**5,883**	**84,836**	**230**	**381**	**13,551**	**77**	**13,745**	**575**	**119,278**

Note 19 Donations of property, plant and equipment

	2021-22
	£000
Regional Pathology - scanners	308
Hologic Panther - Pathology Analyser	156
Purchase of Clinicabins	73
Radiology - Insignia Medical - Mammo Reporting Workstation	57
Siemens Healthcare Team Floating Licence - Cancer Alliance	42
Chemotherapy - Paxman cooling system package	35
Omnicell Locking bins with flex lock & scanner	33
South Tees - CellaVision DC-1	29
Clinicabins Enabling Works	23
Pure Air 8 Acute Dynamic Mattress	20
Olympus Keymed - Consultant BX53 Microscope	18
Other refurbishment to clinical and staff areas and medical equipment	91
	885

Note 20 Revaluations of property, plant and equipment

	2021-22	2020-21
	£000	£000
Impairment charged/(credited) to the Statement of Comprehensive Income		
Dwellings	0	(10)
Land	0	0
Buildings excluding Dwellings	18,912	5,366
Total	**18,912**	**5,356**

Increase in Revaluation Reserve	2021-22	2020-21
	£000	£000
Buildings excluding dwellings	1,656	3,183
Dwellings	(33)	0
Land	(5)	0
Total	**1,618**	**3,183**

The Trust has a contract with the Valuation Office Agency for production of the MEA valuation. The name of the surveyor is Myles Riordan MRICS, RICS Registered Valuer. The effective date of the valuation is 31 March 2022.

The impairment of £18.9m relate to the MEA valuation as at 31 March 2022 and corresponding decreases in individual building valuations. The revaluation reserve has increased by £1.6m also, so a net reduction in value of £17.3m.

The main reason for the material impairment is a result of a reduction in the remaining life applied to the building at the North Tees site due to a detailed structural survey report produced by Faithful and Gould Limited, indicating that the majority of the buildings on this site have a maximum remaining life of 10 years. This detailed report has been reviewed by the District Valuer and the MEA report has been amended accordingly.

Note 21 Other investments / financial assets (non-current)

	Group		Foundation Trust	
	2021-22	2020-21	2021-22	2020-21
	£000	£000	£000	£000
Carrying value at 1 April - brought forward	**1,351**	**1,118**	**0**	**0**
Movement in fair value through OCI	118	233	0	0
Carrying value at 31 March	**1,469**	**1,351**	**0**	**0**

Note 22 Analysis of charitable fund reserves

The Trust has consolidated the accounts of the North Tees and Hartlepool NHS Foundation Trust General Charitable Fund within these statements.

	31 March 2022	31 March 2021		
	£000	£000		
Unrestricted funds:				
Unrestricted income funds	1,392	816		
Restricted funds:				
Other restricted income funds	1,225	1,231		
	2,617	**2,047**		

Unrestricted income funds are accumulated income funds that are expendable at the discretion of the trustee in furtherance of the charity's objects. Unrestricted funds may be earmarked or designated for specific future purposes which reduces the amount that is readily available to the charity.

Restricted funds may be accumulated income funds which are expendable at the trustee's discretion only in furtherance of the specified conditions of the donor and the objects of the charity. They may also be capital funds (e.g. endowments) where the assets are required to be invested, or retained for use rather than expended.

Note 23 Inventories

	Group		Foundation Trust	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£000	£000	£000	£000
Drugs	1,593	1,320	1,235	1,020
Consumables	5,012	5,047	5,012	5,047
Total inventories	**6,605**	**6,367**	**6,247**	**6,067**

Inventories recognised in expenses for the year were £47,146k (2020-21: £48,534k). Write-down of inventories recognised as expenses for the year were £130k (2020-21: £265k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2021-22 the Trust received £1,417k of items purchased by DHSC (2020-21: £6,233k).

These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses disclosed above.

Note 24 Receivables

Note 24.1 Receivables

	Group		Foundation Trust	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£000	£000	£000	£000
Current				
Contract receivables	16,022	7,206	15,314	9,298
Allowance for other impaired receivables / assets	(2,272)	(2,305)	(2,272)	(2,305)
Prepayments (non-PFI)	2,970	2,784	2,777	2,657
PDC dividend receivable	99	1,106	99	1,106
VAT receivable	3,382	2,336	1,878	1,701
Other receivables	562	502	5,69	8,894
NHS charitable funds receivables	12	280	0	0
Total current receivables	**20,775**	**11,909**	**23,495**	**21,351**
Non-current				
Contract receivables	40	63	0	0
Contract assets	1,266	1,401	1,266	1,401
Other receivables	467	734	24,150	25,175
Total non-current receivables	**1,773**	**2,198**	**30,416**	**26,576**
Of which receivable from NHS and DHSC group bodies:				
Current	11,179	4,379	10,285	4,064
Non-current	508	797	468	734

Contract receivables have increased significantly which is due to a high volume of additional invoices raised in March 2022 and within 30 day payment terms of £3m, additional income accruals for elective recovery fund, cancer drugs fund and grant income from Innovate UK £6.8m.

VAT receivables have increased significantly due to a high volume of capital invoices entered in March 2022 for North Tees and Hartlepool Solutions LLP, for which the VAT is reclaimable.

Note 24.2 Allowances for credit losses - 2021-22

	Group	Foundation Trust		
	Contract receivables	Contract receivables		
	£000	£000		
Allowances as at 1 Apr 2021 - brought forward	**2,305**	**2,305**		
New allowances arising	1,274	1,274		
Changes in existing allowances	212	212		
Reversals of allowances	(1,235)	(1,235)		
Utilisation of allowances (write offs)	(284)	(284)		
Allowances as at 31 Mar 2022	**2,272**	**2,272**		

Note 24.3 Allowances for credit losses - 2020-21				
	Group	Foundation Trust		
	Contract receivables	Contract receivables		
	£000	£000		
Allowances as at 1 Apr 2020 - as previously stated	**1,719**	**1,719**		
New allowances arising	1,215	1,215		
Changes in existing allowances	(70)	(70)		
Reversals of allowances	(454)	(454)		
Utilisation of allowances (write offs)	(105)	(105)		
Allowances as at 31 Mar 2021	**2,305**	**2,305**		

Note 24.4 Exposure to credit risk

The majority of the Trust's income comes from contracts with other public sector bodies, the Trust therefore has low exposure to credit risk. The maximum exposure as at 31 March 2022 is in receivables from private sector bodies. Note 24.1 details total receivables for the Group at £22,549k. The receivable value attributable to private sector bodies is £3,343k (£22,549k, less NHS and DHSC £11,588k, prepayments £2,970k, VAT receivable £3,382k and injury cost recovery debtor £1,266k).

Note 25 Cash and cash equivalents

Note 25.1 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	Group		Foundation Trust	
	2021-22	2020-21	2021-22	2020-21
	£000	£000	£000	£000
At 1 April	**53,749**	**17,152**	**50,647**	**15,014**
Net change in year	28,347	36,597	23,662	35,633
At 31 March	**82,096**	**53,749**	**74,309**	**50,647**
Broken down into:				
Cash at commercial banks and in hand	8,366	3,443	579	341
Cash with the Government Banking Service	73,730	50,306	73,730	50,306
Total cash and cash equivalents as in SoFP	**82,096**	**53,749**	**74,309**	**50,647**
Total cash and cash equivalents as in SoCF	**82,096**	**53,749**	**74,309**	**50,647**

Note 25.2 Third party assets held by the Trust

North Tees and Hartlepool NHS Foundation Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

			Group and Foundation Trust	
			31 March 2022	31 March 2021
			£000	£000
Bank balances			22	16
Total third party assets			**22**	**16**

Note 26 Payables

Note 26.1 Trade and other payables

	Group		Foundation Trust	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£000	£000	£000	£000
Current				
Trade payables	22,423	9,462	10,289	4,169
Capital payables	3,016	2,039	7,287	2,039
Accruals	34,787	25,197	48,174	25,990
Social security costs	7,855	6,868	7,318	6,448
Other payables	76	214	1,041	817
NHS charitable funds: trade and other payables	111	105	0	0
Total current trade and other payables	**68,268**	**43,885**	**74,109**	**39,463**
Of which payables from NHS and DHSC group bodies:				
Current	7,693	1,385	7,642	1,385
Non-current	0	0	0	0

Note 26.2 Early retirements in NHS payables above

There are no early retirement amounts included within NHS payables.

Note 27 Other liabilities

	Group		Foundation Trust	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£000	£000	£000	£000
Current				
Deferred income: contract liabilities	4,400	4,963	4,324	4,776
Total other current liabilities	**4,400**	**4,963**	**4,324**	**4,776**

Note 28 Borrowings

Note 28.1 Borrowings

	Group		Trust	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£000	£000	£000	£000
Current				
Loans from DHSC	1,275	1,285	1,275	1,285
Obligations under finance leases	268	895	268	895
Total current borrowings	**1,543**	**2,180**	**1,543**	**2,180**
Non-current				
Loans from DHSC	20,179	21,267	20,179	21,267
Obligations under finance leases	410	777	410	777
Total non-current borrowings	**20,589**	**22,044**	**20,589**	**22,044**

Note 28.2 Reconciliation of liabilities arising from financing activities

	Group and Foundation Trust			
Group and Foundation Trust - 2021-22	**Loans from DHSC**	**Finance leases**	**Total**	
	£000	**£000**	**£000**	
Carrying value at 1 April 2021	**22,552**	**1,672**	**24,224**	
Cash movements:				
Financing cash flows - payments of principal	(1,088)	(743)	**(1,831)**	
Financing cash flows - payments of interest	(532)	0	**(532)**	
Non-cash movements:				
Application of effective interest rate	522	0	**522**	
Other changes	0	(251)	**(251)**	
Carrying value at 31 March 2022	**21,454**	**678**	**22,132**	
	Group and Foundation Trust			
Group and Foundation Trust - 2020-21	**Loans from DHSC**	**Finance leases**	**Total**	
	£000	**£000**	**£000**	
Carrying value at 1 April 2020	**23,652**	**0**	**23,652**	
Cash movements:				
Financing cash flows - payments of principal	(1,088)	0	**(1,088)**	
Financing cash flows - payments of interest	(560)	0	**(560)**	
Non-cash movements:				
Additions	0	1,672	**1,672**	
Application of effective interest rate	548	0	**548**	
Carrying value at 31 March 2021	**22,552**	**1,672**	**24,224**	

Note 29 Other financial liabilities

	Group		Foundation Trust	
	31 March 2022	**31 March 2021**	**31 March 2022**	**31 March 2021**
	£000	**£000**	**£000**	**£000**
Non-current				
Derivatives held at fair value through income and expenditure	0	0	0	0
Other financial liabilities *	0	0	(21,020)	(37,498)
Total non-current other financial liabilities	**0**	**0**	**(21,020)**	**(37,498)**

* This is the financial creditor of the Trust with its subsidiary, North Tees and Hartlepool Solutions LLP. There is a value of £1,015k included in current trade and other payables also, a total liability of £22,035k. This has reduced from 2020-21 due to re-classification of capital expenditure purchased by North Tees and Hartlepool Solutions LLP on behalf of the Trust between lifecycle and new capital spend £16.1m. This reclassification has been paid to the LLP in year.

Note 30 North Tees and Hartlepool NHS Foundation Trust as a lessee

Obligations under finance leases where the Trust is the lessee.

There are 4 finance leases included in the table below which are all IT related. The leases are for PCs, laptops, system storage and core network.

	Group		Foundation Trust	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£000	£000	£000	£000
Gross lease liabilities	**678**	**1,672**	**678**	**1,672**
of which liabilities are due:				
- not later than one year;	268	895	268	895
- later than one year and not later than five years;	410	777	410	777
Net lease liabilities	**678**	**1,672**	**678**	**1,672**
of which payable:				
- not later than one year;	268	895	268	895
- later than one year and not later than five years;	410	777	410	777

Note 31 Provisions for liabilities and charges analysis

Note 31.1 Provisions for liabilities and charges analysis (Group)

Group	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2021	**806**	**872**	**86**	**659**	**14,764**	**17,187**
Change in the discount rate	14	30	0	0	0	**44**
Arising during the year	71	46	113	0	1,915	**2,145**
Utilised during the year	(83)	(50)	(55)	0	(163)	**(351)**
Reversed unused	(8)	0	0	0	(7,532)	**(7,540)**
Unwinding of discount	12	8	0	0	0	**20**
At 31 March 2022	**812**	**906**	**144**	**659**	**8,984**	**11,505**
Expected timing of cash flows:						
- not later than one year;	84	50	144	659	8,517	**9,454**
- later than one year and not later than five years;	336	200	0	0	17	**553**
- later than five years.	392	656	0	0	450	**1,498**
Total	**812**	**906**	**144**	**659**	**8,984**	**11,505**

- Pensions: early departure costs provision is in relation to employees who were in the pre-95 pension scheme and have been made redundant prior to 2006. The provision is the enhanced element of the lump sum plus any interest charge on the early payment of the lump sum.
- Pensions: injury benefits provision is to provide support for staff who sustain an injury, disease or other health condition which is attributable to their employment.
- Legal claims provision is for third party injury claims against the Trust. This can include staff, contractors or the public.

- A redundancy provision has been included within the accounts for 2021-22. This relates to the planning for an ICS pathology service. This will include certain cessation of the provision of some services by the Trust in 2022-23. Potential costs arise from decisions made and communicated in 2019/20. Two Foundation Trusts are involved in the re-organisation of these services and communications have gone to staff involved. Estimations have been made for the likely cost of this for the entire project and the Trust has provided for a share of this expected cost.

Other provisions include:

- Flowers provision. Ex-gratia payments have been made in 2021-22 for overtime corrective payments, agreed and funded nationally to pay staff for annual leave entitlement as a result of additional hours worked above contracted hours. This payment covers the period April 2019 to March 2021. The value and number of claims is £782k and 7,421 claims respectively. The remaining provision covers the previous 4 years as neighbouring Trusts have on-going claims from staff requesting a corrective payment covering 6 years as opposed to 2 years.

- Clinician pension tax liability for which there is a corresponding income accrual.

- Hallet provision. This is a court case in relation to junior doctors breaks.

- A provision for specific Trust employment cases.

Note 31.2 Provisions for liabilities and charges analysis (Foundation Trust)

Foundation Trust	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2021	**806**	**872**	**86**	**659**	**14,741**	**17,164**
Change in the discount rate	14	30	0	0	0	**44**
Arising during the year	71	46	113	0	1,873	**2,103**
Utilised during the year	(83)	(50)	(55)	0	(142)	**(330)**
Reversed unused	(8)	0	0	0	(7,532)	**(7,540)**
Unwinding of discount	12	8	0	0	0	**20**
At 31 March 2022	**812**	**906**	**144**	**659**	**8,940**	**11,461**
Expected timing of cash flows:						
- not later than one year;	84	50	144	659	8,473	**9,410**
- later than one year and not later than five years;	336	200	0	0	17	**553**
- later than five years.	392	656	0	0	450	**1,498**
Total	**812**	**906**	**144**	**659**	**8,940**	**11,461**

Provisions for the Foundation Trust are the same as for the Group, detailed on the previous page, with the exception of £3k Optimus provisions (NEST ERS pension contribution) and £41k LLP provisions (specific employment case).

Note 31.3 Clinical negligence liabilities

At 31 March 2022, £289,981k was included in the provisions of NHS Resolution in respect of clinical negligence liabilities of North Tees and Hartlepool NHS Foundation Trust (31 March 2021: £220,772k).

Note 32 Contractual capital commitments

	Group		Foundation Trust	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£000	£000	£000	£000
Property, plant and equipment	2,175	4,812	0	0
Total	**2,175**	**4,812**	**0**	**0**

Note 33 Defined contribution pension schemes

The Trust (and its subsidiaries, North Tees and Hartlepool Solutions LLP and Optimus Health Limited) offers the National Employment Savings Trust (NEST) to employees.

	2021-22	2020-21
NEST Payments	**£'000**	**£'000**
Trust	175	162
North Tees and Hartlepool Solutions LLP	110	76
Optimus Health Limited	4	4
Total	**289**	**242**

Note 34 Financial instruments

Note 34.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the year in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with commissioners and the way those commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities. The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's Standing Financial Instructions and policies agreed by the Board of Directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk
The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Credit risk
Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2022 are in receivables from customers, as disclosed in the Trade and other receivables note.

Liquidity risk
The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

Future liquidity is dependent on delivery of the Cost Improvement Programme.

Note 34.2 Carrying values of financial assets (Group)			
Carrying values of financial assets as at 31 March 2022	**Held at amortised cost**	**Held at fair value through OCI**	**Total book value**
	£000	**£000**	**£000**
Trade and other receivables excluding non financial assets	16,085	0	**16,085**
Cash and cash equivalents	80,849	0	**80,849**
Consolidated NHS Charitable fund financial assets	0	2,728	**2,728**
Total at 31 March 2022	**96,934**	**2,728**	**99,662**
Carrying values of financial assets as at 31 March 2021	**Held at amortised cost**	**Held at fair value through OCI**	**Total book value**
	£000	**£000**	**£000**
Trade and other receivables excluding non financial assets	6,867	0	**6,867**
Cash and cash equivalents	53,229	0	**53,229**
Consolidated NHS Charitable fund financial assets	0	2,151	**2,151**
Total at 31 March 2021	**60,096**	**2,151**	**62,247**

Note 34.3 Carrying values of financial assets (Foundation Trust)			
Carrying values of financial assets as at 31 March 2022	**Held at amortised cost**	**Held at fair value through OCI**	**Total book value**
	£000	**£000**	**£000**
Trade and other receivables excluding non financial assets	49,157	0	**49,157**
Cash and cash equivalents	74,309	0	**74,309**
Total at 31 March 2022	**123,466**	**0**	**123,466**
Carrying values of financial assets as at 31 March 2021	**Held at amortised cost**	**Held at fair value through OCI**	**Total book value**
	£000	**£000**	**£000**
Trade and other receivables excluding non financial assets	41,729	0	**41,729**
Cash and cash equivalents	50,647	0	**50,647**
Total at 31 March 2021	**92,376**	**0**	**92,376**

Note 34.4 Carrying values of financial liabilities (Group)

Carrying values of financial liabilities as at 31 March 2022	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	21,454	0	**21,454**
Obligations under finance leases	678	0	**678**
Trade and other payables excluding non financial liabilities	60,302	0	**60,302**
Provisions under contract	11,505	0	**11,505**
Consolidated NHS charitable fund financial liabilities	0	111	**111**
Total at 31 March 2022	**93,939**	**111**	**94,050**
Carrying values of financial liabilities as at 31 March 2021	**Held at amortised cost**	**Held at fair value through I&E**	**Total book value**
	£000	£000	£000
Loans from the Department of Health and Social Care	22,552	0	**22,552**
Obligations under finance leases	1,672	0	**1,672**
Trade and other payables excluding non financial liabilities	36,912	0	**36,912**
Provisions under contract	17,187	0	**17,187**
Consolidated NHS charitable fund financial liabilities	0	105	**105**
Total at 31 March 2021	**78,323**	**105**	**78,428**

Note 34.5 Carrying values of financial liabilities (Foundation Trust)

Carrying values of financial liabilities as at 31 March 2022	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	21,454	0	**21,454**
Obligations under finance leases	678	0	**678**
Trade and other payables excluding non financial liabilities	87,811	0	**87,811**
Provisions under contract	11,461	0	**11,461**
Total at 31 March 2022	**121,404**	**0**	**121,404**
Carrying values of financial liabilities as at 31 March 2021	**Held at amortised cost**	**Held at fair value through I&E**	**Total book value**
	£000	£000	£000
Loans from the Department of Health and Social Care	22,552	0	**22,552**
Obligations under finance leases	1,672	0	**1,672**
Trade and other payables excluding non financial liabilities	70,509	0	**70,509**
Provisions under contract	17,164	0	**17,164**
Total at 31 March 2021	**111,897**	**0**	**111,897**

Note 34.6 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

	Group		Foundation Trust	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£000	£000	£000	£000
In one year or less	71,411	54,108	77,746	87,577
In more than one year but not more than five years	5,316	6,400	9,376	6,400
In more than five years	17,325	17,922	17,286	17,922
Total	**94,052**	**78,430**	**121,408**	**111,899**

Note 35 Losses and special payments

	2021-22		2020-21	
Group and trust	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	0	0	0	0
Fruitless payments and constructive losses	0	0	0	0
Bad debts and claims abandoned	105	1	54	12
Stores losses and damage to property	4	0	2	1
Total losses	**109**	**1**	**56**	**13**
Special payments				
Compensation under court order or legally binding arbitration award	0	0	0	0
Extra-contractual payments	0	0	0	0
Ex-gratia payments	29	791	16	8
Special severance payments	0	0	0	0
Extra-statutory and extra-regulatory payments	0	0	0	0
Total special payments	**29**	**791**	**16**	**8**
Total losses and special payments	**138**	**793**	**72**	**21**
Compensation payments received		0		0

Special payments include a nationally approved and funded payment of £782k to Trust staff in respect of overtime corrective payments following the resolution of the Flowers case. This was accrued at 31 March 2021 following HM Treasury approval of the payments, but was not included in the special payments disclosure. This has been reported in the current year following clarification from NHS Improvement and disclosure requirements for this settlement. This has been shown as a single special payment following national guidance on the case.

Note 36 Related parties

North Tees and Hartlepool NHS Foundation Trust is a public benefit corporation established under the National Health Service Act 2006. Monitor (NHS Improvement), the Independent Regulator for NHS Foundation Trusts, has the power to control the Trust within the meaning of IAS27 "Consolidated and Separate accounts".

NHS Improvement does not prepare group accounts but does prepare separate NHS Foundation Trust Consolidated Accounts. The NHS FT Consolidated Accounts are included within the Whole of Government Accounts. NHSI is accountable to the Secretary of State for Health and Social Care and therefore the Trust's ultimate parent is the Department of Health and Social Care.

The transactions included in the note relate to transactions with non Government bodies and intra-group transactions between the Trust and its subsidiaries. The note does not include all of the main entities within the public sector that the Trust has had dealings with as this is not required in accordance with IAS 24. These entities are however listed below.

The Foundation Trust

	31 March 2022				31 March 2021			
	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£	£	£	£	£	£	£	£
Prof Graham Evans - Family member (wife) is a Trustee of the Butterwick Hospice Care Charity from 2021-22	0	161,157	0	8,669	0	0	0	0
Mr Alan Sheppard - Executive Director - Chief People Officer, Vice President of the NE&NC Branch of the Healthcare People Management Association	0	0	0	0	-695	0	0	0
Ms Elizabeth Ann Baxter - Independent Scruitineer of safeguarding / Chair of Statutory Safeguarding Partnership - Darlington Borough Council	-7,933	0	-319	0		0	0	0

Main Public Sector Entities the Trust has dealt with within 2021-2022
NHS England
Clinical commissioning groups
Department of Health and Social Care
Other NHS providers
Local authorities

The Trust has two subsidiary companies Optimus Health Limited and North Tees and Hartlepool Solutions LLP. The tables below total all intra-group transactions for 2021-22 and 2020-21 with related parties and list the Subsidiary Directors.

North Tees and Hartlepool Solutions LLP

	31 March 2022				31 March 2021			
	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£	£	£	£	£	£	£	£
All Directors	-84,995,306	3,091,231	-4,085	1,808	-71,009,251	164,722	-1,271,295	1,739,241

List of Directors
Mr Neil Atkinson – Director
Mrs Barbara Bright – Director, leaving date 31 March 2022
Prof Graham Evans – family member (son) employed
Mrs Lynne Taylor – Director, leaving date 31 October 2021

Optimus Health Limited

	31 March 2022				31 March 2021			
	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£	£	£	£	£	£	£	£
All Directors	-7,263.237	73,915	0	0	-5,845.373	75,97	0	2,070

List of Directors
Mrs Barbara Bright – Company Secretary, leaving day 31 March 2022
Mr Stephen Hall – Director
Mrs Rita Taylor – Chair/Director, leaving date at the Trust 28 February 2022
Mr Neil Schneider – Director, leaving date at the Trust 28 February 2022

Note 37 Movement between deficit for the year and control total performance

	Group	
	2021-22	**2020-21**
Adjusted financial performance (control total basis):		
a) (deficit) / surplus for the period	**(5,644)**	**8,768**
b) Remove impact of consolidating NHS charitable fund	(453)	(259)
c) Remove net impairements not scoring to the departmental expenditure limit	**18,912**	**5,356**
d) Remove I&E impact of capital grants and donations	(430)	(2,623)
e) Remove net impact of inventories received from the DHSC group bodies for COVID response	156	(1,524)
Adjusted financial performance surplus	12,541	9,718

a)	This is the overall surplus/ deficit achieved by the Trust in the financial year, including any non cash items such as impairments.
b)	North Tees and Hartlepool NHS Charitable Funds financial position for the year is included in the Group surplus/deficit but charitable funds performance does not impact on control total and is therefore removed.
c)	Impairments of non-current assets are non cash items and do not impact on control total and is therefore removed. The significant impairment in both 2021/22 and 2020/21 financial years is in relation to the annual valuation of the Trust's land and buildings by a qualified surveyor. In 2021/22 financial year, the main reason for the material impaitement is a result of a reduction in the remaining life applied to the building at the North Tees sire due to a detailed structural survey report produced by Faithful and Gould Limited, indicating that the majority of the buildings on this site have a maximum remaining life of 10 years. This detailed report has been reviewed by the District Valuer and the MEA report has been amended accordingly.
d)	Capital grants and donations received by the Trust for the specific purpose of purchasing capital equipment does not impact on control total and is therefore removed.
e)	During the pandemic, the Department of Health and Social Care provided NHS organisations with personal protective equipment for staff, visitors and patients due to issues with the supply chain. This has continued throughout 2020/21 and 2021/22 financial year and was given to the Trust free of charge. For this reason, any closing stock cost or benefit to the Trust does not impact on control total and is therefore removed.

7. Contact Information

Chief Executive

Julie Gillon, Chief Executive
Tel: 01642 617617
Email: nth-tr.communications@nhs.net

Patient Experience Team

If you would like information, support or advice about the Trust's services, contact:

Tel: 01642 624719 or freephone 0800 0920084
Email: nth-tr.PatientExperience@nhs.net

Membership

If you would like to become a member of our NHS Foundation Trust, contact:

Tel: 01642 383765
Email: nth-tr.membership@nhs.net

Recruitment

If you are interested in becoming a member of staff at North Tees and Hartlepool NHS Foundation Trust, contact:

Tel 01642 624023 or 01642 624020
Email: nth-tr.workforceadminqueries@nhs.net
www.nhs.jobs.uk

Further information

If you have a media enquiry or require further information, contact:

Tel: 01642 624339
Email: nth-tr.communications@nhs.net
www.nth.nhs.uk

Trust address

If you wish to write to the Trust, the postal address is:

North Tees and Hartlepool NHS Foundation Trust
University Hospital of North Tees
Hardwick
Stockton-on-Tees
TS19 8PE

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Hardwick, Stockton-on-Tees, TS19 8PE

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